



White Paper

Automated Invoice Matching

Reduce Matching Cycle Times. Increase ROI



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Abstract

Is your company looking forward to automate the existing invoice matching process, and not overburden its resources with additional installation, maintenance tasks? This white paper on "Automated Invoice Matching" describes the features and benefits an automated invoice matching solution must have and helps companies (from SMB's to enterprises) to evaluate a solution that is most appropriate to their needs. Automating the invoice matching process:

- Eliminates the manual process, time delays in processing, and human interaction.
- Reduces invoice processing costs and approval cycle times.
- Involves no paperwork, faster and error free.
- Improves suppliers' performance and efficiency.

Introduction

Automation has taken place in all processes of business, except Invoice Processing. Even today, more than 60% of companies follow a manual process for matching invoices to Purchase Orders (PO's) and Receipts. PO's issued and invoices received are maintained by resource personnel. Invoices received are manually sorted, and matched. Matched invoices are then sent for approval. The invoice moves from one desk to another at a slow pace before it finally gets approved. Resources are required to periodically remind approvers and keep track of paid / unpaid invoices. This creates time delays, possibilities of fraud, and duplicate payments.

Some challenges of the existing system:

1. Capturing Details:

Details such as PO, invoices, receipts, receiving and inspection details, and validation details need to be manually entered into the system for matching.



2. Resources for Matching:

Separate resources need to be allocated for manually sorting and scanning the invoices sent for a PO.

3. Tracking of Invoices:

The tedious task of keeping track of matched, unmatched, unresolved invoices needs to be performed manually.

4. Approval Order and Time Delays:

Someone manually needs to track all the approvals needed for a matched invoice and transfer the invoice accordingly to seek approval and avoid time delays.

5. Tracking Supplier Performance:

Resource personal needs to manually track invoices sent and their status over a period of time to evaluate the performance of a supplier.

(1) E-Payables Benchmark 2009 study by Aberdeen Group

Need for Automating

According to the E-Payables Benchmark 2009 study by Aberdeen Group, it was found that the industry average cost of processing an invoice is \$11.19 and takes approximately 16 days to process. In order to reduce the processing costs and overcome challenges in the existing system, Companies are encouraged to move towards using an automated solution for the invoice matching process. Automation makes the entire invoice matching process more visible, accurate, and reliable while reducing processing costs and significantly increasing ROI. 10, SutiSoft

Finding a Suitable Solution

There are a variety of solutions available in the market to automate the invoice matching process. These are available as enterprise class and SaaS solutions. A company tends to choose a solution depending upon its requirements, deployment costs involved and the processing costs a solution can optimize.

SutiAIM provides unique features such as: easy ERP integration, 4-way, N-way matching options, auto validation of invoices, collaboration / helpdesk in SutiTalk and customizable reports that makes the invoice matching process more efficient. It completely caters to the needs of companies looking for a solution to automate their invoice matching process.

SutiAIM

SutiAIM is a web based solution (SaaS)/Enterprise that automates the complete invoice matching process. It integrates with existing ERP systems like Oracle, Baan, SAP and QuickBooks to evaluate the PO, invoice, receipt, and receiving and inspection details. SutiAIM auto-validates the PO's and invoices based on complex automation algorithms within the solution. Failure notifications are automatically sent to suppliers during matching process to notify them of any unmatched invoices. (Fig. 1)

