TREATING THE

TOP 3 PAIN POINTS OF SPEND MANAGEMENT

WITH P2P AUTOMATION

ESKER®

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YOU HAVE TO SPEND MONEY TO MAKE MONEY, RIGHT?

WELL, ONLY IF YOU'RE DOING IT RIGHT ...

It's true — businesses spend money every single day to successfully run their operations. However, when, where and how capital is spent can have very different effects on a company's financial health. That's why having a robust and efficient spend management process is essential for bolstering and maintaining a strong bottom line.

SPEND MANAGEMENT is essentially the art of maximising the value of every pound spent by an organisation. In recent years, spend management has evolved into a comprehensive process involving all operations that contribute to a company's expenses and overall performance.

Because spend management touches every step of the procure-to-pay (P2P) cycle, poorly-managed spend-related activities will inevitably lead to overspending, low visibility, strained supplier relationships, compliance risks and more. When a workforce culture understands the importance of knowing exactly how capital is being spent and by whom, it will be better equipped to make important financial decisions.

GOALS OF THIS EBOOK

To help pinpoint the top three pain points associated with current spend management practices and explore how a holistic, AI-driven P2P automation solution can help alleviate those pains.

WHO THIS EBOOK IS FOR

Anyone involved in spend-related activities within an organisation (CEO, CFO, P2P leaders) that want to boost their bottom line by improving current spend management practices.

CURRENTLY, IN SPEND MANAGEMENT...

It doesn't matter if you're a large global enterprise or a small-scale operation — managing spend with manual processes and legacy systems not only makes executing routine transactions difficult, but it can also lead to other various challenges throughout the P2P cycle.

Finance executives are beginning to take notice of the undeniable spend-related benefits that can be achieved by using artificial intelligence (AI) to automate entire P2P cycles.

ACCORDING TO A 2018 SURVEY BY THE ECONOMIST, 76% OF RESPONDENTS CITED "LEVERAGING NEW TECHNOLOGY OR IMPROVING PROCESSES" AS TOP WAYS ORGANISATIONS CAN CHANGE SO THAT OTHER FUNCTIONS CAN BETTER HELP EXECUTE CORPORATE FINANCE STRATEGY.[1]

[1] The Strategic CFO in a Rapidly Changing World, 2018. The Economist Intelligence Unit Limited.

UNIFYING PROCUREMENT & AP FOR SPEND EFFICIENCY

Eliminating procurement and accounts payable (AP) silos and connecting the entire P2P cycle alone can create substantial cost savings and process efficiencies. It simply isn't enough to have the right people and strategy in place for successful spend management — the right technology is also a necessity.

WHEN IT COMES TO MANAGING CAPITAL:

68% **OF ORGANISATIONS** believe they have the right people in place

66% **OF ORGANISATIONS** think they have the right strategy

51% **OF ORGANISATIONS** agree they have the appropriate technology[1]

The best way to establish a streamlined, end-to-end P2P process?

AI-DRIVEN AUTOMATION.

[2] The Strategic CFO in a Rapidly Changing World, 2018. The Economist Intelligence Unit Limited.

WHERE AUTOMATION COMES IN

HOW AI-DRIVEN AUTOMATION ENHANCES SPEND MANAGEMENT

GREATER EFFICIENCY

From automating manual, error-prone processes

LOWER SUPPLY COSTS & RISKS

By knowing what is being bought, from whom & for how much

INCREASED PRODUCTIVITY

By freeing up time & resources to focus on more strategic activities

IMPROVED SUPPLIER RELATIONSHIPS

From increased on-time payments & faster invoice processing times

HOW P2P AUTOMATION WORKS

The workings of an end-to-end P2P automation solution might seem a little perplexing. So to put it simply, P2P automation allows businesses to monitor and control a transaction's entire lifecycle, providing valuable insight into a company's cash flow and overall performance without the need for manual intervention.

When it comes to managing all spend-related activities within an organisation, automating every phase of the P2P cycle can fully address the biggest challenges associated with spend management, including manual data entry, routing, supplier relations, purchasing compliance and lack of spend visibility.

THE TOP 3 PAIN POINTS OF SPEND MANAGEMENT

MAVERICK SPENDING & COMPLIANCE

SUPPLIER RELATIONSHIP MANAGEMENT

VISIBILITY, REPORTING & ANALYTICS

MAVERICK SPENDING & COMPLIANCE

MAVERICK SPENDING

Maverick spend, tail spend, rogue spending … no matter what you call it, it's a spend management issue that can have severe consequences on your bottom line.

