



Best-in-Class Advantage

Comprehensive purchase-to-pay automation for SAP



When it comes to improving the purchase-to-pay process, the whole is greater than the sum of its parts. Optimal performance and the greatest possible return on your SAP investment are realized only by automating from start to finish.

A Complex Series of Actions—Purchase to Pay

From the time an employee recognizes a purchasing need, to the payment and archiving of the invoice—your company's purchase-to-pay (P2P) process is made up of a series of dependent actions.

In order for financial operations to flow timely and efficiently, each stakeholder within purchasing, your supplier base and accounts payable depends on accurate information, cooperation and of course, effective communication.

Greater Change, Greater Payoff

The Kofax P2P solution provides automation for the creation of a purchase requisition and the ensuing purchase order, checking the incoming order confirmation, registering the delivery note, comparing the invoice with previous documentation and doing the final payment approval run. It should be no surprise, then, that the complexity of purchasing and accounts payable processes can cause them to stall, divert, or even fail at any given step. When measured, the conventional P2P operation reflects painfully long process times and generates a high volume of costly inaccuracies.

Some businesses try to resolve these glaring problems by automating a part of the P2P process, but the results show only a fraction of the possible benefits. A compelling study by The Hackett Group has measured automation gains by assigning monetary values to each gap in the P2P performance. The results reveal a “vastly higher potential payoff” with a comprehensive approach involving automation at every cost gap. Specifically, the study challenges business leaders to focus less on fixing process inefficiencies and more on effectiveness performance such as improved service levels and operating excellence. By doing this, P2P improvements deliver twelve to fourteen times greater savings to an organization's bottom line compared to the patchwork approach.

“The solution has been instrumental in transforming our complete purchase-to-pay process and has allowed us to drive significant bottom-line savings while also allowing significant improvement in other key metrics. The solution has also allowed us to improve our internal control while making it more efficient to process invoices.”

David Faturos, Controller, Rich Products

Start Off Clean—from Requisition to Purchase Order

When considering automated solutions for P2P, many businesses jump straight to accounts payable (AP)—sidestepping procurement completely. After all, it makes sense to begin with AP, typically the most broken area within financial processes. Automating at the beginning of the purchasing process, however, can offer compounded benefits because the purchase order touches every subsequent transaction both inside the organization

and with the supplier. Purchase order automation allows for automatic comparisons down the line as order confirmations, delivery notes and invoices are processed. With automated requisition handling from Kofax, a strong foundation is created, laying the groundwork for downstream accuracy and efficiency. First, a digital requisition is entered either through an SAP interface or through a simple, easy-to-use web application. Next, an electronic approval workflow is started, and as each approval is administered, a visible audit trail is recorded. Once the final approval is authorized, the requisition is automatically converted into a clear and precise purchase order in SAP and is available throughout the rest of the P2P process for direct comparisons with order confirmations, delivery notes and invoices.

Instantly Survey Supplier Capacity—the Order Confirmation

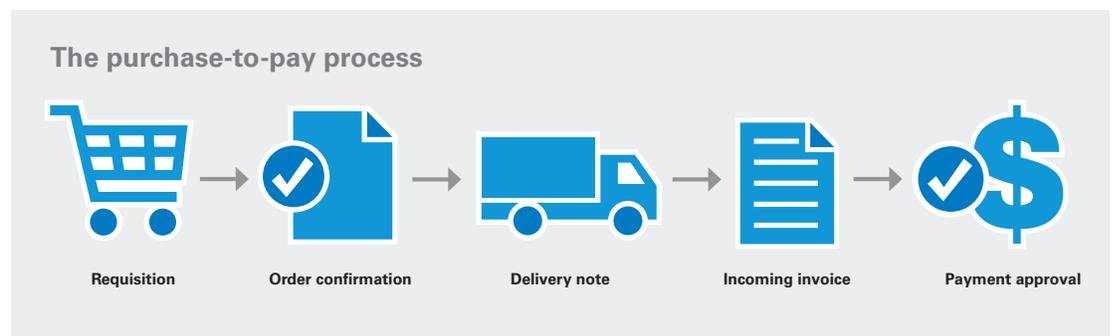
If you work in an industry that requires many purchased parts, you probably rely on order confirmations to ensure that suppliers understand their commitment to your purchase order. Order confirmations are designed to provide you with information from suppliers to ensure smooth production planning and avoid downtime. But, manual entry and matching of order confirmations are often plagued with problems—especially in the case of indirect purchases lacking purchase orders..

If crucial items are left out by the supplier and you don't find out about them in time to make other arrangements, these processing setbacks may cause costly production delays. Another problem with order confirmations is that inefficient workflows can develop in response to discrepancies.