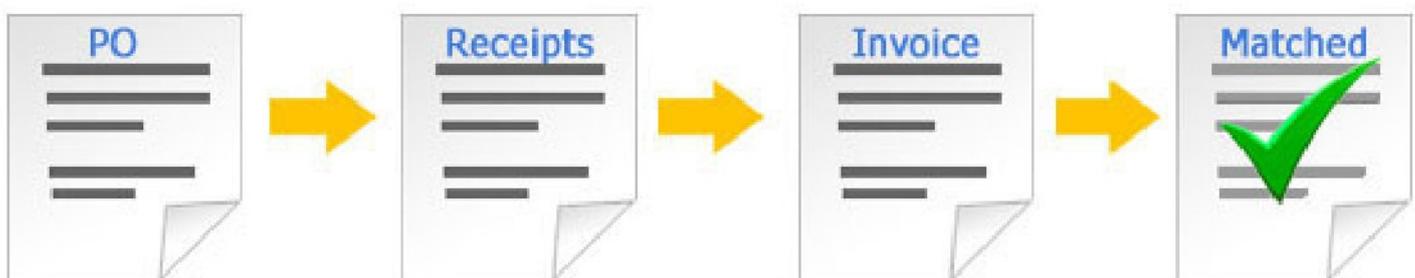


Fig. 1: SutiAIM Process Flow

SutiAIM allows you to collaborate with your suppliers to ensure prompt and correct resolution of unmatched invoices including email notifications based on a defined hierarchy of the supplier. It allows you to generate reports by choosing a variety of parameters. The report data can be used to evaluate performance of Suppliers. These features of SutiAIM also make it easier for management to track invoices and reduce the burden of duplicate payments.

What is SaaS?

SaaS stands for Software as a Service. It is a model for deploying software over the internet. With SaaS, a provider licenses an application to customers for use as a service on demand, either through a time subscription or a "pay-as-you-go" model. SaaS allows companies to use solutions that are hosted by the service provider, without purchasing any hardware or software.

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Benefits of SaaS

Here are some benefits that will drive you to go for a SaaS deployment:

- ✓ No installation required.
- ✓ No special software or hardware required.
- ✓ Ease of implementation.
- ✓ Scalability across platforms.
- ✓ No maintenance costs.
- ✓ Meets the requirements of SMB and enterprises.

Matching Process

In the traditional matching process, when invoices are received, employees manually sort, index, and scan/manually enter its details into the ERP System for further reference. He manually matches the PO issued and corresponding invoice received going line by line. If matching is successful, he sends the invoice to the approving authority for approval. Unmatched invoices are again sent to suppliers for evaluation.

The matching process in SutiAIM functions as follows:

PO, invoice, receipt, receiving and inspection details are all imported from the ERP system. Invoices are validated, depending upon the matching option chosen (2-way, 3-way, 4-way or N-way), matching is performed. Matched invoices are sent for approval and invoices are approved based on approval hierarchy levels and are sent to Account Payables for finalization of payments. Unmatched invoice details are sent to Suppliers through email notifications. Collaboration allows interaction between different parties for resolution. After resolution, invoices are again sent for matching. After the



Fig. 2: SutiAIM Process Lifecycle

matching process is completed, the data is loaded back into the ERP system using ERP loading mechanisms. (Fig 2)

ROI

ROI is a measure used by any company when they are investing in a new solution. Companies prefer to go for solutions with optimal investment and faster ROI.

- ✓ No paperwork
- ✓ No storage and archiving costs.
- ✓ Faster, Error Free.
- ✓ Avoid late payments.
- ✓ Gain benefits of early payment discounts.
- ✓ Resources required reduced by 95%.
- ✓ Time delays in matching invoices reduced by 98%.
- ✓ Substantial decrease in time delays for resolution of unmatched invoices.

Manual Vs Automated Matching Metrics

Some of manual Vs Automated matching metrics are shown in (Fig. 3, Fig. 4, Fig. 5, and Fig. 6) below:

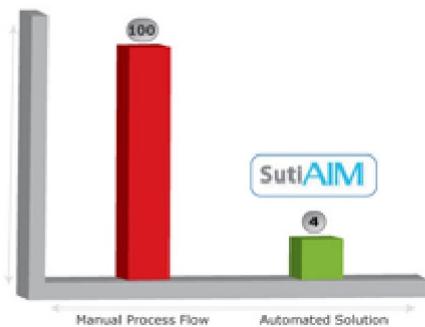


Fig. 3: Estimated No. of Resources

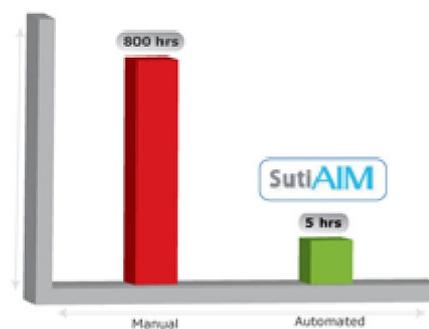


Fig. 4: Estimated Effort

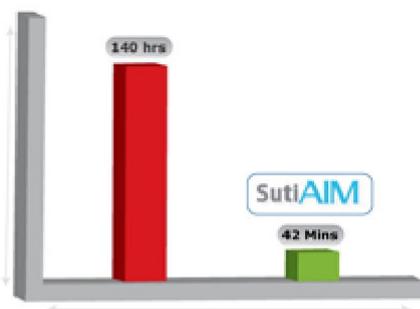


Fig. 5: Cycle Time for 1000 Invoices

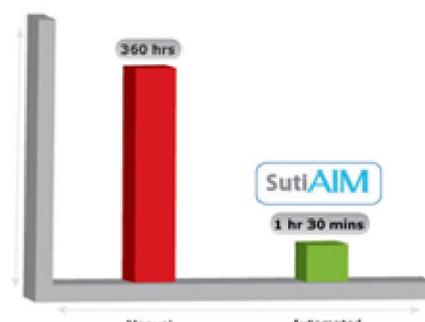


Fig. 6: Matching Time

Matching Performance

Matching Performance on using an Automated Invoice Matching solution is shown in (Fig. 7, Fig. 8) below:

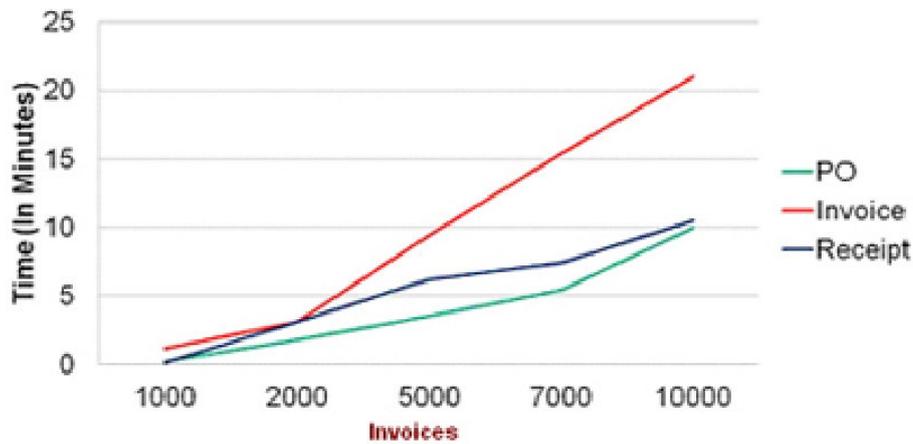


Fig. 7: Auto-Matching Performance

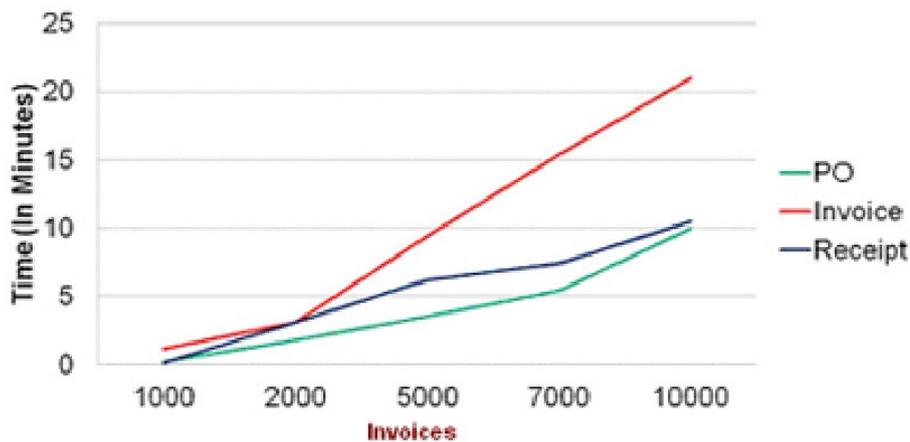


Fig. 8: Import Performance

Benefits of Automation

Here are some benefits you will see on using an automated solution for matching your invoices:

- ✓ Eliminates the manual process, time delays in processing.
- ✓ Eliminates paperwork, human interaction.
- ✓ Does not depend upon location of the ERP system.
- ✓ Reduces invoice processing costs and approval cycle times.
- ✓ Eliminates duplicate payments and possibilities of fraud.
- ✓ Improves compliance to regulations.



