E-Invoicing Comes of Age – Discovering What’s Possible From the Latest Electronic Invoicing/Invoice Automation Capabilities
Abstract

This analysis takes a more detailed look at deployable capabilities in the electronic invoicing/invoice automation sectors by sharing the types of cost reduction, working capital management improvements and related benefits that companies with the highest success in this area have realized. It provides a simplified capability/maturity guide for electronic invoice presentation payment (EIPP), plus geographic adoption patterns and differences between regions, offering lessons that both US and European organizations can learn from. Finally, it also includes a detailed list of contributing factors for building financial business cases to justify the investment and ROI for electronic invoicing/invoice automation initiatives.

Part 1: Framing the P2P and Invoice Automation Opportunity Challenge

Before exploring the concept of electronic invoicing and invoice automation, let’s first ask ourselves: at the core, what is an invoice, really? To some, it’s a piece of paper (or virtual piece of paper) sent by a supplier to a customer with varying amounts of detail about services performed or items purchased (or to be purchased) along with various other details – mailing addresses, the maturity date of the obligation, conditions if the maturity date is not met, etc. But in reality, an invoice is much more than this – or at least it should be. For more advanced companies, it’s really a step in a much broader buying, accounting, treasury and supply chain process that links a number of functional groups together to drive visibility, compliance and even improvement strategies across a wide range of working capital management for a majority of organization purchases.

To fully appreciate what this means in practice, it’s important to step back and frame the evolution of supplier connectivity and the accounts payable function over time. In the past, most procurement organizations would admit to doing a generally poor job in linking buying processes to the actual receipt of invoices, invoice approval process and subsequent payment to suppliers. There have been many reasons for this, not the least of which was limited coordination between “buying” systems, vendors, people and processes and the accounts payable (AP) function. But in more recent years, as finance and procurement have started to work more closely together to drive payment compliance initiatives (e.g., “no match, no pay”) as well as programs designed to bridge the gap between purchase cost savings and working capital management strategies to reduce supply chain risk by providing greater visibility, functional and information coordination has had to improve.

At the same time that finance and procurement began to collaborate across a range of broader initiatives, many global companies have become more aware of varying regional requirements that impact the way organizations must interface with suppliers around general connectivity, invoice receipt, payment and tax collection. For example, throughout a number of countries in the EU, VAT compliance, collection and reporting has become a central part of the value proposition in electronic invoicing environments and has helped drive aggressive adoption of such programs, especially in the Nordic countries.

In fact, the majority of organizations in these markets have better developed electronic invoicing and invoice automation programs than they do requisition-based search, shopping,
approval and buying systems on the transactional procurement side. This is in marked contrast to the US market, where eProcurement adoption dominates relative to electronic invoicing penetration – which is where our history lesson continues.

The tragedy of limited adoption of electronic invoicing programs within procurement and finance organizations in the US and other parts of the world is that proper system and process enablement is always, in 100% of cases, the missing link between making AP an asset to organizations versus a liability. In a recent attempt at humor, we suggested on the Spend Matters blog that:

“Accounts payable is a wretched function. Its mere existence, to pay vendors, strikes of something begging to be automated or absorbed into another function. And that would be if it did it right. All too often, AP organizations do a horrible job at forecasting liabilities – they simply don’t have access to the information necessary to forecast specific payment dates, let alone to enable suppliers to take advantage of early payment programs that could, theoretically, turn the function into an asset. Secretly, it’s not only treasury that dislikes AP or must deal with its ineptness. It’s also procurement, who

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**Electronic invoicing maturity guide**

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must face the aloof AP wrath of not having any visibility into the black hole of when their strategic suppliers will actually be paid, agreed upon terms or not.”

While this statement represents satirical hyperbole at best and an offensive rant at worst, there is no doubt some truth in the statement that many stakeholders are regularly disappointed by AP. For suppliers, AP is often a roadblock or black hole that must be managed with the softest possible hands. And internally, from procurement and treasury perspectives, AP is an equal if not greater stumbling block to reducing liabilities and enhancing spend visibility, accuracy (including consistent) processes and outcomes, timely and effective execution of working capital programs and high levels of organizational buying compliance and vendor terms/pricing compliance.

