

3 Ways Automation Improves Financial Operations Visibility

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Today's increasingly competitive global economy requires businesses to make decisions faster than ever. Businesses need instant insight into the status of their people and processes. But manual, paper-based processes undermine decision-making. Paper makes it difficult for businesses to make smart decisions about their operations and their working capital. Manual processes also are costly and inefficient, create headaches for front-line staff, introduce compliance and security risks, and stymie collaboration with trading partners.

Automating accounts payable (AP) and accounts receivable (AR) processes uniquely addresses the requirements for visibility and reporting, enabling businesses to:

- Reduce costs and improve cash management
- Empower worker effectiveness
- Enable business agility
- Support strategic planning

This white paper explains the three ways automation improves financial operations visibility and reporting, and details three companies benefiting from automation.

Looking through the Fog

About 45 percent of controllers surveyed by IOFM in 2014 identified the lack of visibility into invoices and payables information as their top payables challenge. Another 42 percent of controllers pointed to difficulty handling, managing and finding invoices as their biggest payables challenge.

Similarly, in a 2013 Aberdeen Group survey of senior finance executives, lack of visibility into invoices and payables documents was the top challenge identified. Nineteen percent of senior finance executives cannot effectively manage cash according to current needs, Aberdeen Group found.

In AR, Aite Group finds that timeliness of payments (identified by 23 percent of businesses) and internal processing delays or errors (17 percent) are the top challenges with receivables processes.

Paper processes limit visibility into system and business health because:

- Essential information is not captured
- Data is poorly organized
- Information is not timely
- Systems are not well-integrated
- Decision-makers do not have access to key variables

To be sure, it's difficult to improve what you can't measure. For instance, streamlining AP processes requires organizations to know their average time to process an invoice, their number of invoices per vendor, and their number of duplicate invoices. Similarly, improving staff productivity requires managers to know how many invoices and exceptions workers process each day, and the average time it takes a worker to process an invoice.

In AR, organizations need to know the total amount of outstanding payments and expected timeliness of payments. Improving productivity requires managers to gain insight into the time staff spend processing order and payment documents as well as the volume of documents processed. Moreover, managers need insight into time spent resolving customer disputes as well as staff involved in resolution. And to optimize working capital, organizations must have visibility into their accruals, liabilities, receivables, and cash on hand.

Automating AP and AR processes empowers organizations to address all of these challenges.

In fact, 41 percent of senior finance executives cite improved visibility into invoices and payables information as the biggest benefit of AP automation, topping all other benefits, including lower invoice-processing costs and fraud mitigation, according to a 2014 survey conducted by IOFM.

Automating workflows and document processing provides AR professionals with greater visibility into cash flow and helps them identify bottlenecks in various AR processes, such as resolving customer disputes and payment processing, to accelerate day's sales outstanding (DSO). Reducing DSO (identified by 54 percent of senior finance executives) and improving cash flow forecasting (42 percent) are the top priorities of senior finance executives, according to a 2014 survey by the Association for Financial Professionals (AFP).

Seeing Things More Clearly

Finance executives are focused like never before on improving financial visibility.

A whopping 68.9 percent of controllers surveyed by IOFM indicated that improving visibility into cash flow and cash management was among their priorities for the coming year. Additionally, 66.4 percent of controllers reported that developing effective measures to gain visibility into overall performance of finance and administration functions was among their top priorities for the coming year, according to IOFM.

This focus on enhancing visibility is no surprise when you consider that controllers rank cash flow analysis as their most important job function, according to 2014 research by IOFM. In fact, most organizations regularly track and/or report on cash flow against current and future expenses, according to IOFM's *2014 Senior Finance Executive Report*. Payments management, regulatory compliance and risk mitigation, and liquidity

management — other activities that benefit from improved financial visibility — also ranked among the most critical job functions of controllers.

Visibility into business and financial information also separates best-in-class companies from their peers. Aberdeen Group reports that best-in-class companies have more than four times the rate of visibility into overall organizational cash flow on a daily basis, compared to average companies.

It is for these reasons that solutions for enhancing financial visibility top the list of technologies controllers plan to deploy in the coming year. Sixty percent of controllers surveyed by IOFM indicated that electronic approval and exceptions workflows were among their technology initiatives for the coming year, topping all other technologies. Additionally, 44.8 percent of controllers reported that deploying an image repository for document archival and retrieval was among their technology priorities for the coming year.

