

Bringing Accounts Payable Out of the Paper Age

Five Simple Steps To AP Automation



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Executive Summary

The average organization receives 1,200 invoices every month according to the Institute of Finance & Management. What's more, between 70 percent and 80 percent of all invoices in the United States are still paper-based.

That's a lot of information to keep track of – and a lot of paper to shuffle around. It's no surprise, then, that 80 percent of businesses would love to streamline their accounts payable processes.

But what stops them from doing so isn't an overly complex, impossible-to-understand process – it's confusion about the unknown, and fear that automating AP will be time-consuming, difficult, and expensive.

Here's the good news. AP automation doesn't have to be complicated or expensive. By supporting your efforts with streamlined technology and hardware, a small amount of training, and open communication, automating AP operations can actually be very simple.

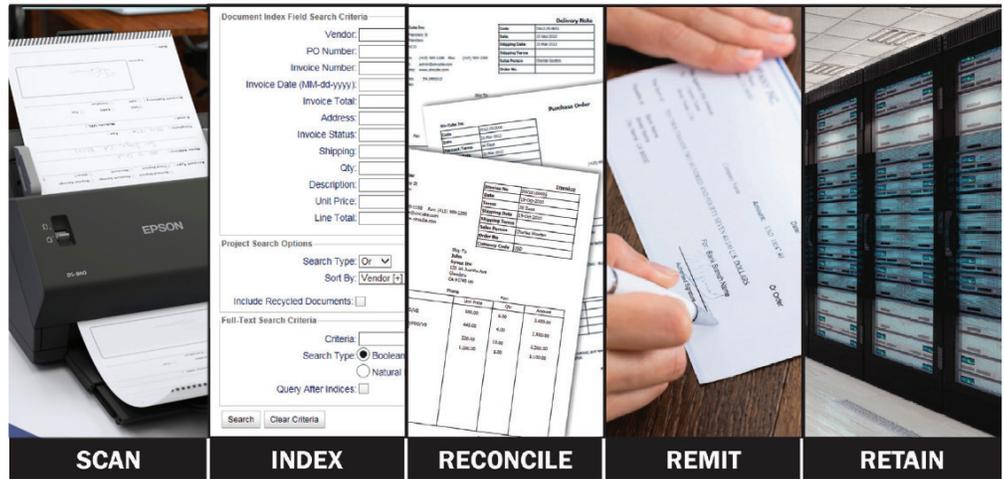
This report was developed to provide you with real, simple steps you can take to digitize and streamline your invoice processing. As you do so you'll recognize significant benefits, including happier employees and a healthier bottom line.



Here's the good news. AP automation doesn't have to be complicated or expensive.



Five Simple Steps Towards Digitizing Your AP Operations



Automation is about more than boosting productivity – it's about developing systems we know we can rely on



Automation is about more than boosting productivity – it's about developing systems we know we can rely on, and that will make the AP jobs less stressful by providing a process to manage all that paper. We know that not much innovation comes out of processing paper invoices. We also know that our AP teams are built of amazing people, and that outdated processing may be stifling their growth and reputation. Working with knowledgeable implementation partners, automating your AP system can quickly improve your control over information, boost efficiency, and cut costs. In fact, if you choose the right vendors, you can count the things you need to do to achieve a faster, more reliable system on one hand – here are five steps that will see your team through from start to finish.

STEP 1:



SCAN

■ Step One: Scan

Start by scanning all of your organization's paper invoices into a manageable – that is, digital – form. Digital invoices ensure better control of information, and are easier to retain in compliance with regulations.

As a best practice, use scanners that integrate directly with recognized enterprise content management solutions, such as one of the models offered by Epson, and match the scanner performance to the volume of invoices. The right software will allow you to capture, index, and process data in an efficient way, and when they're paired with scanners that have no-fuss user interfaces, fast speeds, reliable optical character recognition technology, and high image quality, you can accelerate the data input process.

STEP 2:



INDEX

■ Step Two: Index

Next, pair up your process with a tool that helps you identify, sort, file, and find key information. Digitech Systems, an information management company, offers PaperVision Capture, which uses an artificial intelligence (AI) engine called PaperVision Forms Magic to automatically organize scanned documents into categories according to criteria such as vendor information and payment amounts. Next, it extracts critical business information – invoice numbers, invoice date, invoice amount, taxes, due date and more and attaches that data with the digital image of each document.

This saves your AP staff time by cutting out the need for hand-keying data into your enterprise content management system or accounting application. Also, the data that FormsMagic extracts can be sent to any other line-of-business system that your company might use, including Microsoft Dynamics GP, SAP, and Oracle.