How Did We Get Here? The Briefest and Liveliest History of AP Written to Date

Starting in the 1980s, AP departments, which typically create over 50% of general ledger accounting transactions, focused on back-office automation designed around internal operational improvements and supposed labor efficiency. Yet nearly all of these programs came up short – well ahead of the twenty-yard line of even starting to move toward programs that reduced paper and substituted automation for rote, fallible human process. Granted, while some realized short-term productivity improvements, it was nearly impossible to sustain longer-term savings and results. Following this only partially successful effort, the next step in the march toward supposedly better AP and invoice management processes was a shift to centralization and shared services. These approaches often benefited finance organizations to some degree by reducing redundant activities, complexity and technical costs. They ideally drove better consistency within AP processes as well.

Most recently, before the rise of true electronic invoicing and invoice automation, there was a shift to shared services business process outsourcing (BPO) efforts, taking the form of either internally owned “captive” centers or externally managed, outsourced engagements. Without the proper underlying systems and processes, many of these programs would continue to deliver on some saving efficiencies and perhaps better through still rear-facing analytics, but still came up short in key areas (e.g., paper matching, error corrections, compliance reporting) because more efficient manual efforts and AP labor cost reduction alone would fail to tackle the underlying challenge.

What happened next in the history of AP evolution transformed not only the function itself, but the broader definition and possibilities on the promise of what an invoice could represent for an organization that takes full advantage of new automation potentials. The rise of electronic invoicing and invoice automation soon showed that not all approaches to AP transformation are created equal. Perhaps most important of all, this rise highlighted the absolute criticality of linking platform/technology strategy and implementation to tactical oversight, structure and everyday process management. By taking an approach that centered on enabling straight-through processing (in as many cases as possible), management by exception, paper reduction and systems linkages, these new programs fundamentally improved procurement and working capital outcomes in addition to providing a means of sustainably reducing the labor requirements necessary to administer the broader function.

From a basic-level benefits perspective, this next phase of historical evolution improved the quality of AP inputs and outcomes by focusing on the quality of the source. It also reduced or eliminated latent steps or delays in the payables cycle, drove a new level of payables and
broader P2P process visibility and helped achieve higher performance for internal and vendor compliance and savings. And after achieving this base of benefits, organizations were able to impel even higher returns by focusing on broader working capital visibility and driving greater adoption of basic supplier discounting programs while introducing the potential for more sophisticated supply chain finance strategies, all of which we’ll explore in more detail later.

But not all “e” approaches to transforming invoicing receipt and management were created equal – or could enable all of the benefits we just introduced. Those efforts with the greatest probability of success acknowledged, at their core, the need to enable as many suppliers as possible through combining scan/capture/email approaches for smaller vendors with true electronic invoicing for middle market and larger suppliers to even begin enabling a range of new strategies. Most important of all, successful efforts started down a path of focusing on AP visibility and electronic invoicing not only in terms of their role as a platform to enable finance-driven initiatives, but as a means to create shared visibility and bridges to other functions and new requirements including the management of supply chain risk, a topic we’ll explore below.

**Part 2: Plumbing Electronic Invoicing – Including the Pipes That Must Extend Outside of Your Four Walls**

Before delving into the core technical components that comprise e-invoicing capabilities and solutions, let’s first explore the afterlife of successful deployments and the elements that made them work – as these shed light on the outcomes of automating a process correctly versus simply attempting to streamline existing manual steps. In all cases following a successful and broad electronic invoicing deployment, AP organizations should realize how much they previously missed by not addressing quality through the most logical step possible – ensuring that errors do not occur in the first place. Any time a person must intervene and manually enter an invoice (or even elements of an invoice), an organization becomes vulnerable to potential errors.

As with broken pipes, we oftentimes can’t appreciate what we have until it’s lost. Similarly, it can be hard to envision dramatic enhancements before they’re realized. One of the

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**Supplier Tiers**

- Tier 1 (tip of the iceberg): Top-tier suppliers
- Tier 2: Middle-tier suppliers sending (e.g., 500+ invoices per year)
- Tier 3: Middle-tier and smaller suppliers (e.g., >100 invoices a year)
- Tier 4: Small suppliers (e.g., <100 invoices per year)

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Getting past the “tip of the vendor iceberg” is essential for electronic invoicing programs.
largest benefits from successful electronic invoicing deployments is the incremental gain organizations reap from more effectively leveraging other application assets they’ve already implemented such as eProcurement systems, direct procurement systems and supplier management tools that can drive validation and vendor compliance. It’s a myth that simply installing an eProcurement system will get rid of paper invoices and related documents that may be exchanged in the process (e.g., a PO). Without fully automating the invoicing component and allowing a multi-way match to occur before an invoice escalates for payment, companies will still find themselves buried in continued paper-laden processes.