How Automation Improves Visibility

Automating accounting processes improves visibility into system and business health. Automation, as offered in products like an enterprise content management (ECM) system, centralizes important business content in one secure location, delivering information whenever, and wherever, users need it. Once information is under control, organizations have total visibility into the status of processes, documents, and content as well as compliance requirements.

ECM solutions combine five key components to drive improved visibility through automation:

- 1. Digitize paper documents:** Paper documents can be scanned into the system wherever they enter the organization, whether at a remote office or in a central mailroom.
- 2. Import electronic documents and information:** Electronic documents are captured in their native format, directly from enterprise applications such as an electronic invoice portal.
- 3. Extract data from documents:** As documents are captured, relevant data is pulled off the page and shared with other systems, saving the time associated with manual data entry.
- 4. Route documents based on pre-established rules:** Documents are electronically routed to processes, databases or systems for approval and/or exceptions handling based on pre-configured business rules. Users have the ability to define and manage workflows based on their unique business rules as well as the requirements for specific document types.
- 5. Integrate with systems of record:** Documents and information are seamlessly delivered to an ERP system and other financial systems to accelerate posting and streamline research.

Importantly, ECM solutions include four capabilities especially designed to improve visibility:

- 1. Business activity monitoring:** Both internal and external events cause variability in business cycles and processes. Business activity monitoring provides real-time visibility into the status and results of critical financial processes. Dashboards display configurable charts and threshold options to empower users to automate business process analysis and adapt to changing business conditions.

When thresholds are met or surpassed, users are alerted of the status change with visual, color-coded notifications, providing the opportunity to act quickly and minimize any negative impact

on cash flow. The actionable information provided by business activity monitoring enables users to more quickly address workflow bottlenecks and exceptions, make better-informed business decisions, and identify areas for improvement.

2. Reporting dashboards: Legacy systems typically provide limited financial information that is delayed until report runs are complete. Interactive reporting dashboards provide financial operations with real-time visibility into system, process, and business health, allowing users to:

- Monitor performance
- Analyze trends and exceptions in real-time
- Make proactive business decisions
- Review license usage

Users can quickly create dashboards, highlighting the performance data that is most important to them without the need to engage IT resources. Data can be presented in charts, graphs, scorecards, maps and more, and can be shared among teams, departments or an entire enterprise; or saved, printed, exported to Microsoft Excel or uploaded to a document management system for archival. Granular security and permissions also protect sensitive content and control how users interact with dashboards.

3. Report services: Pre-configured reports provide users with valuable information into system health and business activity. The reports enable users to analyze trends, share productivity metrics across the organization, and make proactive decisions based on data.

Data can be presented to users in a variety of formats including tables, bar charts, and pie charts. Reports can be exported in XML, HTML, or Excel formats or saved as PDF, JPEG, or TIFF. Pre-configured reports support database security by not requiring users to have administrative database rights. Organizations also can create custom reports based on their needs.

4. Exceptions reports: Exceptions reports provide users with information on missing, aging, or expired content. By comparing primary and secondary documents, exceptions reports enable business users to:

- Confirm the existence of required documents
- Identify broken transactions
- Validate record relevance
- Promote data integrity
- Rapidly audit an entire repository

Exception items can be automatically routed downstream for review. Automating exception reporting provides assurance that all required and/or matched documents are stored and indexed properly, in turn, streamlining business processes and supporting compliance initiatives.

These capabilities provide the insight into the status of people and processes required to make smart operational and working capital decisions while enhancing efficiency, compliance, and security.

Why Automate?

In today's economy, it is critical that organizations make strategic technology investments to reduce costs and improve cash management, empower worker effectiveness, and enhance business agility. Improving reporting and visibility with automation enables organizations to achieve these goals.



Reduced costs and improved cash management

Paper and the use of outdated technologies drive inefficiencies within AP and AR departments, and make it difficult for organizations to get the visibility necessary to effectively manage cash.

Here are three ways that automated payables and receivables solutions reduce costs and improve cash management:

- 1. Reduced operating costs:** Manually processing invoices is expensive due to costs associated with handling, storing, printing, and shipping documents. Automation significantly reduces the operating costs associated with paper-based invoice processes. Payables solutions also eliminate the cost of storing and maintaining paper documents, prevent duplicate payments and late-payment penalties, and eliminate the chances of lost, misplaced, or stolen invoices.