Streamlined Capture, Posting and Matching

Kofax for purchase order confirmation processing handles everything from “down to the line-item level” information capture, to posting and matching. Whether received in paper or electronic form, the software captures and extracts line-item data from each order confirmation, and sends it into the SAP system. The data is then compared against the corresponding purchase

order data and if there's a match, orders are automatically confirmed in SAP and no action is required. In case of discrepancies, notifications are sent to the employees in charge, prompting confirmations to be reviewed. Once these are accepted, the updates to the purchase order are automatically posted in the SAP system.



Securely Account for Goods Received—from Delivery Note to Goods Receipt

The process of checking deliveries, matching the delivery note against the purchase order, creating the goods receipt and entering delivery note data into the SAP system has traditionally been a time-consuming, manual process subject to errors. Due to legal requirements, many businesses must undertake the additional responsibility of maintaining a large paper archive of delivery notes, which by nature is difficult to search through and expensive to manage. The physical handling, archiving or sometimes even reading of the printed delivery note can also be problematic due to poor paper quality, and is yet another sore spot in receiving goods to be sold.

Ultimate Visibility

In contrast, once goods are assessed for quality and quantity, Kofax's automated processing and workflow solution completely automates the rest of the receiving actions, paving the way to significantly faster processing speeds, greater accuracy, organizational transparency and cost savings. The automated process facilitates

capture of the delivery note, extracts the required fields, matches data against the current purchase order, alerts suppliers and persons in charge in case of discrepancies and then finally turns the delivery note into a goods receipt. Plus, automatic electronic archiving makes for fast and simple retrieval and serves as a complete audit trail. With Kofax delivery note handling, every stakeholder in the purchasing process has easy access to relevant delivery data and the electronic archives.

Quickly Reconcile Indirect Transactions—the Purchase Card

Designed to sidestep the need for a purchase order with infrequently used accounts, the popular purchase card (p-card) is expected to lower overall processing costs. Yet, unless accounted for, other administrative costs often crop up. Since each transaction needs to be accounted for and reconciled in SAP, AP staff usually picks up the cumbersome task.

Speedy Reconciliation

By automating the handling of p-card statements with Kofax, organizations substantially speed up the reconciliation process. When a purchase is made using a p-card, the transaction is electronically approved, allocated, posted and reconciled in the SAP system.

Process Invoices with Confidence—from Vendor Invoice to Payment

Successful AP processes strike a balance between cost and control, but businesses often struggle with finding this balance. Missing invoices, a high volume of exceptions and manual entry and routing of invoices contribute to exorbitant costs and hidden liabilities. How do you reduce invoice receipt and approval processing costs without sacrificing the visibility and control needed for smart financial decision-making? Dramatic improvements can be seen when implementing automation. In fact, according to a 2013 study by the Aberdeen Group, best-in-class accounts payable performance offers 83% lower invoice processing costs and 74% faster cycle times.

“...we saved over 30 million keystrokes a year and were able to take on 40% more invoices without adding additional headcount”

Larry Wilson, Senior AP Manager, Time Warner Cable

Swift, Accurate Processing and Approval

AP automation from Kofax captures invoices as they enter the organization—from any file or format. The data is then matched against the purchase order, order confirmation and goods receipt and verified in SAP. In the case of a match, the invoice is automatically sent for payment approval. Or, in the case of a discrepancy, the invoice is automatically routed to a workflow where the image of the invoice and its status are always available, showing all stakeholders where documents are in the process and who is responsible for the next action.

The payment approval process is also streamlined with Kofax automation solutions. Proposed payments are first brought together in a single list where the corresponding original invoice images and any associated supporting documentation or approval audit trails are readily viewable. The workflow for approvals is then automatically initiated and payment proposals are directed to the appropriate approver for review. As the approver blocks or releases payments, each action is tracked.

When the workflow is complete, the payment run is finalized and the history of the entire payment approval process is stored with the SAP payment run, providing a complete audit trail.

Make Your Shared Services Sing

Leading shared services organizations have discovered the exponential benefits of automating entire process chains such as purchase to pay. Often, end-to-end financial process automation from Kofax is the key to orchestrating current and expanded processes with greater control, transparency and flexibility.

- ◆ Meet and exceed your SLAs and KPIs: With embedded controls in place, Kofax solutions process the majority of transactions faster and more accurately without manual intervention
- ◆ Manage and control end-to-end processes: All your moving pieces in a single view—and you, the conductor, able to easily spot and circumvent potential causes of friction and identify opportunities for optimization
- ◆ Get equipped for future growth: Quickly expand, restrict and modify your offerings without disrupting your business

Industry-leading Business Process Automation

Kofax creates enterprise software, hardware and services that remove the inefficiencies of information silos and disconnected processes, connecting people to the information they need at the moment they need it.



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