In fact, Spend Matters spoke to one organization that migrated from an integrated P2P system to an ERP vendor’s eProcurement environment (without an electronic invoicing component) and they had to hire over half a dozen temporary workers to simply stay on top of all the paper. Plus, these manual human efforts contributed to lesser-quality data entry into the system than had it been correctly automated. For direct materials procurement environments (not to mention services, both contingent and non-contingent alike), electronic invoicing and invoice automation tools can play an essential and similar role in eliminating paper from processes which may have already been streamlined further upstream, but without invoice receipt and data capture automation, approval and payment processing systems will still continue to only partially deliver on their promised capabilities.

It’s essential to remember that any successful electronic invoicing program will leverage a set of benchmarks and baseline information to track and share internally as well as externally. For procurement, this ensures that while suppliers are not necessarily paid any earlier, they have visibility into timing throughout the process. It is said that both airline passengers and commuters waiting for public transportation become most disgruntled not by having to wait longer because of delays, but because of a lack of communication and failed expectation that exists throughout the delay process (i.e., those providers that communicate with the impacted group are likely to develop better loyalty and relationships than those that ignore the importance of communication during a delay). There is a clear analogy here to the visibility that an electronic invoicing process can provide to suppliers as well.

Even though it is important to have a solid supplier management toolset and capability in place to rationalize and fix incomplete or not-up-to-date supplier records (collection of addresses, contact details, banking records, TIN numbers, W8/W9 records, etc.), electronic invoicing systems can also help fix and preclude routine problems such as avoiding duplicate payments from duplicate entries, reducing the costs of having to reissue checks and eliminating any late payment penalties. Moreover, electronic invoicing capabilities also enable organizations to mine data (and metadata) coming out of the entire end-to-end invoicing process and information exchange. Such a process may serve, for example, to provide early warning signals about supplier financial difficulties (or worse) based around certain behaviors (e.g., if a supplier changes its pattern of taking discounts, additional log-ins to monitor invoice status above the norm, involvement with banking relationships with at-risk lenders, potentially fraudulent invoicing activities).

**Electronic Invoicing – A Technical Component Overview**

In many cases, electronic invoicing providers won’t deliver every single component of all the elements that comprise an end-to-end invoice automation solution. There is a strong business case to make sure that the **supplier portal capabilities** of vendors specializing in this field are likely to deliver stronger supplier-facing portal solutions to capture key details for vendor on-boarding. For example, while prompting and enabling suppliers via a combination of an
alerting and self-service capability to update information as required or when a particular incident or set of workflows triggers a new request for information or additional validation. At the very least, the optimal supplier portal capabilities may exist in other solution areas at your selected electronic invoicing vendor than within their core vendor management/portal capabilities of their invoice automation toolset.

Outside of a portal capability to onboard suppliers, capture information and provide a means of supplier self-service to check on the status of an invoice, the next critical modular area of an electronic invoicing solution is **broader solution interoperability and integration** into eProcurement systems, ERP/MRP, services procurement/VMS solutions and different payment mechanisms/systems (e.g., p-card PO/p-card invoice, ACH, check). It’s important to remember that no solution or vendor, however broad, is an island. Because of this, it is imperative to ensure that a single vendor or multi-vendor electronic invoicing solution enables broad interoperability and real-time linkages and workflow integration with other transactional and workflow systems as well as systems of record – not to mention other potential invoicing partners for specific geographies where vendors may already be connected into a network operator environment.

Other functional requirements of a complete electronic invoicing capability should include:

**Invoice/Data Submission and Capture Across Multiple Submission Formats/Types** – When it comes to data capture, it is essential to remember that one of the keys to supplier enablement is going past the proverbial “low hanging fruit” or “80/20” rule that categorizes much of procurement-focused efforts. With electronic invoicing, it is important to focus on enabling a broader supply base, including those suppliers submitting both large numbers of invoices annually and smaller suppliers (e.g., fewer than 100 invoices per year) – and of course all supplier categories in between. For smaller suppliers, it is essential to offer non-portal-based solutions for invoicing submission, including the ability to accept PDF/email invoices as well as additional scan/capture approaches for fax and mail (inclusive of paper conversion services for those organizations wanting to outsource this component). Capabilities such as the ability to “flip” a PO to an invoice can be useful. Virtual printer capability can also let suppliers submit and manage invoices electronically without requiring the direct integration into a buyer’s system or the need to submit or log-on to an invoice via a portal.

