



Accounts Payable

Consolidating AP Workflow

Outside the SAP System



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Introduction

Today virtually every organisation running SAP recognises the value of eliminating manual accounts payable processing to gain the efficiencies that automation brings. If any were not convinced, the recent economy and its affect on financing costs should be enough to erase any doubt.

Esker research has found that accounts payable automation typically can save organisations 40 to 60 percent of operational and administrative AP costs. Automated processing of vendor invoices helps businesses:

- Spend less time and money chasing paper
- Improve productivity and resource management to work with less and do more
- Shorten reconciliation and payment cycles
- Increase visibility of invoice processing and approval status
- Improve reporting and audit trails
- Connect accounting and procurement functions
- Eliminate duplicate payments and fraud
- Strengthen credit rating, compliance status and supplier relationships

Impact on IT infrastructure and operations

Integrating an automated AP workflow solution can have a significant impact on the SAP solution environment. CIOs and SAP system administrators who have done their research recognise the need for a solution that fits neatly into the SAP landscape and leaves the rest of the SAP implementation unaltered.

Why businesses automate AP workflow outside of SAP

Businesses running SAP have two choices — install a tool inside the SAP system or use a certified solution with data recognition, validation and workflow residing outside the SAP system. At first glance integrating a solution that runs AP workflow inside the SAP system might seem like a logical approach, but there are some important factors to consider.

For example, companies running several SAP systems within the organisation must maintain "inside workflow" in each instance. This can cause inefficiencies, additional costs and consistency issues over time.

Many companies ultimately choose an external solution for automated AP workflow because of the time, cost and risk involved in implementing a tool that automates AP workflow from within SAP applications. This white paper is intended to assist CIOs and SAP system administrators in evaluating their options and making the best decision for their organisations to benefit from automated AP processing.

Accounts Payable Challenges

Chasing paper

Industry analysts have reported that as much as 80 percent of accounts payable processing time is spent on routing of vendor invoices. Companies that have not automated need too many people to run around and make sure they get the necessary sign-offs to approve payment of invoices. This is a significant time waster and typically results in lost invoices, late payments and missed discounts. Knowing where an invoice is in the approval process and being able to escalate payment of invoices from top vendors are crucial, but manual processing offers little or nothing in the way of visibility and invoice prioritisation.

With the value of operational excellence at an all-time high, the need for AP automation is clear. The question is how best to do it.

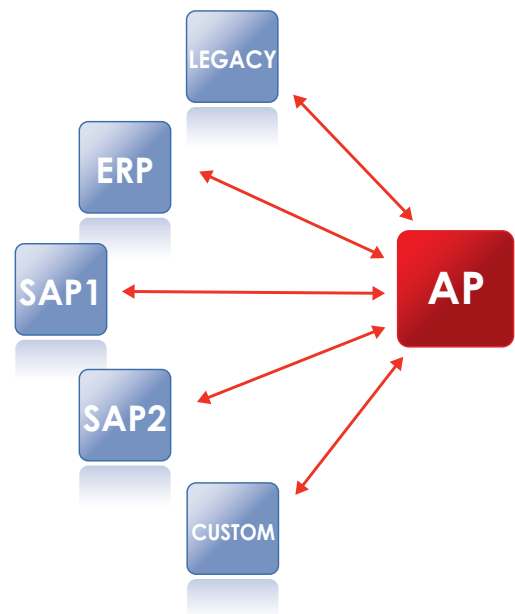
Busting the myth of one company, one ERP system

With the ever-increasing complexity of business, the vision of one enterprise/one ERP simply does not reflect today's reality. A one-to-one relationship sounds good in theory, but today companies are going global and mergers/acquisitions have become an almost everyday part of their activities. It is not unheard-of for a company to have as many as five ERP systems in use across its global enterprise.

Multiple instances of SAP solutions

Some companies also run different SAP systems. Although they are all based on the same platform, each system can be different enough to require special attention. They may seem identical from a high-level view, but it can be a very different picture at the operational level.

Even if a company has standardised on an enterprise-wide SAP solution, multiple instances in different locations around the world can require integration of multiple workflow tools in order to automate AP workflow. This can complicate key initiatives such as setup of shared services centres.



Drawbacks of "inside SAP" invoice processing

Some key participants in the invoice release process may not have access to the SAP system or may prefer not to use the SAP interface for AP workflow. In many cases it is faster and easier for these people to check and approve invoices through a web-based application or a mobile device, particularly when they are working remotely or traveling.

Major surgery

Like a delicate surgical procedure, opening up your SAP system to add AP workflow automation carries significant costs and risks. Solutions that function within the SAP environment often require a major investment of time and money for installation, integration and maintenance by SAP application engineers.