Benefits of SutiAIM

In addition to the benefits of automating the invoice matching process, use of SutiAIM provides the following benefits:

- ✓ Easy Setup process.
- ✓ Rules / Setups can be done by a non-technical user.
- ✓ Does not require changes to your existing ERP setup.
- ✓ Supplier's portal for effective interaction with Customers.
- ✓ Quick resolution of unmatched invoices between parties through Collaboration / helpdesk in SutiTalk.
- ✓ Enhances visibility of matching.
- ✓ Greater control for management.
- ✓ Customizable metric reports.
- ✓ Shows early payment discounts information.
- ✓ Sending alerts to finance persons about discounts information.

Features of SutiAIM

- ✚ Integrates with ERP systems such as Oracle, SAP, Great Plains, BaaN, QuickBooks and others to automate invoice matching and payment transactions to meet the requirements of SMB's and Enterprises.
- ✚ No need to modify your existing ERP setup.
- ✚ Extracts PO, invoice, receipts, receiving and inspection details from the ERP system to perform matching.
- ✚ Only key data components needed are extracted from the ERP system.
- ✚ Unique algorithm determines matched invoices based on ERP loaded PO, invoice, receipts and other details.
- ✚ "Customize your Match" with 2-Way, 3-Way, 4-Way, and "N-Way" matching options.
- ✚ Approval functionality for managers to review and approve matched invoices prior to sending them to AP.
- ✚ Flexible import options that allow invoices to be in multiple formats (XML, CSV, XLS).
- ✚ Dashboard reports to monitor supplier's performance.
- ✚ Seamless integration with our e-Signature solution SutiSign to enhance the ROI.
- ✚ Easily manage your unmatched invoices.
- ✚ Eliminates duplicate payments by validating the supplier's duplicate invoices.
- ✚ Collaboration features allows quick resolution between all parties.
- ✚ Approval functionality allows for management overrides, approval levels, and permissions.
- ✚ Proactive notification system escalates problem invoices to management if not resolved.



Performance Reports

Customized reports are a feature of SutiAIM that provides an option to generate various reports based on pre-defined and customized parameters. (Fig 9, Fig 10, Fig 11)

Shown below are some of the performance reports generated in SutiAIM:

