Automating Sales Order Management with SaaS

to Improve Order-to-Cash Performance

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Introduction

Order management realities

In studies conducted by IT industry analyst IDC, financial directors have estimated that **the annual cost of processing order management documents represents between 5 and 15 percent of sales**. Automated sales order processing offers cost savings and operational efficiencies that make companies better equipped to be competitive and profitable in a challenging business environment.

In the age of e-commerce, most companies have instituted some measure of automation within customer order management. Many even consider their processes to be completely electronic. The reality is, nearly all businesses still have manual touch points in sales order processing. EDI, XML and Web technologies may automate at least parts of the process in the majority of customer order transactions, but what about the rest?

The ability to treat every customer as an “e-customer” can close a costly gap in overall business performance. Even orders that are received electronically often end up as paper on someone’s desk. Although paper is familiar and many companies have become experts at working with it in their customer order processes, continued reliance on paper has no value and will only limit an organisation’s ability to improve performance. At every manual touch point in processing, companies lose the transparency that provides a view of daily activities for effective order management.

When companies examine ways to cut costs and improve profitability, optimising customer order processing within the order-to-cash cycle often holds the highest potential for gains. High performance in order management is probably the one characteristic that distinguishes top-performing companies more than any other. Automation enables companies to quit paper, gain efficiencies and achieve peak performance.

According to research by IT industry analyst IDC, businesses clearly recognise the benefits of document process automation for sales order management.

- Improved productivity of individual employees and the company as a whole
- Increased competitiveness for the business
- Improved cost management and cash flow as a result of reducing customer order processing and storage costs
- Reduction in the number of errors and returns causing order-to-cash delays
- Increased customer satisfaction from on-time delivery, order tracking ability and responsiveness to customer requests

But another reality of order management is the expense and complexity of implementing software for comprehensive, enterprise-wide automation can be an obstacle to putting a solution in place. This has made the Software as a Service (SaaS) model an increasingly attractive option. With the advancement of SaaS technologies, on-demand solutions have become more prevalent. Gartner Group estimated the SaaS market at €4.5 billion in 2008 and projected a likely doubling of the market by 2012.[1]

SaaS delivers the benefits

Today all the benefits of automated sales order processing are available through the SaaS model. Essentially, all you need is an Internet connection to deploy a powerful solution across the entire enterprise. SaaS offers the opportunity to integrate end-to-end automation with existing processes, spanning the document lifecycle from receipt and capture to workflow, archiving and retrieval. In working with a diverse range of businesses to automate sales order processing, Esker has found that companies typically **cut operational and administration costs by 40 to 60 percent** with Esker on Demand SaaS solutions.

As a resource to assist CEOs, CFOs, CIOs, managers and administrators in evaluating SaaS for sales order management, this paper presents a solution that leverages comprehensive document process automation to deliver the advantages of paperless order processing as an on-demand service. It highlights the opportunity to shift ROI from the project level to the document level (capital versus operational expense) and realise automation benefits immediately.

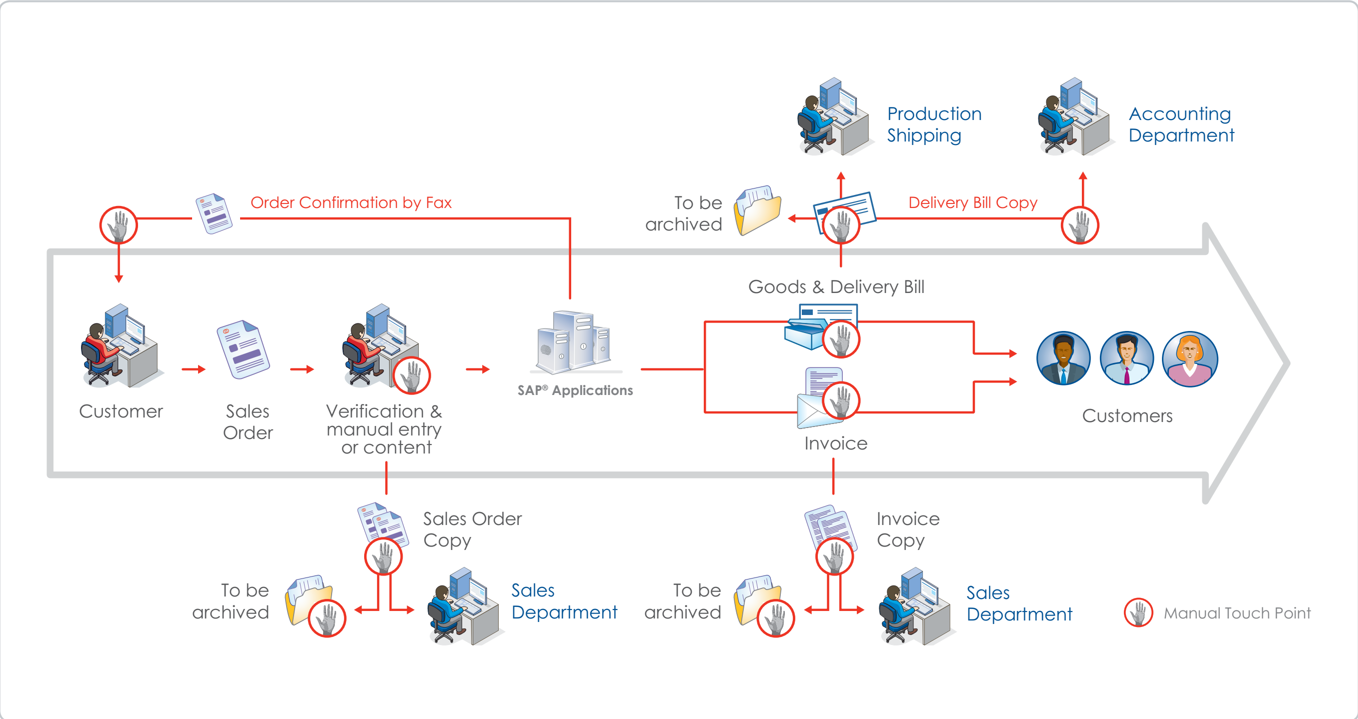
[1] Guseva, Irina. “Gartner: SaaS is Hot, Revenue Will Keep Rising.” CMSWire, October 28, 2008.