STEP 3:



RECONCILE

■ Step Three: Reconcile

Now that the information from your documents has been extracted and rendered into an easily manageable digital form, it's much easier to perform actions such as side-by-side verification of purchase orders, invoices, and delivery information, and to satisfy three-way match requirements. That means that AP employees can stop juggling numerous messy hardcopies with one hand as they manually enter detailed info with the other.

Meanwhile, Digitech Systems' technology also allows a business to cut its invoice processing times by routing documentation through approval processes electronically. Each approver in the sequence can view not only the invoice, but also any supporting documentation associated with it.

No heaps of paper means more speed, more control, and more efficiency. The result is that an approver can authorize the payment and move the invoice into remittance much more quickly, saving your business money and keeping it in line with regulations. Most importantly, AP can see and track the invoice no matter where it is in the process.

STEP 4:



REMIT

■ Step Four: Remit

The natural next step is tracking and routing documents to ensure internal control over every invoice, from the moment you receive it until the moment you send out payment. Following up with PaperVision Enterprise WorkFlow, another solution from Digitech Systems, can help make sure you stay on track.

Here's how it works. Say you receive an invoice via email. PaperVision Enterprise WorkFlow will automatically route the invoice based on the dollar amount or other pre-defined rules and send it to the proper person for approval. If an invoice is for a big enough sum, PaperVision Enterprise WorkFlow will know, for instance, that the department manager, the AP manager, and the CFO all have to sign off on it before it can be paid. Each of those people is alerted to the invoice's arrival by email and can log in on any device to approve or reject payment, or ask questions.

With zero information loss and custom, automated service, the era of time-consuming searches through hundreds of emails (not to mention through an actual physical file room) is over.

And to help maintain peace-of-mind, PaperVision Enterprise WorkFlow is proven to secure the information that it contains which will meet privacy regulations.

STEP 5:



RETAIN

■ Step Five: Retain

According to the IOFM, the general retention standards for financial records are as follows:



With such a large amount of documentation to store safely over the long term, and in a way that makes it easy to retrieve as soon as you need it, an old-fashioned paper filing system won't make the cut—and might even put your team behind the ball. Paper invoices are time-consuming to locate, retrieve and accurately refile, not to mention the high cost to maintain and store these documents in a disaster-resistant environment.

Electronic records are easier and more cost-effective to retain than hard copies. And that's where other tools like Digitech Systems PaperVision Enterprise and ImageSilo keep their promise best.

PaperVision Enterprise and ImageSilo are document management tools that let you manage any type of file and retrieve it in seconds with a simple keyword search. ImageSilo is a perfect fit for those who want the ease of managing data in the cloud, and PaperVision Enterprise offers efficiency for those who prefer to keep their data on premise.

Slashing document retrieval times, these efficiency-building solutions can help your company regain hundreds of hours of productivity, free up significant amounts of storage space, and cut paper costs. And not only do they store your documentation, they actively help you manage them. You can, for example, set them up so that they notify your administrators when certain documents are due for destruction – and they can prevent other records from being destroyed without the proper authorization.

As an added bonus, switching over to an electronic system is safer with enterprise-level software that helps secure your sensitive data. Compared to the storage rooms of the past, stacked to the ceiling with boxes of paper waiting for the next deep-diving AP pro, the future looks bright.

Three Key Benefits for Your Business

Along with top-quality hardware from Epson, an industry-leading manufacturer of scanners and other imaging providers, Digitech Systems' integrated software solutions have helped intelligent, forward-thinking companies optimize their AP processes with real results. Here are three key ways that businesses of all types have found success with this dynamic pairing.

■ Increased efficiency

Seventy percent of today's AP costs are associated with document handling and manual data entry, according to the IOFM. If those costs are cut, there could be a significant effect on your bottom line, making your new AP unit a model of efficiency.

Success story:

Specializing in commercial and industrial refrigeration, Industrial Refrigeration Services, Inc. (IRS) had approximately 2,000 monthly invoices to stay on top of. Implementing Digitech Systems technology allowed the company to get all of its documents under control, with striking results. The business recovered 500 hours per year in processing time, and protected every single one of its invoices



Digitech Systems' integrated software solutions have helped intelligent, forward-thinking companies optimize their AP processes with real results.



and other documents from loss, theft, or damage. All told, Industrial Refrigeration saved nearly \$10,000 on AP processing costs alone.



"We use ImageSilo for just about anything you can imagine: AP processing, bank statements, truck manifests – essentially whatever we need to keep a paper copy of. We're on our way to being completely paperless," explained Pat Myers from IRS's AP department.



Automation means eliminating the potential for human error associated with data entry and storage.



■ **Firmer control**

Once your information is inside Digitech Systems' environment, it's locked down. Automation means eliminating the potential for human error associated with data entry and storage. It also means less fraud, because a record is kept of every time data is used or accessed.

Electronic records are easier than hard copies to protect from disasters like fires and floods, too.