Flexibility and functional limitations

Solutions developed to operate within the SAP environment are, by nature, limited in their ability to integrate with multiple systems. Businesses need an AP workflow tool that will work with any AP-related systems they may have now or may add in the future, providing all the necessary functionality regardless of the system.

Impact on SAP system performance

In the constantly changing IT landscape, it is important to integrate AP workflow automation at a level that maintains SAP system integrity while working seamlessly with the SAP system. Tools that operate from within the SAP environment can tap system resources allocated to core SAP applications and other enterprise systems. The impact is multiplied as companies add systems through mergers and acquisitions, and as additional staff require more resources. Offloading AP workflow from the SAP server to an independent architecture can allow for higher server performance and reduced drain on SAP system resources.

Workflow inside means recognition outside

"Inside SAP" workflow solutions need data to work with. This data must be extracted from paper invoices, email, faxes, EDI and any other means by which a company receives invoices. Placing this important part of the solution outside of the SAP system while approval workflow is inside the SAP system creates a break in the end-to-end audit trail that companies are looking for to better control business processes.



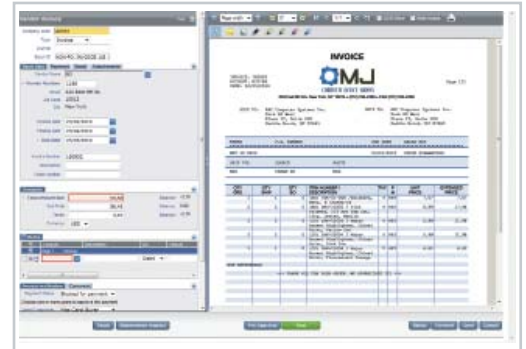
In addition, AP personnel have the burden of dealing with two different applications and interfaces — as opposed to validating recognition and initiating the workflow from the same screen, as they can do if the whole AP solution resides outside of the SAP system. In reality, the idea that workflow inside the SAP system is more streamlined, because all actions can be performed from within the SAP interface, does not reflect what many companies will face in actual practice.

Advantages of Workflow Outside the SAP System

Access anytime, anywhere

With external AP workflow, buyers and managers are notified by email when invoices need to be approved. They can check, comment on, add to, reject or sign off on invoices around the clock, from any location. Web-based workflow offers the ability to create a matrix for automation of the approval process, including support for non-SAP systems and mobile devices.

Easy deployment via web browser and a familiar environment helps to simplify training and promote user acceptance. Users who are unfamiliar with SAP applications may not readily embrace the SAP interface due to its complexity and uniqueness. This can cause confusion, errors and, most importantly, user rejection — one of the most common reasons for failure of business process automation projects.

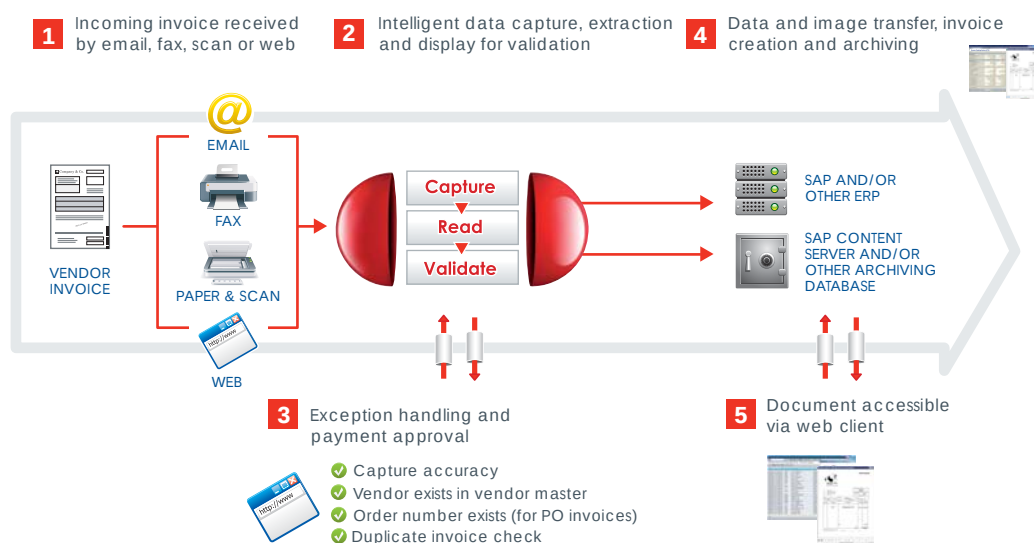


Extending automation beyond the SAP solution footprint

Workflow outside the SAP system allows users to access all relevant information in order to make an informed decision when approving an invoice, without the need to be an SAP solution user. This can reduce the need to add SAP seats in the execution of an AP automation project. Users have a single access point for invoice data along with the original document image and a history of actions carried out on it.