Paper Problems

Manual touch points

When a company receives customer purchase orders, the process of entering data, handling approval workflow and creating sales orders can determine how much efficiency the company is capable of achieving. Manual processing of sales orders is inherently labour-intensive, time-consuming and error-prone, requiring valuable resources to manage each part of the process.

In many companies, sales orders travel through a maze of manual touch points. Paper documents are collected from a fax machine or printer; collated, copied and filed. Key information like sold-to number, quantities and part numbers is often entered by hand. Once the information is entered, there are issues of how to handle exceptions. And when customers call to check the status of their orders, reps have to track down the paper. The process of preparing, entering and storing a single paper order can take hours, and managers can only hope that none of these touch points cause misplaced orders, delays in fulfillment and payment, errors and returns that drive customer dissatisfaction and loss of business.



Prioritising

Manual processing typically does not allow for prioritising of sales orders according to customer or product line. To achieve the highest levels of service, companies need to be able to identify and keep these special orders.

Archiving

Companies also spend a significant amount of time retrieving orders and order data for internal or external audits and to satisfy regulatory compliance requirements. Further complicating these tasks is the risk of paper orders getting lost or misfiled.

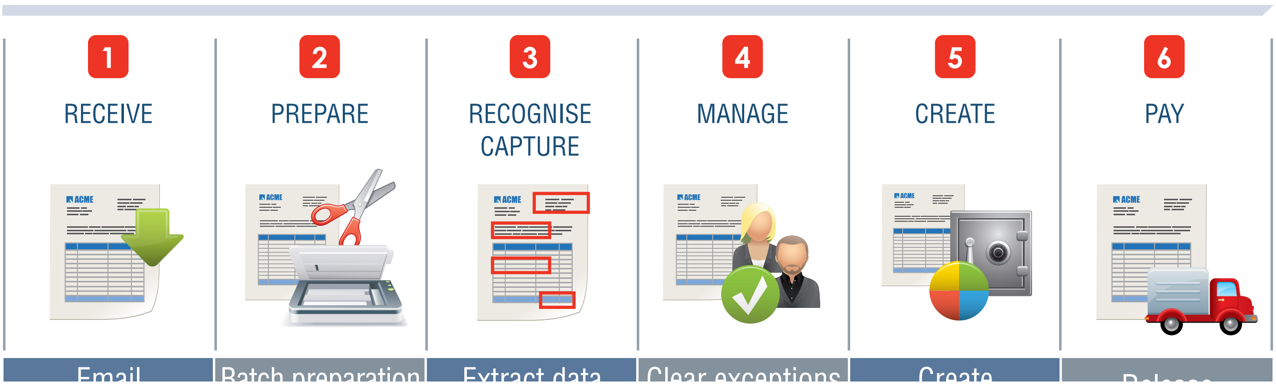
Accuracy

Reprocessing a single order due to error or document loss can cost as much as €140. In addition to delaying fulfillment, order errors often result in extra shipping costs, wasted materials, credit notes, restocking fees and even write-offs.