Control isn't only about protecting your data, however. It's also about being able to access it yourself on the spot, and without friction. With Digitech Systems, your AP staffers can pull information in a variety of ways as soon as they access the system: by customer number, vendor number, invoice number, purchase order number, due date and more.

Success story:

Terrus Real Estate Group, located in Des Moines, Iowa, offers a full range of commercial real estate services, from strategic planning to property management, for clients across the United States.

Before implementing an ECM system, Terrus's accounting department was burdened by the 20,000 invoices it received annually. Most documents were manually processed. Employees were uploading information twice – once into the accounting program and again into the document management system.

Managers spent up to five minutes verifying each invoice, and when vendors asked about unpaid invoices, staff members spent hours following the paper trail. To add to the challenge, Terrus customers were requesting online access to leases and other documents.

When Terrus implemented ImageSilo, they quickly saw improvements in nearly every part of the process. Now, invoices are approved two days faster than before, management saves 1,150 hours annually, and Terrus's AP department experienced a 30 percent productivity gain, saving \$75,000 per year. Last but not least, all of Terrus's records were protected from disaster.



"I open the email and have all the supporting documents and accounting codes I need to verify and approve invoices," says Phil Akason, Terrus CFO. "I don't have to go back to the accounting system to search for information. I just click 'OK' and the invoice is routed to the next step in the process. It couldn't be easier."

■ Substantial savings

It costs \$11.76 to process a single invoice in the traditional non-automated way. But for companies with automated AP functions, that figure falls to just \$6.30 per invoice. Given those kinds of numbers, going automated would seem to be the only choice.

Yet those numbers are just the beginning. AP automation facilitates earlier payment, which leads to early payment discounts, which in turn can mean real savings for your company. The Gartner Group estimates that a 5 percent reduction in operating expenses has the same impact on a company's profit and loss statement as a 30 percent increase in sales.

Digitech Systems' solutions, which can typically be implemented in hours and without IT support, are cloud based, so you pay zero in hardware costs.

Success story:

Based in Cedar Rapids, Iowa, MSI Mold Builders produces manufacturing molds for customers in the medical, automotive, and recreation industries, among others. Though Mold Builders has used lean manufacturing techniques for years, like many other companies, it needed to find a way to keep up with the 1,200 invoices it was receiving each month.

To take control of its process, Mold Builders implemented PaperVision Capture with Forms Magic technology to electronically record new invoices as they arrived, classify them by type, and send them into an electronic process for payment. The



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result was a fully automated AP process. Time-to-payment periods went down significantly, with initial users of the new system reporting invoice processing times of 15 minutes – whereas before they had been more than an hour. Faster payments were accompanied by reduced overhead and improved cash flow.

Automation let Mold Builders achieve a 90 percent classification accuracy as well. The company's processing cost per invoice fell from about \$63 to less than \$16, saving it more than \$676,000 annually. Paper Vision Enterprise WorkFlow can also provide live information about current performance to help them to continue to improve the process to further reduce the cost from \$16 to the benchmark of \$6.30 per invoice.



"PaperVision Forms Magic has revolutionized our AP processes," says Jason Sojka, a member of Mold Builders' network and computer systems department. "We've been able to cut our invoice processing times by more than 75 percent. We're saving the organization money and improving relationships with our business partners."

With Automation, the Future of AP Looks Lighter

Data and records management doesn't have to be so complicated, and it definitely shouldn't be a drain on your company's resources. It's a problem you can solve – immediately. Digitech Systems' electronic content management solutions coupled with Epson scanning solutions can deliver efficiency, control, and higher ROI to your company.

Contact either Digitech Systems or Epson to learn more about how scanning paper invoices can simplify records retention, and how you can pair your scanner with PaperVision Enterprise or ImageSilo from Digitech Systems to streamline your AP processes, boost your control of information, and save your organization money on every invoice – and beyond.

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Digitech Systems, LLC

Digitech Systems, LLC enables businesses of any size to more effectively and securely manage, retrieve and store corporate information of any kind using either PaperVision® Enterprise content management (ECM) software or the world's most trusted cloud-based ECM service, ImageSilo®. By significantly reducing the cost, Digitech Systems has moved ECM from a luxury convenience to an essential element for every well-managed business.

Digitech Systems continues to raise the standard of excellence in the ECM sector, as evidenced by the numerous awards they have received including the CIOReview Top Document Management providers, InfoWorld 100, CRN's Emerging Tech Dynamos and multiple Nucleus Research ROI Awards. In addition, Buyer's Lab has recognized both PaperVision® Capture and PaperVision Enterprise as the best products in the enterprise capture and ECM fields.

- **To learn more about the company's software and services that deliver any document, anywhere, anytime, visit www.digitechsystems.com or on Twitter @ECMNOW. Call 866.374.3569 or email info@digitechsystems.com.**

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