Extra processing and shipping fees, contract conflicts, wasted time tracking down invoices, strained interdepartmental communication and supplier relationships — no wonder maverick spend can account for up to 80% of total spend in companies without a centralised P2P system.[2]

COMPLIANCE

Internal Policy Compliance: Most businesses give staff the freedom to buy what they need, when they need it. Without a proper approval workflow, it's easier for employees to stray from spend policies and purchase from non-approved suppliers.

Regulatory Compliance: With many governments and large corporations requiring e-invoicing, companies must adapt if they want to get paid. Failure to comply with these variable regulations can result in serious legal and financial penalties.

HOW AUTOMATION HELPS

AI-driven P2P solutions cut down on maverick spending and ensure compliance by providing:

STANDARDISED APPROVAL WORKFLOWS decrease purchase approval times & ensure correct level of authorisation is applied for internal compliance.

SUPPLIER CATALOGUES allow staff to easily navigate pre-approved supplier products & prevent rogue spending.

GUARANTEED INVOICING COMPLIANCE with ever-changing government & industry requirements including:

- Quality & integrity of internal control & processes (SSAE 18 & ISAE 3402)
- Protection of sensitive health information (HIPAA & HITECH compliance)
- Data protection between U.S. & EU (Privacy Shield)

ONLINE REQUISITION FORMS eliminate the cost of paper & the need for filing & delivering paper approval forms.

PRE-APPROVED PURCHASE ORDERS (POs) allow AP staff to pay invoices on time & capture more early-payment discounts.

SUPPLIER RELATIONSHIP MANAGEMENT

Good supplier relationships don't just happen — they require dedicated time and nurturing to create beneficial and lasting connections. These relationships can have costly impacts on a company's bottom line, and when they're managed manually, the more complications you're bound to encounter when interacting with suppliers.

So how does supplier relationship management (SRM) relate to spend management? A more accurate question would be: **How *doesn't* SRM relate to spend management?** With manual P2P processes, time and money are wasted on slow processing times, lost invoices, missed opportunities for early-payment discounts, and data entry errors.

ONLY 39% OF COMPANIES ARE ACTUALLY USING AN ELECTRONIC SUPPLIER NETWORK TO MANAGE THEIR SUPPLIERS.[3]

HOW AUTOMATION HELPS

Automated P2P solutions can help derive maximum value from SRM with capabilities such as:

AUTOMATED WORKFLOW & ELECTRONIC ARCHIVING

- Reduced processing errors
- Faster payment cycles
- Increased supplier trust
- More predictable process
- More early-payment discount opportunities

PACKAGED KPIS & DASHBOARDS

- Faster response times during payment status calls
- Enhanced forecasting, issue resolution & resource allocation
- Increased compliance
- Traceability into every invoice processed

SELF-SERVICE SUPPLIER PORTAL

- Reduced printing/postage costs
- Less time spent on collection calls
- Improved supplier cash flow
- Immediate access to new orders

MOBILE INVOICE APPROVAL

- Rapid exception resolution
- Faster approval times
- Ability to review & approve any invoice from a mobile device
- Increased trust & reliabilty

[3] 2017 Supplier Management Report: Leveraging Strategic Supplier Management Technology to Reduce Risk and Improve Supplier Relationships, 2017. Levvel Research

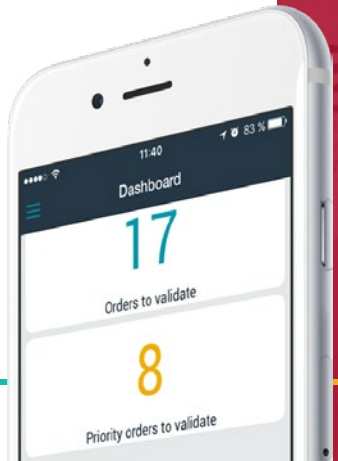
VISIBILITY, REPORTING & ANALYTICS

Without an end-to-end automated P2P workflow, having real-time data is difficult (if not impossible) and makes visibility into spend-related activities incredibly limited. According to a study by the Economist, 60% of finance executives say they do not have complete visibility over the transactions within their organisations[4] — that's a big problem when it comes to managing spend.

Achieving company-wide spend visibility through automation is an effective way to eliminate challenges associated with manual P2P processes, including:

- Lack of understanding of actual spend, cash flow and working capital status
- Inability to track who is making purchases and on what
- Accounting inaccuracy
- Late payments
- Strained supplier relationships

[4] The Strategic CFO in a Rapidly Changing World, 2018. The Economist Intelligence Unit



HOW AUTOMATION HELPS

With P2P automation, complete spend transparency is possible through:

AUTOMATED WORKFLOWS & CONTRACT REPOSITORY

Transactions are centrally tracked, enabling full reporting on requisitions, items purchased, orders processes & payments made.