Automation Advantages

Order-to-cash efficiency

Along with reducing operational costs, freeing staff time for customer service activities and improving accuracy, automated sales order processing gives companies clear insight into what is happening on a daily basis. These factors help companies better manage customer relationships, manage inventory and production, comply with regulatory requirements, control finances and sales forecasting and improve overall profitability. Automation offers rich functionality to streamline and automate the process of capturing, submitting, approving and fulfilling customer orders to reduce order processing time, help ensure accuracy and control, and provide real-time visibility of each order in the process.



Business process management

Automated sales order processing solutions can be valuable tools for effective business process management with real-time budget control, order validation and automated approval workflow. Customer service gains the ability to see what and where every order is at any given time. Combined with flexible user rights management features, these capabilities can also help companies comply with regulations such as the Sarbanes-Oxley Act.

Automation can enable managers and staff to monitor average order processing time, orders processed per FTE, order volume per hour, day or week; order volume by customer, product or line of business; and other Key Performance Indicators. And whether a company uses the technology to remove some or all human intervention from sales order processing, an automated process offers distinct advantages with electronic copies of orders readily available to any authorised person within the company — eliminating the need to sift through physical files.

Key financial management benefits of automating all of these areas include real-time budget control, sales monitoring and forecasting. This level of automation enables companies to:

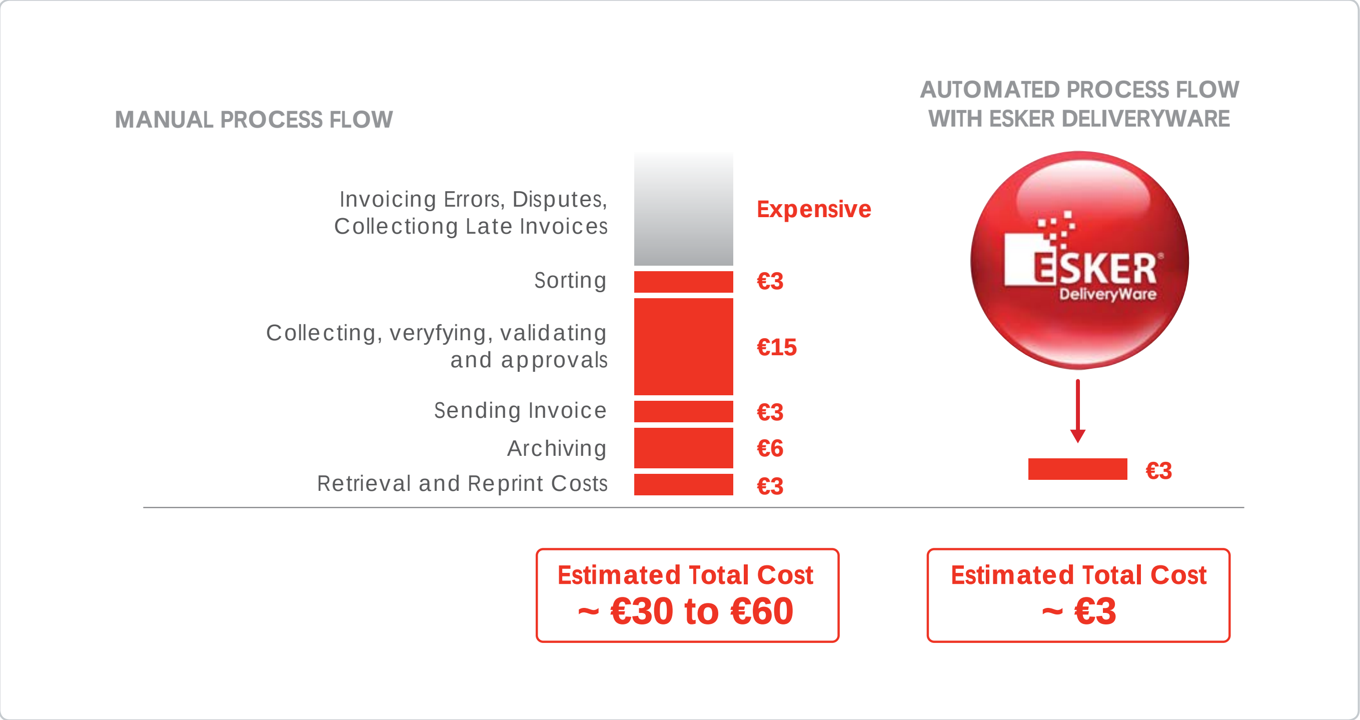
- **Increase order processing speed** by up to 90%
- **Reduce order-to-cash operational costs** by up to 70%
- **Reduce data entry costs** by €2.8–€8.4 per order
- **Gain a clear view into the process and improve responsiveness** with 100% visibility of all orders
- **Realise rapid return on investment** in as little as 3–6 months

Balancing and scaling workload

Automated sales order processing can create a more flexible and scalable workforce by managing resources in response to fluctuating order volumes and changing business trends. In addition, many companies need to be able to redistribute order processing operations on a global basis, and an automated solution can provide the ability to shift processing to another site if a disaster occurs. Also, because volume of orders for some products are subject to seasonal demand or other business trends, certain reps may receive much higher order loads than others at different times of the year, automation helps by providing reporting capability to track order volumes and enable shifting of staff to different product lines.

