

MarkView for Procurement

Optimizing the Procurement Process

As corporations continue to focus on ways to improve the bottom line, sourcing and procurement functions are being asked to examine ways to cut costs and control spending. Finance leaders recognize the need to enhance the speed and effectiveness of their procurement efforts to reduce operating expenses and negotiate more favorable prices from suppliers. Unfortunately, these functions still rely on manual, paper based and often error prone processes that hinder automation efforts. Manually handling and distributing RFQs, RFPs, technical drawings, contracts, receipts, emails, faxes and general correspondence wastes time, money and effort. The entire buying process is slowed, affecting direct materials (such as raw materials), indirect materials (such as office supplies) and the various services that a company needs to operate.

The resources and time required to manage all of the supporting material related to the procurement process is not trivial:

- Clerical resources are necessary to handle the voluminous supporting documents.
- Managing audit trails is cumbersome when the procurement material is a combination of online and hardcopy paper documents.
- A lost or misplaced document interferes with timely purchasing.
- The inability to share purchasing information across business units effectively raises costs due to a lack of supplier consolidation.
- Providing purchasing information to suppliers and to line-of-business managers within the organization is a time consuming process.

Enable Best Practice, End-to-End, Procure-to-Pay (P2P) Processes

MarkView for Procurement together with MarkView for Accounts Payable enables end-to-end process ownership from requisition to purchase order (PO) to payment. It is no secret that in most organizations, Purchasing and Accounts Payable (AP) often have different goals. Purchasing looks to maximize supplier relationships while AP seeks to expedite supplier payments. By capturing and managing all information online throughout the entire P2P process, and then optimizing the procurement and payment processes,

MarkView for Procurement ensures that prices are negotiated fully, POs are generated accurately and payments are remitted in a timely fashion.

Shared Services is an organizational best practice for procurement. Most global companies have multiple purchasing departments resulting in disconnected processes and individuals all trying to accomplish the same function. Each organization executes transactions differently, resulting in fragmented, inconsistent processes with no internal control over the information, presenting control and compliance issues.

Leverage is lost, for example, when multiple purchasing groups from the same organization negotiate separate terms with the same strategic supplier. A supplier would clearly offer the most favorable terms to a consolidated purchasing group negotiating a \$1 million or \$10 million contract as opposed to a \$100,000 contract. Using MarkView for Procurement to scale operations in a central Shared Service Center, organizations can consolidate suppliers, improve operational efficiencies, strengthen internal service for customers, strengthen internal controls and facilitate the compliance process.

Aiding Indirect Purchases

For large indirect purchases that require a PO, MarkView for Procurement manages all supporting documentation online. Urgent goods can still be ordered in a timely fashion, even if personnel are dispersed across several locations. These fast cycle times are important in environments where there is a significant difference between urgent and non-urgent spending processes. For example, manufacturing plant downtime can cost an organization tens of thousands of dollars per day. The right quantity of parts must be procured and delivered at the right time in order to avoid these delays.

For small purchases, MarkView supports Procurement Cards, better known as "p-cards." Accepted widely as an industry best practice, p-cards are similar to charge cards and are one of the best tools for eliminating the generation of expensive POs and reducing the number of small invoices. Some experts estimate that it costs approximately \$250 to generate and process a PO, which is a lot of money to buy a \$25 item. In most organizations, 80 percent of the purchases account for only 20 percent of the total spend. The process of generating a PO, receiving an invoice, matching the invoice to the PO, cutting a check and then getting that check signed is not an efficient way to handle small purchases.

MarkView adds tremendous value to the p-card process by automating the verification of charges. Electronic p-card statements are rendered into virtual invoices, similar to EDI invoices, allowing employees to review, verify and code the charges. Signed receipts are faxed into the system and attached to p-card statements using Kofax barcode and faxing

components, streamlining the p-card reconciliation process without sacrificing visibility or control.

Optimizing Complex Contract Purchasing

Purchasing direct materials and services, such as raw materials, components, consulting, auditing or janitorial services are multi-million dollar deals negotiated over weeks and months. These contracts often require a personal touch where buyers deal face-to-face with suppliers. MarkView for Procurement, in conjunction with MarkView for Contract Management, optimizes complex contract based procurement by capturing all contract related documents such as RFQs, RFPs, pricing documents and service level agreements in one location. Buyers are able to use versioning, check-in/out, retention and disposition schedules to manage the process. These documents are tightly integrated with ERP procurement and/or contract management applications. The end result is a complete optimized contract lifecycle – sourcing, negotiation, contract development, execution and obligation management.

Bring the Procurement Process Online

MarkView for Procurement enhances the overall efficiency of the procurement process by combining advanced imaging, best practices and business process automation expertise with unparalleled ERP integration to provide enterprise-wide cost savings. Any information, regardless of its form (paper, fax, EDI, electronic invoices, etc.), can be managed online. Requisitions and purchase orders in the ERP system are automatically rendered as a document in a browser and routed for approval and inquiries. These rendered purchase documents are also made available to AP professionals for review and payment. MarkView for Procurement delivers significant decreases in purchasing cycle times, increased compliance with corporate purchasing policies and better purchasing decisions. These efficiencies optimize operations, enabling a Shared Service Center to create further efficiencies by managing a company's total procurement budget and process.

Benefits of Managing the Procure-to-Pay Lifecycle

- **Lower Costs** – Automation enables buyers to process more bids and speeds purchasing, freeing time for more important activities such as price negotiation, spending analysis and finding better suppliers.
- **Improved Purchasing Decisions** – With more information readily available, buyers can make better decisions on selecting suppliers, negotiating prices and settling contract terms.
- **New Savings and Improvement Opportunities** – Finance managers can monitor performance quickly with analytical reports and realize buying power by consolidating purchasing volumes
- **Enhance Strategic Sourcing Analysis** – The capture of line item level detail enables better analysis of sourcing costs and unveils opportunities for cost savings.

- **Faster Purchasing Cycles** – The elimination of document rerouting and paper chasing speeds the purchasing process; no searching for lost or misfiled documents.
- **Improved Enforcement of Internal Controls** – The optimized process improves enforcement of internal controls through the purchase-to-pay process.
- **Consistent Purchasing Processes** – The optimized process enforces best practices throughout multiple business units and a dispersed employee population.
- **Improved Service to Line-of-Business Managers** – An intuitive interface provides users easy self service access to the status of requisitions and purchase orders.
- **Improved Supplier Relationships** – Self service capabilities enable suppliers to access information online, reducing calls to Purchasing.
- **Faster Communication** – The real-time exchange of documents and monitored workflow speeds communications with line-of-business managers and suppliers.
- **Improved Visibility into Purchasing Processes** – Finance has a “clear line of sight” into the end-to-end procure-to-pay process, making it easier to detect bottlenecks, identify inefficiencies and eliminate “maverick” spending.
- **Easier Auditing** – Complete capture of all purchasing content and workflow steps combined with instant online access makes integrated auditing easier for both internal and external auditors.

About Kofax

Kofax plc (LSE: KFX) is the leading provider of document driven business process automation solutions. For more than 20 years, Kofax has provided award winning solutions that streamline the flow of information throughout an organization by managing the capture, transformation and exchange of business critical information arising in paper, fax and electronic formats in a more accurate, timely and cost effective manner. These solutions provide a rapid return on investment to thousands of customers in financial services, government, business process outsourcing, healthcare, supply chain and other markets.

Kofax delivers these solutions through its own sales and service organizations, and a global network of more than 1000 authorized partners in more than 60 countries throughout the Americas, EMEA and Asia Pacific.

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