

Is Your ERP Alone Enough?

Four Reasons to Integrate Accounts Payable Automation with Your ERP

In today's world of ever-changing business conditions and market disruptions, companies are recognizing the many benefits of extending the functionality of their Enterprise Resource Planning (ERP) or Accounting System by integrating other solutions that focus on specific areas such as accounts payable.

Accounting and ERP systems are essential for optimizing accounting and financial operations. They remain the core system of record and centralized source of information across all functions of your finance organization.

Using an ERP alone may be working for you. But what if you had a solution that could optimize the way you work by automating the entire process from processing invoices, to making payments and compiling reports for management and auditors?

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Why You Need More

Below we discuss four reasons to integrate an accounts payable (AP) automation solution with your ERP.

1. Improve efficiency and reduce the paper

Managing AP with an ERP alone is often a manual process consumed by paper. Invoices are mailed, faxed, emailed, forwarded and handed off to the AP team in any number of ways, presenting a variety of challenges.

- Misplaced invoices: creates risk for late payment penalties and vendor dissatisfaction
- Incomplete audit trail: a paper-centric process makes it difficult to reconcile and trace approval workflows and invoice-to-payment reporting
- Greater fraud risk: without a traceable approval process with designated authorizers and approvers, there is greater exposure to fraud

Businesses can improve efficiency and reduce payment processing costs by enabling online invoice and payment approvals, eliminating manual check issuance and simplifying electronic payments. Automating the AP process dramatically reduces payment-processing costs, increases efficiency and streamlines operations.



With an AP automation solution, users have visibility into the entire process from invoice receipt and approval status to payment execution.

2. Expand and clearly identify user roles

ERPs will typically assign a role to each user. That defined role will limit access to certain operations within the system. When users can only see certain pieces of the process, they consume time identifying who has access and how they can accomplish the task at hand. In addition, the approvers may not have access at all, which disrupts the ability to accurately capture and track the entire workflow and progression of the invoice and payment.

With an AP automation solution, users have visibility into the entire process from invoice receipt and approval status to payment execution. Clearly defined user roles eliminate time spent on costly administrative tasks.

3. Gain visibility related to payables

When making payments through various methods, a need arises to access different accounts or areas of record keeping to obtain a true general ledger (GL) balance. A user may have to look at credit card statements, bank statements and payment records that have not cleared yet and manually reconcile everything in a spreadsheet.

It's not real time. Balances can be consolidated into a spreadsheet but that does not consider the credit card payment that has not processed, the check that has not cleared or the ACH scheduled for next week. This makes it very difficult to make decisions and accurately report on cash flow. With an automated AP solution, payment activity is synchronized in real time with your ERP GL balance and provides a real-time view of the associated bank account balances for all payment methods. This allows the user to make informed cash flow decisions.

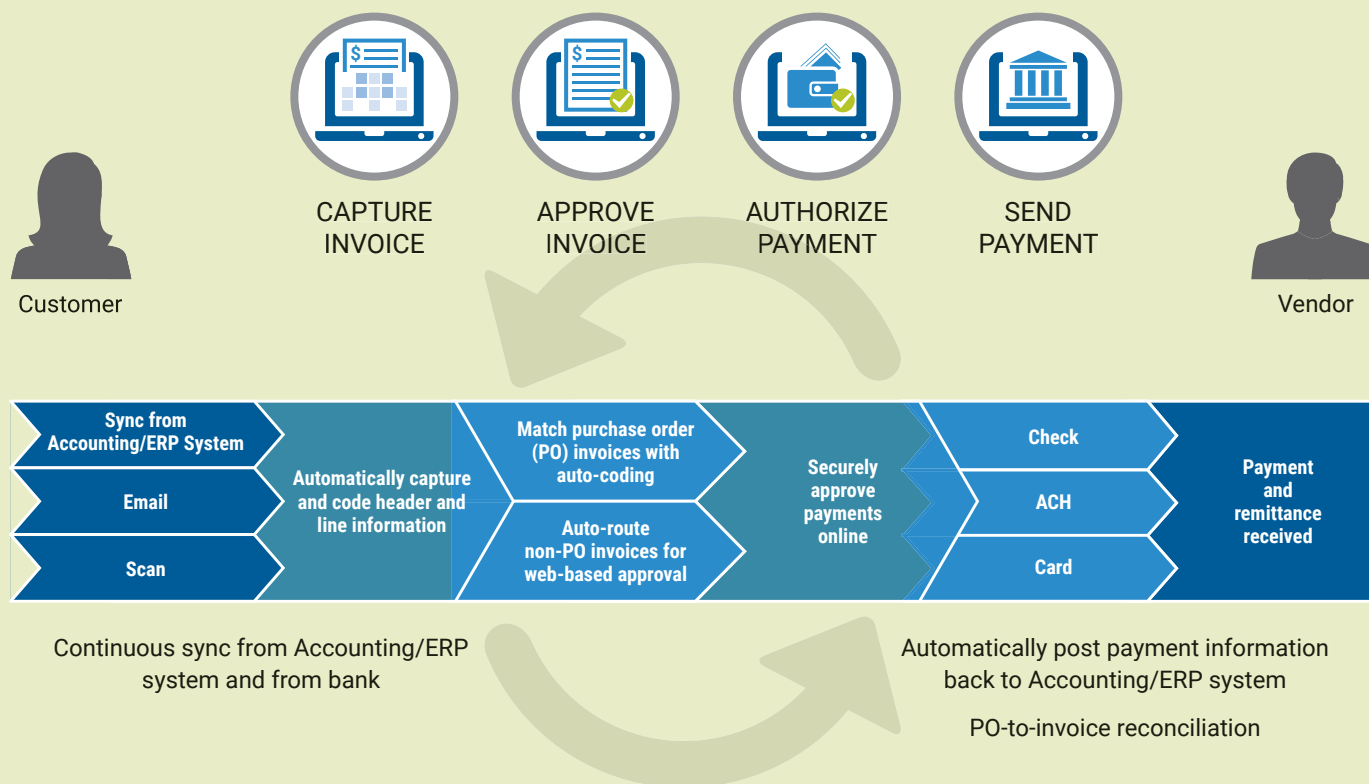
4. Introduce one consistent workflow and audit trail

Invoices are often submitted to an organization through multiple methods – fax, email, mail or hand delivery. An unclear approval process can result. The ability to have a smooth audit is limited and there aren't rules defined by the vendor to ensure they are being paid in the method they prefer. Additionally, there is not a consolidated view into past invoices and payment history. An organization may have a vision for a consistent workflow but the tools don't exist to ensure it is followed each and every time.

With an automated AP solution, the audit trail can be significantly improved by enabling each task to be completed and tracked electronically. Instituting a standard workflow provides peace of mind in knowing each invoice and payment gets the appropriate review every time.

Automated Accounts Payable Workflow

The diagram below illustrates the efficient process of AP automation.



Benefits to Adding AP Automation to Your ERP

- Automate invoice capture, approvals and payments
- Eliminate the payment of duplicate invoices and errors caused by manual data input
- Capture relevant discounts
- Mitigate exposure to fraud
- Introduce clear and detailed audit trails that improve internal controls
- Improve supplier relationships
- Gain transparency and visibility
- Promote productivity and increase employee focus on value-add activities
- Support company growth and business agility
- Create a culture of continuous improvement