Cutting costs

From a business standpoint, the bottom-line driver for automation of sales order processing is substantial savings of time and money. Estimated total cost associated with automated sales order process flow ranges from €1 to €3, compared with €30 to €60 for manual process flow.



Effectively taking paper out of the process, automation reduces the time from receipt of a sales order to payment of the invoice. Savings result from:

- Increasing the percentage of orders and order line items captured electronically
- Preventing lost or misplaced orders by keeping them electronic
- Lowering stored data costs through electronic archiving
- Freeing-up staff time by as much as 65% so they can focus more on customer service
- Increasing data entry accuracy by up to 99%
- Reducing returns, which directly affects the bottom line

Why SaaS for Sales Order Processing?

Automation at your service

As an alternative to hosting an order management automation solution in-house or outsourcing a revenue-generating process, a SaaS approach helps to preserve capital by automating sales order processing without the risks of outsourcing, additional IT complexity or associated expenditures:

- No software or hardware
- No maintenance
- No loss of control

SaaS offers the opportunity to implement automated sales order processing rapidly and cost-effectively, without the need to build or expand an in-house network. Mature SaaS models can put the most powerful automation technologies at an organisation's disposal, so the enterprise can dynamically adapt to new business challenges and deploy solutions quickly. Companies get the capabilities expected from an on-premise software solution, but move from capital to operational expenditure and gain flexibility for variations in document volume and number of users.

With a SaaS solution, fax, email or web sales orders can enter into an automated workflow for approval upon receipt. Orders can be dispatched to the appropriate business units where staff receive timely alerts that prompt them to sign-off on documents. Each order can be processed according to business rules for specified document attributes. Every step of the workflow process can documented, and all documents can be automatically archived and retrieved immediately for reference or auditing.

With the right SaaS solution:

- **Users anywhere in an organisation can leverage the automation platform** at any time to process customer orders efficiently and consistently
- **Geographically separate business units can all share in the benefits** of visibility, tight controls, support for effective order management and operational cost reduction
- **Services can be customised** easily so that each user only has access to the components he or she needs
- **Minimal implementation cost** brings the benefits of automated sales order processing to organisations of any size — so small and medium businesses can gain process efficiencies once practical only for large corporations
- **Managers can accelerate execution of sales order automation projects** without the need for deep involvement of IT resources or large budget allowances for implementation cost

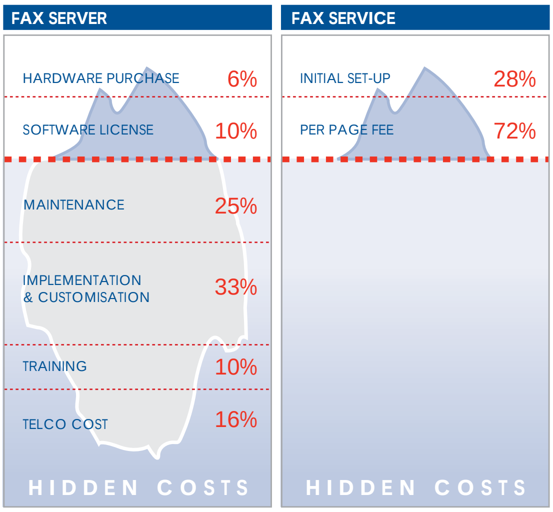
Simply put, SaaS solutions can enable more people throughout the organisation to operate more effectively when it comes to sales order processing. The web-based nature of a SaaS approach allows enterprises to expand automated order entry and approval workflow beyond the walls of the company — to subsidiary offices, remote employees, manufacturing facilities, and other locations — with best-of-breed security and no need to open the corporate firewall.

Fax-to-order

Fax continues to be a medium of choice for customer orders — and a source of pain for businesses. Nearly every company has a certain percentage of customers who want to fax their orders, often because they are unwilling or unable to use EDI. While companies need reliable faxing capabilities to keep business processes running, most are not interested in supporting the required infrastructure. Fax hardware and software can be time-consuming to manage and expensive to support.

SaaS offers a cost-effective way to:

- **Ensure reliable fax** with a solution that is transparent to users
- **Let IT staff focus on process improvement** instead of fax server configuration and maintenance
- **Support change control and business continuity** by limiting the effect of changes like ERP upgrades on faxing systems, and avoiding downtime with around-the-clock monitoring



Compared with SaaS, the costs of using a fax server go far beyond software and hardware. Fax services eliminate the hidden costs of relying on a fax server. There are no start-up costs and the service is simple to use, with no real training involved. It can be easily integrated with existing business systems and there is nothing to install.