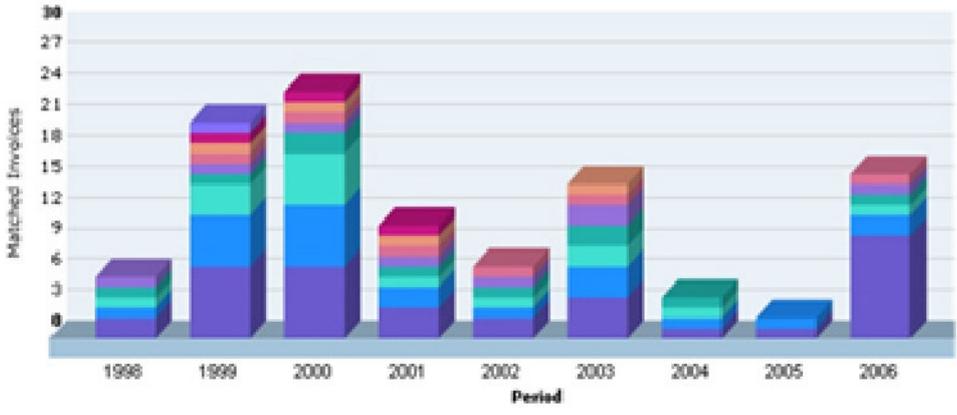


Fig. 9: Matched Invoices by Year

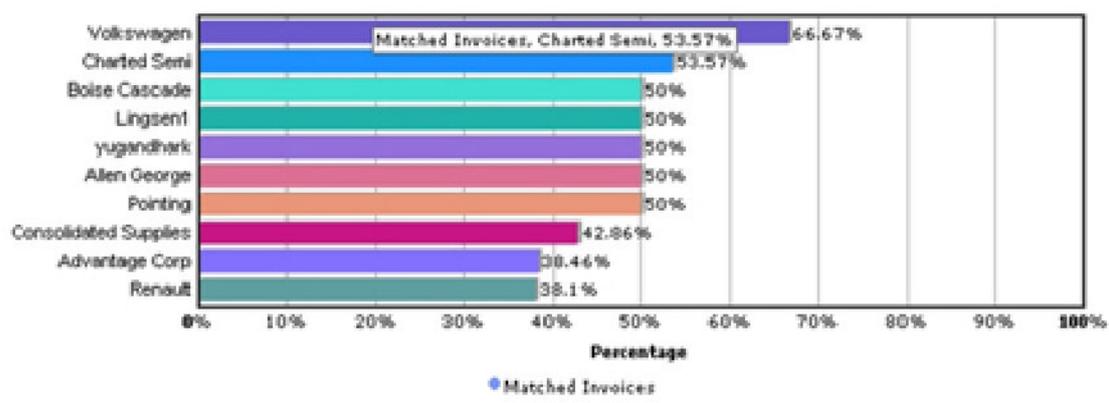


Fig. 10: Suppliers Based On Matching Percentage

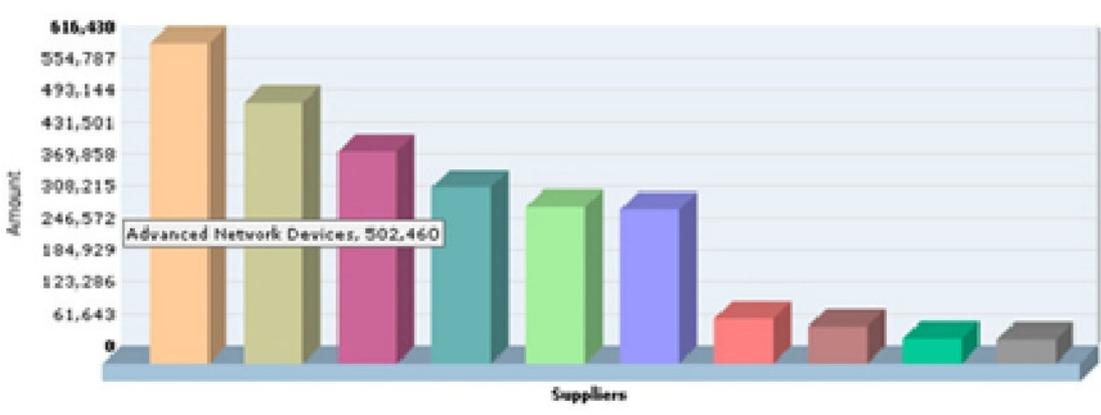


Fig. 11: Top Suppliers by Invoice Amount (First Time Matched)



Summary

Automation of the invoice matching process makes matching more visible, accurate, and reliable, reduces processing costs, increases ROI, and eliminates paperwork and human intervention. The time saved can be used to perform more important tasks in the company. No human intervention guarantees no possibility of fraud and duplicate payments. The resolution of unmatched invoices is more transparent and reduces the burden on Account Payables personnel to answer supplier enquires.

SutiAIM eliminates the need to capture details into the invoice matching system, and also the resources required to do the matching and associated tasks. Built-in approval functionality eliminates the time delays in approving invoices and sending them for payment. The reporting capabilities of SutiAIM allow you to view the supplier's performance and efficiency based on Top, Bottom, year to year supplier's matched and unmatched invoices or any other parameter. The supplier portal makes interaction between suppliers and your accounting department easier.

About SutiSoft

SutiSoft is an IT solutions company dedicated to the strategic synchronization of tailored business solutions with best-in-class security to meet customer's critical business needs. These solutions are Simple, Scaleable, and Secure and Seamlessly integrate into overall IT Operations.

SutiSoft's Business Solutions help improve business operations by delivering enhanced operational efficiencies, thereby mitigating business risk. SutiSoft Security Solutions include robust endpoint security and authentication mechanisms, as well as strong identity and access management systems that help companies meet regulatory compliance needs. Visit www.sutisoft.com for more details.

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