Similarly, manual AR processes can result in inaccurate or missing order and payment data, delayed payment posting, and high labor expenses. This can also lead to payment disputes and poor customer service when related documents, such as proof of delivery or original purchase orders, are not readily available or the available data in the accounting system is not up-to-date. When correct data is not readily accessible, searching for the correct information takes time, not only delaying dispute resolution and payment but also increasing associated labor costs. Automated receivables solutions accelerate order and payment processing, increase accuracy by sharing the most up-to-date information across systems and centrally processed documents for easy access later to reduce the times and costs associated with searching for correct data.

- 2. Improved cash management:** Real-time visibility enables more accurate projections of the impact on cash flow, and better awareness of the overall health of critical business processes, no matter where they occur. Automation facilitates easy and accurate accrual reporting by delivering visibility into all electronic invoices in the workflow, and quickly summarizing liability by account. For instance, directly integrating an automated invoice processing solution with a company's enterprise resource planning (ERP) system allows senior finance executives to instantly view documents and supporting information while still working in the ERP system.

Automation also assists with budgeting of outbound cash flow, enabling organizations to predict cash requirements. In addition, these solutions enable organizations to:

- Better manage the month-end accounting close and financial reporting process
- Resolve disputes more quickly with instant access to data
- Capture more early-payment discounts through faster cycle times
- Provide vendors with faster access to invoice and payment statuses

In addition, automation can support accurate cash flow projections by providing up-to-date customer balances, which also provides a clearer picture of credit worthiness. Finance executives can better manage the AR aging process with tools to access, track, and distribute open invoices.

And senior finance executives can access report dashboards from anywhere, including websites, Microsoft SharePoint portals, or from a mobile device, driving business agility.

3. Mitigate risk: Automation creates well-defined, consistent processes and imposes a clear and systematic segregation of duties. Enforcing consistent business practices reduces process variance and associated risk. Payables and receivables solutions also provide a complete audit trail for every touch of a document, such as an invoice, including approvals. Similarly, automation promotes accountability by providing detailed auditable history to monitor security and employee performance. And, automation allows supervisors to manage electronic queues for accessing, prioritizing, and distributing work, and offers faster access to documentation supporting invoice payments. All of this enables companies to reduce the chances of costly compliance penalties and fines.



Provide tools to empower worker effectiveness

Labor represents a median of 60 percent of the total costs of invoice processing, according to AQPC, a research firm focusing on business benchmarking, best practices, and knowledge management research. For this reason, organizations are eager for ways to improve staff productivity.

There are three ways organizations benefit from automated tools that empower worker effectiveness:

- 1. Improved visibility:** Automation increases management's visibility into its people, processes, and cash flow. For instance, organizations can instantly view employees' workloads, invoices processed and approval response times. Additionally, automation offers insight into the number of invoices or payments processed in a specific timeframe, time spent on exceptions, payment cycles, invoice aging, and vendor or customer balances. This visibility also enables organizations to more easily measure worker, process, and system metrics to ensure smooth operational efficiency.
- 2. Higher worker satisfaction:** Manually processing invoices and payments is time-consuming for staff, requiring them to manually index and route documents for approvals, payment, and posting. Automating processes and functions reduces the number of manual tasks that individuals must perform. Automation also accelerates the training and

onboarding of new employees with standardized processes. And, it allows users to make real-time changes to processes without IT intervention while empowering supervisors to easily control work distribution and system parameters affecting invoice processing.

- 3. Increased staff retention:** The workplace enhancements provided by AP and AR solutions improve staff retention. Automation provides a quality work environment with the existence of modern systems, and provides the tools necessary for staff to achieve bonuses.



Enable business agility and support strategic planning

Paper processes make it difficult for businesses to access the insights they need to make smart decisions. Below are two ways that automation enables business agility and strategic planning:

- 1. Faster business expansion and growth:** Automation maximizes the utilization of full-time employees (FTEs) by providing organizations with the ability to process more work with the same number of staff. For instance, AP and AR solutions enable organizations to manage electronic queues for accessing work and workload distribution, accelerate dispute management with quicker access to documentation, and eliminate duplicate payments. Additionally, accounting solutions ease the integration of people and processes for newly acquired businesses, and supports global business strategy.
- 2. Enhanced vendor interactions:** Automation provides better methods for vendor onboarding and document submission, easier submittal options, and self-service options for suppliers to view the status of invoices and payments. Automation also enables payers to speed cycle times and enhance collaboration with suppliers to take advantage of dynamic discounting.
- 3. Gain managerial insight:** Automation provides a more accurate picture of available and incoming cash flow, to better inform management decisions. In addition, it can improve collections ability by providing all supporting and relevant documentation alongside invoices from within the ERP system.