Safe SaaS

Companies are well-advised to proceed with caution because SaaS outcomes are dependent upon the provider's ability to safeguard network connections and information flow. Data privacy, access control, and business continuity are key considerations for any company in choosing a SaaS provider. Top-tier SaaS facilities combine physical and virtual infrastructure to secure enterprise information within and outside the walls of the organisation, providing the necessary elements to ensure the highest levels of protection, including:

- Data security and confidentiality safeguards including key card entry, biometric recognition, digital surveillance, and secure protocols (HTTPS, SFTP, SSL)
- Access control with password protection, folder- and document-level restriction to specific users or groups, identity administration, role management and user provisioning
- Reliability and scalability with 24/7x365 system monitoring, infrastructure redundancy and multitenant architecture
- Availability with redundant disk array subsystem, clustering and load balancing, backup electrical generators, active/passive fire prevention measures and temperature control for humidity and pressure
- Recovery with data tape backup, data replication and synchronisation in multiple locations, and failover capabilities

Fast deployment

Because there is no server or desktop computer setup and limited Internet access, a SaaS application can be up and running quickly. Following initial sign-up and system configuration to match your internal process, users and permissions are set up, data is uploaded, and your staff is trained.

Plugging In to Esker on Demand

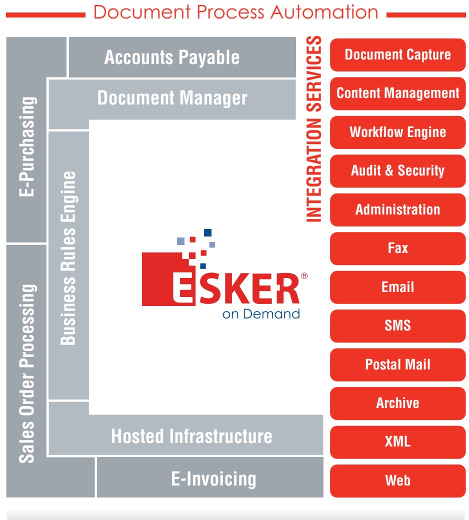
Power of the platform

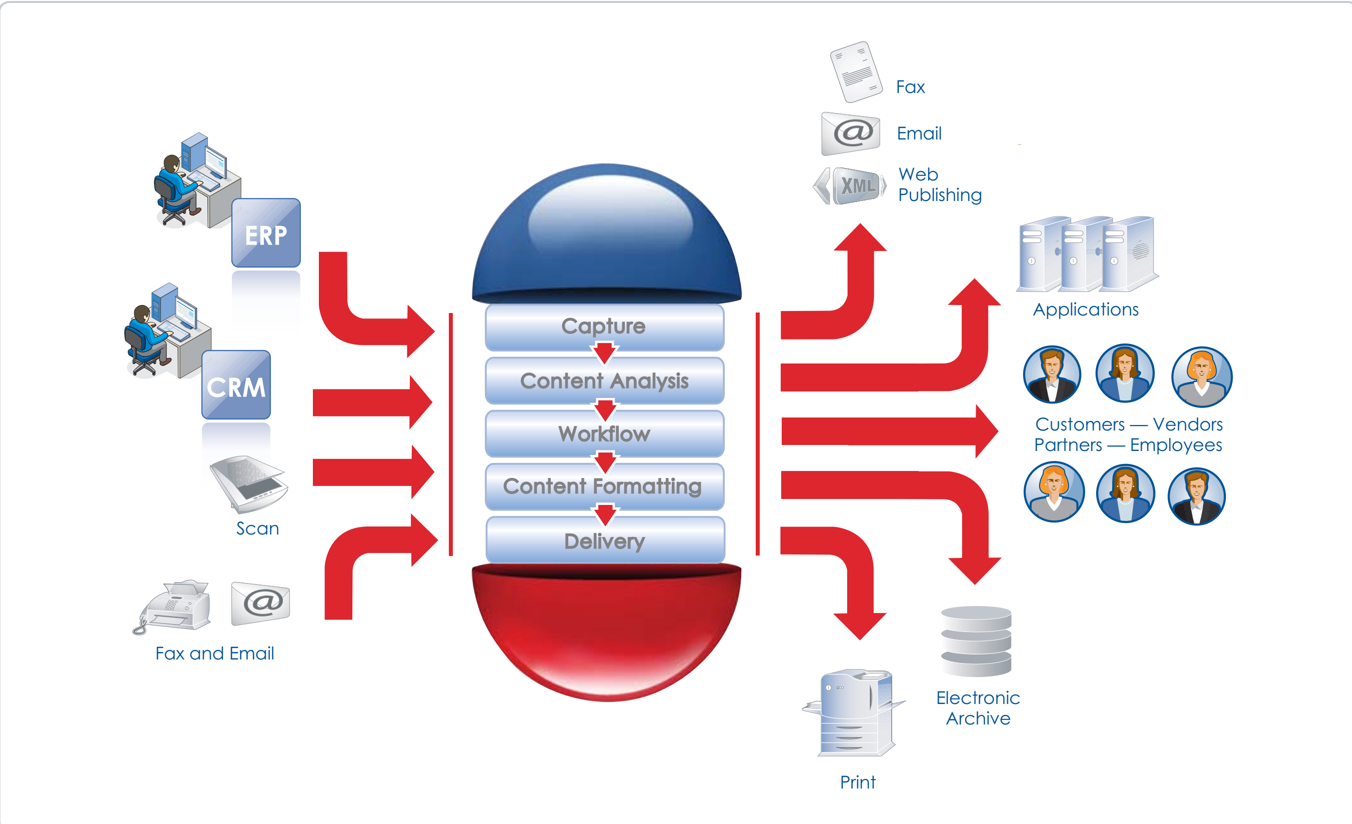
Long before the current boom in SaaS adoption, Esker identified SaaS as the best way to make the "quit paper" benefits of automated document processing readily accessible to organisations of all sizes in all industries. Over the past decade Esker has brought together technologies and integration services to offer high-value SaaS solutions, and today Esker on Demand services run critical business processes for thousands of organisations around the world, processing millions of documents a month.