Contracts are written in real time, then stored in a centralised repository to facilitate visibility & compliance.

REAL-TIME KPIS & CUSTOMISABLE DASHBOARDS

P2P leaders can track the most impactful spend-related metrics to identify opportunities & problem areas, monitor staff & process performance, & create custom reports for more accurate forecasting.

TRACKING & E-COLLABORATION FUNCTIONS

All POs & related processing information are readily available for reporting & analysis, making it easier to follow monthly, quarterly & yearly spend targets.

Self-service supplier portals with online order forms, order status notifications & messaging features enhance visibility for suppliers.

BENEFITS FOR KEY STAKEHOLDERS

TREASURER

MONITOR OPPORTUNITIES TO LEVERAGE CASH

- Invoices for early payment
- Invoices for payment run
- Suppliers accepting early payment

MANAGE PAYMENTS

- Payment run authorisation
- Payments follow-up
- Manage early-payment proposal

AUDIT TREASURY OPERATIONS

- Monitor DPO
- Follow up on discounts for early payments

CFO

KEEP AN EYE ON CASH

- Visibility over spend from start
- Monitor budgets to stay in line with plans
- Benefit from early-payment discounts
- Track non-PO invoices

RELY ON SYSTEMS TO PREVENT FRAUD

- Switch to electronic approvals
- Convert all invoices to PO-based
- Tighten internal controls

MONITOR PRODUCTIVITY

- Track automation rate and other performance metrics
- Follow FTE versus number of invoices processed

P2P AUTOMATION ACHIEVEMENTS

CHECK OUT THESE IMPRESSIVE RESULTS FROM REAL COMPANIES

Partstown

- **30% growth** without having to increase headcount
- **60% increase in productivity,** going from 57 invoices per-day/per-user to 92 invoices per-day/per-user
- **30% in additional savings** each month thanks to more early-payment discounts captured

Feu Vert

- **Reduced processing time** with 88% of invoices requiring no human intervention
- Increase in productivity, with invoice processing time reduced by 6 days
- **Increased AP direct confirmation** process from 60% to 80%

maxim integrated

- **Achieved a 95% on-time invoice payment rate,** which has helped improve supplier relations and enhance company reputation.
- **Digitally archived 100% of invoices,** which has helped free up office and warehouse space and led to lower operational costs and fewer manual processing tasks.

LUXASIA

- **Reduced 80% of paper use**
- **Faster processing** of invoices, purchasing requisitions and expense claims from eliminating paper use
- **Improved communication** thanks to the supplier portal and comments tool

CONCLUSION

With organisations wasting staggering amounts of time and money using antiquated, manual processes, purchasing and AP managers are calling for modernisation of their P2P cycles.

OF FINANCE EXECUTIVES SEE DEPLOYING NEW TECHNOLOGY SOLUTIONS OR AUTOMATING AND IMPROVING INEFFICIENT PROCESSES AS THE MOST IMPORTANT TACTICS THEY PLAN TO USE TO CONTAIN COSTS OVER THE NEXT TWO YEARS.[5]

Unifying spend management with P2P automation is more than just implementing new technology; rather, it's a change program that provides businesses with far-reaching, cost-saving effects. Business that utilise P2P automation not only bolster spend management by cracking down on maverick spending and noncompliance, building stronger relationships with suppliers, and providing complete spend transparency, but they largely benefit the overall success and performance of the entire organisation.

While there's no one-size-fits-all spend management strategy, a holistic approach combined with AI-driven technology is an effective prescription for building and maintaining a healthy, profitable bottom line.

THOSE TASKED WITH MANAGING SPEND KNOW ONE THING IS FOR SURE — WHEN IT COMES TO RUNNING A BUSINESS,

ALL SPEND IS NOT CREATED EQUAL.

[5] The Strategic CFO in a Rapidly Changing World, 2018. The Economist Intelligence Unit Limited.

ABOUT ESKER

A WORLDWIDE LEADER IN AI-DRIVEN PROCESS AUTOMATION SOFTWARE

Esker is proud to offer a best-in-class P2P automation solution specifically designed to help companies improve their strategic supplier relationships and transform the way they purchase, book and pay. As a global leader in AI-driven process automation software, Esker's expertise also goes beyond P2P processes.

WORLDWIDE PRESENCE

Founded in 1985, Esker operates in North America, Latin America, Europe and Asia Pacific with global headquarters in Lyon, France, and U.S. headquarters in Madison, Wisconsin. In 2019, Esker generated 104 million euros in total sales revenue.

Over 6.000 companies around the world use Esker solutions to automate other business processes, including: order management, accounts receivable and more.

www.esker.it

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