Each of these benefits is compelling. Together, they provide businesses with the visibility and reporting they need to make smart decisions while improving their operational outcomes.

Case Studies

More businesses are enhancing visibility and reporting with automation, specifically with ECM solutions. Here are four examples:

Essentra Packaging

Milton Keynes, UK-based carton manufacturer Contego Packaging (now known as Essentra Packaging Limited) deployed ECM in its accounts payables, logistics and contracts departments.

“Our biggest complaints were that invoices were getting lost when sent to manufacturing sites or left sitting on someone’s tray, unprocessed for weeks,” said Ian Powls, former head of IT for Contego.

That all changed after Contego implemented an ECM solution.

The solution automatically indexes documents using data from Essentra's Oracle JD Edwards EnterpriseOne ERP solution. The seamless integration between Essentra's ECM and ERP systems eliminates the chance for duplicate documents and ensures that stored data is accurate. Users also can instantly retrieve invoices and supporting documentation directly from the ERP application.

Essentra's logistics and contracts departments across the UK and Italy also are using the ECM system to manage proof of delivery documents, contracts, and capital expenditure documents.

Regardless of the document type, Essentra's ECM solution ensures that all documents are accounted for and stored in one central repository, allowing for quick retrieval of accurate information.

Storing documents electronically also eliminates the cost of storing documents on-site in filing cabinets or on employees' desks, and removes the chance of lost or damaged documents.

Berner Food and Beverage

Deploying an ECM solution enabled Dakota, IL-based Berner Food, Inc. to more easily share documents across the company's multiple locations, while enhancing visibility into key information. The ECM solution also eliminated the time and cost of manually filing and retrieving information.

"Physical files limited us to only searching in chronological order," said Pam Gesin, senior program analyst for Berner Food. With the ECM solution, authorized users at all five of Berner's facilities can quickly search multiple criteria such as keywords, invoice number, or vendor name. Information now is much easier to find and can be viewed by multiple people simultaneously.

Berner initially deployed the ECM solution in its AP department. The solution is integrated with Berner's ERP application and has eliminated the need for AP staff to manually sort and file payables documents.

The ECM solution also has improved Berner's vendor relationships by enabling AP clerks to instantly retrieve all of the information required to answer questions regarding invoices. Based in part on the enhanced visibility provided by the ECM solution, Berner extended the technology to business functions across its enterprise, including: AR, quality, procurement, sales, maintenance, warehouse, and compliance.

SRA International

SRA International, a large Fairfax, VA-based government contractor, has benefited from improving visibility through AP automation. SRA International recognized that eliminating the paper pushing and redundant tasks associated with its old paper invoice processes would allow the company to reduce costs through streamlined business functions and the reallocation of employees.

SRA's invoice processing solution automatically imports invoices submitted by subcontractors through an online portal and validates the information using tables stored in the company's Deltek Costpoint ERP system. Staff also can drag and drop invoices from their email into the automated system. The solution eliminates the need for staff to manually key invoice information into Costpoint.

Additionally, validating invoice data using data already stored in Costpoint reduces the chance for data errors. Once the information submitted through the portal is validated, invoices are routed electronically through review and approval workflows. At any step in the process, subcontractors can view the status of their invoices and payments online without calling SRA.

Unlike in a paper environment, the automated payables solution immediately identifies duplicate invoices or projects with a funding issue, enabling staff to take action more quickly. The solution also empowers staff to become more engaged in the process and take a more analytical approach to their work. For instance, staff can undertake more detailed reviews of exception items. And the solution provides payables staff with visibility into Key Performance Indicators as well as working capital, improving collaboration between the company's payables and procurement departments.

Bush Brothers and Company

An ECM solution has helped Bush Brothers and Company increase visibility across the enterprise.

The manufacturer initially deployed its ECM solution to optimize its accounting processes. The ECM solution automatically associates electronic receivables information as well as any supporting scanned documentation with the correct order. When processing orders, accounting staff instantly see the order in question along with the associated bill of lading and packing slip.

Additionally, the ECM solution provides staff with instant access to the information required to resolve disputes within minutes. Accounting staff previously had limited access to the necessary documentation to resolve disputes and issues. Staff had to call the manufacturer's distribution warehouse and wait a week or more for the required documents to be retrieved and delivered.

The ECM solution also provides instant access to information for audits of capital projects and Food and Drug Administration (FDA) standards. The instant access to archived information eliminated the need for Bush Brothers to hire temporary staff for year-end audits. The efficiencies of enhanced visibility also enabled the manufacturer to eliminate two positions through attrition, despite growth.