Leveraging advanced technology

At the heart of Esker on Demand is patented business rules engine technology that can automate virtually any paper-based business process in any type of organisation.

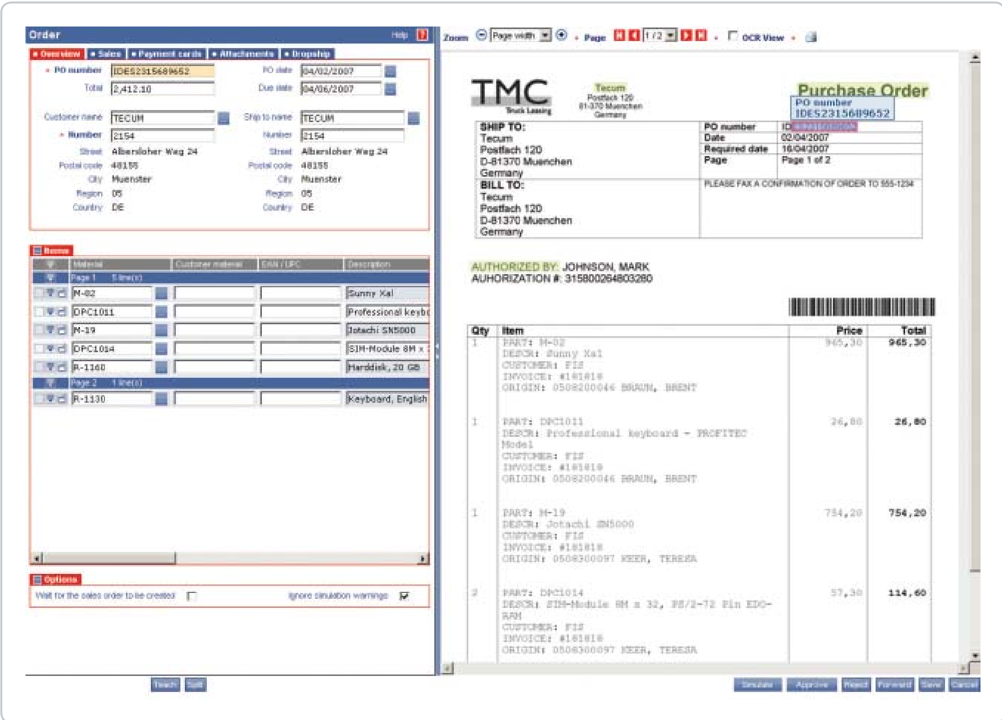
Esker on Demand solutions offer imaging and workflow automation capabilities that go beyond basic OCR to analyse content and execute processing based on business rules governing distribution, and are not dependent upon templates or specific document formats. Data is automatically captured and analysed using this intelligent technology to eliminate manual data entry. Resulting documents can be formatted and delivered to multiple destinations via any combination of transport media. The original document image is automatically stored for retrieval as needed.





Esker on Demand Sales Order Processing

Developed to make automation benefits easily accessible to companies of all sizes, and to lighten the load for those in customer service, sales administration and other departments who handle customer orders, Esker on Demand takes an innovative approach to automation of order processing from receipt to archiving. The service is based on a pay-per-document model and places a leading-edge business application in the hands of the user without the expense of traditional software implementation. Companies choose Esker on Demand Sales Order Processing for quick and simple deployment, low cost of acquisition, ease of use and immediate return on investment.