As a result, companies can:

- Share AP data across business applications
- Include Purchasing and other involved departments in the workflow
- Include pre- and post-processing steps in workflow
- Extend approval workflow to remote staff and mobile devices
- View archived invoices and audit trail outside the SAP application





Stability for invoice processing

Unaffected by changes to the SAP implementation, such as an upgrade to a new version, web-based AP workflow outside the SAP system helps maintain business continuity by keeping AP processing stable through the many IT landscape changes a company can expect to undergo.

Consolidation for control and shared services support

Consolidating AP workflow logic in one place supports tight control. Operating independently of the ERP environment yet fully integrated with the SAP system, an external workflow solution can incorporate legacy systems as well as new business unit acquisitions without the need to duplicate workflow logic.

With more and more companies making decisions to integrate their business operations based on a global view, shared services centres are bubbling up everywhere. By definition, shared services centres are disconnected, at least geographically, from business users — and sometimes from the pre-existing IS logic. As a result, shared services centres often comprise multiple systems, application instances, processes and business units.

A tool for AP workflow consolidation outside the SAP system can support efforts to create regional or worldwide shared service centres for AP processing, addressing diverse systems automatically and including logic to avoid errors — a key success factor and precisely what companies are looking to achieve in their AP shared services initiatives.

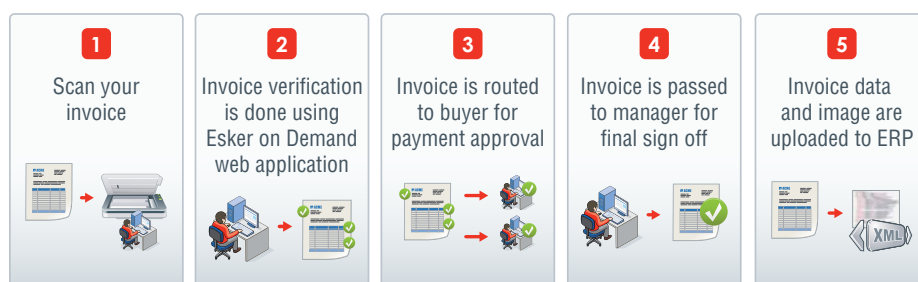
The Esker Solution

Extending AP automation

With SAP-certified integration, Esker accounts payable automation solutions provide a central point of entry for vendor invoice approval workflow with full functionality for SAP solution users as well as those outside the SAP deployment. Esker solutions reside on a server, connect to the SAP platform independently and require no custom programming at the application level. Companies using Esker solutions can extend electronic workflow to employees and managers who need to participate in invoice approval but do not have access to SAP solutions.

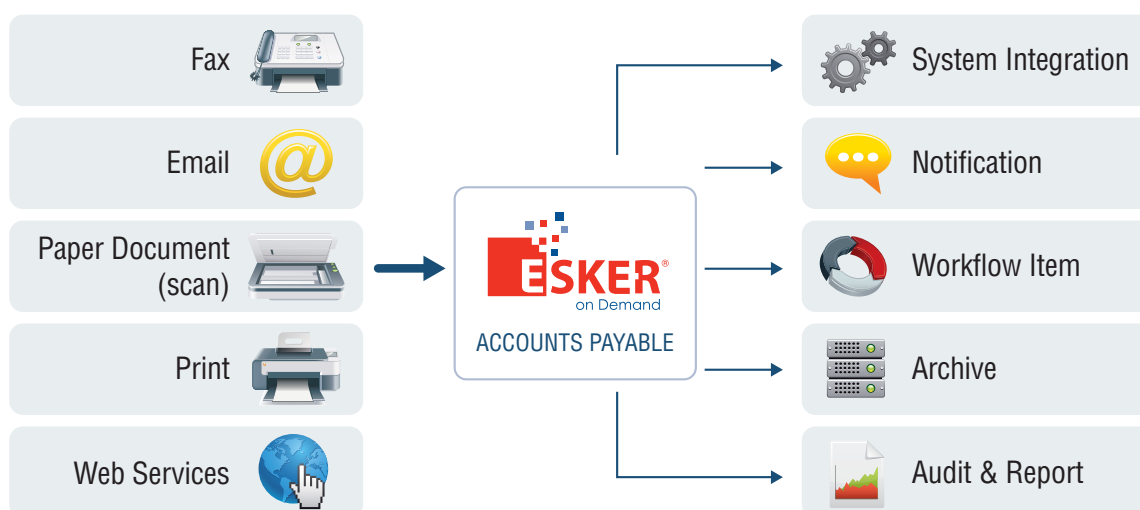
Designed for ease of use

Through an easy-to-use web interface, users working inside or outside an SAP solution can quickly code, approve and release invoices. The company benefits from a central tool for AP workflow with full visibility and prioritisation capabilities, making invoice approval simpler and more widely accessible without sacrificing integration with the SAP system.