The ECM solution also has helped the Knoxville, TN-based manufacturer better manage its document-intensive quality control processes that were producing stacks of paper daily at its manufacturing plants. To meet internal and FDA retention mandates, Bush Brothers stored 90 or more banker boxes each year on-site before paying to store them off-site for an additional seven years.

Based on the success of its ECM solution in accounting, Bush Brothers extended the technology across its enterprise to its engineering, human resources, legal, and quality business functions.

The Bottom Line

Optimum system and business health depends on visibility and reporting. But paper-based processes make it difficult for businesses to reduce costs and improve working capital management, empower worker effectiveness, and drive business agility. Automation provides total visibility into processes, documents and information, including accruals, liabilities, and the status of transactions and orders. It is no surprise that 49.7 percent of AP professionals identify "increased visibility" as a factor justifying the cost of payables automation projects, according to the Institute of Financial Operations. This improved visibility and reporting enables businesses to make more informed operational and financial decisions — essential for succeeding in today's competitive economy.

About OnBase by Hyland

For over 20 years, Hyland, creator of OnBase® has helped our more than 13,300 lifetime customers by providing real-world solutions to everyday business challenges. That dedication is why Hyland realizes double-digit revenue growth year after year, and why 98 percent of our customer base continues to renew its annual maintenance. Our customers see the ongoing value of partnering with Hyland and consistently continue to work with us.

Hyland's enterprise content management (ECM) solution, OnBase, is one of the most flexible and comprehensive ECM products on the market today. OnBase empowers users to grow their solutions as needs change and business evolves. OnBase is tailored for departments, but comprehensive for the enterprise. The solution gives you what you need today and evolves with you over time.

Our Focus

Our Software

By solving business needs that rely on documents, content and people, OnBase helps organizations run better, smarter and faster. OnBase combines deep document imaging, workflow and business process management functionality with features purpose-built and delivered by people with proven industry expertise in Financial Services, Government, Healthcare, Higher Education, Insurance, Manufacturing, Retail and Wholesale Distribution markets.

OnBase maximizes the benefits of fast, efficient and precise AP and AR automation. Regardless of how documents are received – via fax, mail, email, EDI, etc. – OnBase captures and validates the relevant data and then delivers it to the appropriate individuals for review, approval and coding, and seamlessly updates your ERP or accounting system.

With OnBase, users quickly access invoices, remittances and supporting content, as well as make decisions, from their preferred applications, such as an ERP or email, and devices such as smartphones and tablets.

By automating manual processes, OnBase increases transparency, providing users with audit trails, reports and dashboards that give insight into every stage of the invoice approval and payment application process.

In addition, OnBase identifies missing documents and automates document retention, helping organizations meet compliance standards and regulations. OnBase also helps organizations manage auditing processes quickly and easily, granting auditors secure, self-service online access to the documents they need, significantly reducing the time it takes to prepare for an audit.

Accelerate AP and AR processes, increase transparency and reduce costs with OnBase. Affordable and easy to configure, OnBase is a financially sustainable solution with a return on investment that can be realized almost immediately.

Our Services

Hyland provides a wide range of Professional Services including data conversion, ECM consulting, training and document imaging, allowing customers to fully maximize their existing technology investments.

The flexibility of OnBase allows customers to choose the deployment option that's right for them, including on-premises, subscription-based and cloud offerings. OnBase customers can also move between those options as their needs change.

Our Customers

Our customers are our partners. It's not just something we say, it's how we do business. From the moment a customer decides to work with Hyland, they have access to OnBase professionals that will help them simplify existing processes, deploy OnBase and provide support for the life of their ECM solution.

To learn more about OnBase by Hyland for accounting and finance, visit OnBase.com/AF.

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About The Accounts Payable Network

With a network of more than 50,000 AP process owners in the U.S. and around the world, and a host of membership benefits, The Accounts Payable Network (TAPN) is the world's largest AP-focused organization. The AP Network's deep, comprehensive resources for executives and managers who oversee accounts payable give you point-and-click access to exclusive accounts payable knowledge base help. Focus areas include best practices for every AP function; AP metrics and benchmarking data; tax and regulatory compliance; solutions to real world problems; AP automation case studies; member Q&A networking forums, calculators, and more than 300 downloadable, customizable AP policies, flowcharts, templates and internal control checklists. To learn more, visit www.theaccountspayablenetwork.com.



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