Visibility and control gained with Esker on Demand Sales Order Processing offers significant benefits both for business management and system administration, including:

- Quick order processing and efficient delivery scheduling
- Comprehensive customer order tracking and prioritisation
- Structured data for customer profitability and employee performance analysis
- Dispute resolution in seconds rather than minutes, hours or even days
- Reduced Days Sales Outstanding (DSO)
- Less redundant processing of duplicate orders
- Electronic capture of approvals
- Auditing of delivery or billing block processing

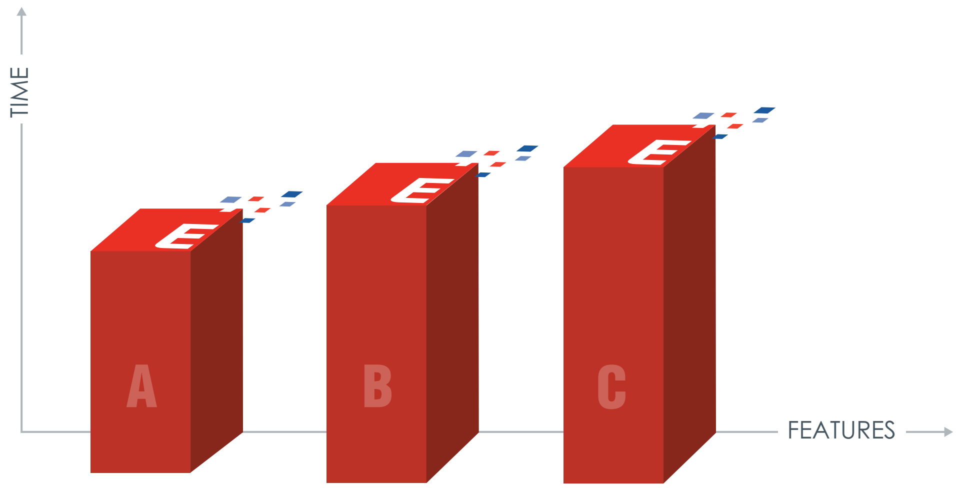
Strategic and realistic steps towards automated order management

Keeping it simple

Esker on Demand Sales Order Processing capabilities encompass document routing, data capture, data entry, electronic approval workflow, audit trail, reporting and automatic archiving. As part of its solution methodology, Esker encourages customers to outline their sales order processing steps, identify manual touch points, prioritise based on cost and return, and automate the top priorities first.

The Esker on Demand service is available in levels that enable a phased approach to automated sales order processing. Companies can implement a solution immediately without risk or heavy investment, then expand the solution when they are ready or as changing requirements dictate.

For example, companies that mainly want to eliminate the inefficiency of paper-based sales order processing can choose an Esker on Demand solution that provides basic automated processing, indexing and workflow capabilities. From there, more advanced options include OCR, ERP integration, Dynamic Document Capture and auto-learning capabilities.