Esker solutions receive invoices from multiple sources, extract data for processing and transfer invoices through the office electronically with visibility of exactly where they are in the approval process. Approvers are notified and invoices get the necessary approvals to generate the information in the SAP system and book payment as quickly as possible.

Throughout the process, the Esker solution attaches information inside the SAP system. Invoice data and document image are electronically transferred into an archive with a link back into the SAP system for quick and easy retrieval of the information as needed. A complete audit trail of every step that was taken is available through the reporting capabilities of the Esker solution.



Powering shared services

With 24/7 monitoring and support for different time zones and multiple languages, Esker solutions help to simplify setup of shared services centres for AP. Efficiencies gained through automated invoice approval workflow in a shared services model with Esker solutions help organisations improve key performance indicators including productivity, service level, accuracy, costs and more.

About Esker

Document process automation leadership

Esker is a recognised leader in helping organisations reduce the use of paper, eliminate manual processes and simplify IT landscapes. With its comprehensive platform, Esker delivers the benefits of automated document processing as on-demand services (SaaS) and on-premise solutions. Customers achieve significant operational efficiencies, cost savings and ROI in as little as three to six months while gaining visibility and control within order-to-cash and procure-to-pay business processes ranging from sales order management and accounts receivable to purchasing and accounts payable.

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.

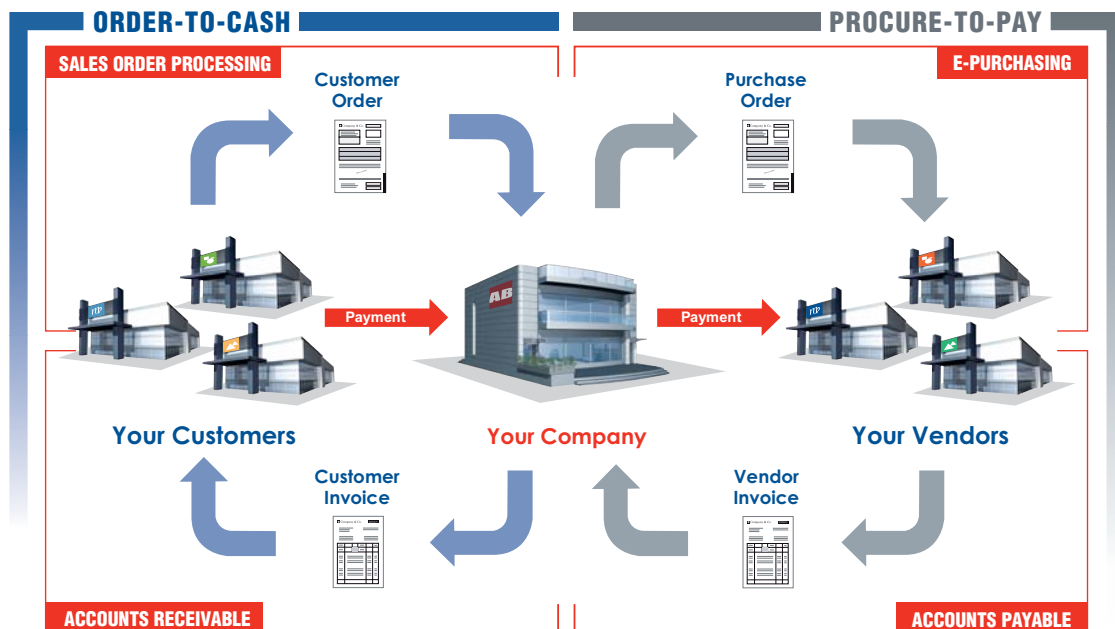


Solutions

Procure-to-Pay and Order-to-Cash and Automation

To help organisations quit paper and automate business processes to speed cash conversion, enhance customer satisfaction, improve supply chain performance, and increase profitability, Esker solutions span the procure-to-pay and order-to-cash cycles:

- **Sales Order Processing** to automate entry and routing of incoming customer orders
- **Accounts Receivable Invoicing** to automate processing and delivery of billing documents based on customer preferences
- **Accounts Payable Processing** to automate entry and routing of incoming vendor invoices and other payables
- **E-Purchasing** to automate processing and delivery of supply chain documents based on vendor preferences





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