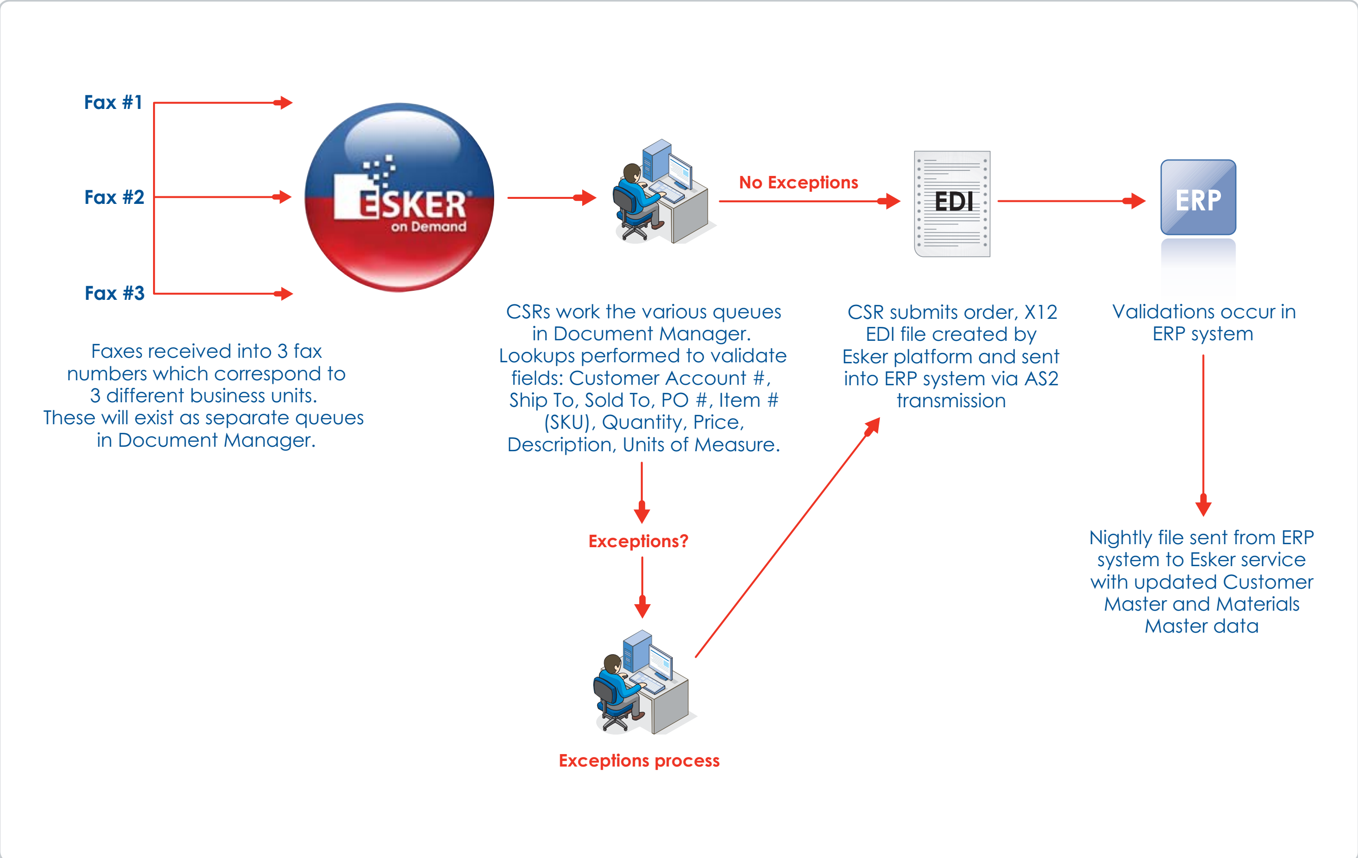
Sales order processing automation results achieved by Esker customers

- **76% faster processing of orders compared with the manual process**
- **Increased orders processed from 5 to 50 per hour**
- **Saved more than €20 per order on reprocessing costs**
- **Added 1,800+ customers to e-commerce initiative without requiring customers to change their ordering process**
- **Improved first-call resolution by 25%**
- **Cut order delivery times from 4 days to 1 day by recognising and processing priority orders immediately**
- **Saved 9,100 hours and €118,000 in the first year of automating orders from just 2 customers**
- **Supported 20% growth with no increase in customer service staff**
- **Reduced the number of CSRs processing orders by 50%, allowing more reps to focus on customer service**
- **Saved €3.5 million in labour costs over 3 years**

Solution Example: Healthcare Products Co.

With its Esker on Demand solution, this €7 billion global manufacturer's inbound fax orders are routed and processed into one of three queues for different business units. Sales orders are automatically analysed to extract relevant data such as customer name, sales order number, material number, unit of measure, and PO total. Rush and priority orders are identified for special processing. The Esker service then performs a database lookup to check the data captured. Once the data is validated, the Esker service automatically creates an X12 EDI file for secure delivery to the company's ERP application. The original sales order is then indexed, allowing users to quickly retrieve it from a database or repository available in the company's ERP system and the web interface of the Esker service.

If discrepancies are found between the data capture and the ERP master data, the sales order is presented to a user in an online web validation interface showing a side-by-side view of the sales order and the captured data. Here users can also "teach" the system how to recognise the correct data in different order formats. When a customer's format has been taught, users can enable "Touchless" and future orders are automatically processed from fax reception to secure EDI delivery without agent involvement.



ROI highlights

- **100% visibility** of processed orders
- **Ability to prioritise** special orders
- **100% electronic** order throughput
- **70% completely touchless** processing rate
- **Nearly 60% reduction of labour** overhead in order entry
- **43% reduction** of monthly order processing costs

About Esker

Esker is a recognised leader in helping organisations eliminate manual processes, gain process visibility and control, and reduce the use of paper by automating the flow of documents into, within and out of the organisation. With its comprehensive software platform and patented technology, Esker delivers the advantages of automated document processing either as a powerful on-premise solution or as an on-demand services (SaaS) leveraging Esker-hosted infrastructure to automate every phase and every type of business information exchange. Customers achieve significant and immediate operational efficiencies, cost savings and measurable ROI in as little as three to six months.

Founded in 1985, Esker operates globally with more than 80,000 customers and millions of licensed users worldwide. Esker has global headquarters in Lyon, France and U.S. headquarters in Madison, Wisconsin.

For more information, visit **www.esker.com**.

Document Process Automation

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