Also important to enabling a broad, global supply base outside of indirect spend is ensuring interoperability amongst all **supplier networks** an organization might interface with to integrate suppliers of varying size, capability and readiness for electronic invoicing capability. Supplier networks can be helpful in enabling suppliers by codifying specific data capture/field standards and formats. Networks interoperability and localization can be especially helpful in certain markets with stringent VAT and other reporting requirements triggered by an invoice submission (Brazil, Nordics, etc.). Perhaps most important of all, outside of specific geographical requirements, networks can help companies electronically enable vendors (especially smaller suppliers) who might otherwise still push invoices in a less than fully electronic manner (e.g., email/PDF).

**Matching and workflow** capability comprise an essential component of a broader electronic invoicing deployment. The ability, for example, to support both off-the-shelf and highly configured – as well as everything in between – validation processes is important. Depending on spend type and other systems, organizations may wish to match off of contract terms, POs, receipts, terms/schedules and other sources. Regardless of matching linkages, the ability to configure rules (e.g., by invoice amount, dates, quantities, geography, business unit, supplier
type/code, material item/code) can become important. In all cases, implemented solutions should enable the routing of invoices to specific approvers based on a rules-driven approach that leverages exception-handling capability to allow for a straight-through processing approach under ideal submittal circumstances. Driving compliance to contracts starts with matching but in more advanced scenarios must extend toward the ability to support category-specific processes and requirements (e.g., in a statement of work (SOW) setting, tying approvals to milestones, thresholds and deliverables).

The analytics and reporting capabilities of complete electronic invoicing deployments should, at minimum, include baseline reports and metrics to measure performance against. Ideally, an organization should understand its performance in relation to other organizations. Benchmarks in areas such as cost (e.g., cost per FTE to process an invoice, cost per transaction type), overall productivity, supplier quality (e.g., submission accuracy) can be helpful to comparatively measure results and define working goals and desired end states. An organization may find from analyzing performance over time that the real breakthrough in electronic invoicing comes not just from centralization of management and processes, but also the move to address quality at the source through driving suppliers to operate in an online environment. From a reporting standpoint, analytics should be flexible and companies should be able to create their own custom set of reporting requirements. Reporting tools should also allow organizations to export information for further comparative analysis in an OLAP environment via formats such as Excel, CSV, flat-file, etc.

Beyond the basic components of electronic invoicing toolsets and connectivity services, more advanced use cases and analytics can help bring together finance, procurement and operations to better drive financial forecasting, risk analytics, working capital management and supply chain finance strategies. As one example in the area of early payment discounts, it is not uncommon for procurement and AP organizations to realize that the largest inhibitor to early payment success is the need for a realistic transactional window (e.g., 10 days) in which to effectively act on the opportunity. The ability to reduce AP processing cycle times can push the success of such programs well over the tipping point.

After the enablement of effective basic discounting programs, a next step in a logical working capital management strategy deployment can be embracing a broader, encompassing supply chain finance program. Spend Matters defines supply chain finance as a means of creating new value for both suppliers (in the form of early payments based on a reasonable APR) and buyers (in many potential forms) based on specific financing and payment mechanisms beyond static discounting programs. We typically recommend either three or four steps (building on electronic invoicing and invoice automation as a core) to enable supply chain finance. These steps include:

1. Investing in an electronic invoicing solution that addresses over 90% of your suppliers. Regardless of whether an electronic invoicing program becomes a full-fledged AP automation initiative (or not), it’s essential to capture invoices early enough to enable later-stage supply chain finance payment triggers, options and mechanisms.
2. Getting people out of the equation where they can cause more harm than good, which may include eliminating a number of clerk-level staff or reassigning them to other areas (or leveraging a BPO partner to take on these resources). When it comes to supply chain finance, organizations will be most successful in deploying a hands-off approach that lets suppliers determine their own payment scheme. AP staff getting involved unnecessarily in the process will do more harm than good unless an exception absolutely requires human intervention.
3. As a next step (which only a percentage of companies pursuing a supply chain finance program achieve) it can be helpful to functionally merge AP with treasury or have it join forces, functionally and reporting-wise, with procurement. From a supply chain finance standpoint, every function that touches suppliers can theoretically benefit (e.g., the early payable of an invoice based upon a reasonable APR can play a material role in reducing business risk and helping an organization to become a customer of choice). Yet for working capital (and potentially even the ability to book the “savings” from paying earlier as revenue) treasury should take the lead in administrating programs alongside or separate from procurement.

4. Finally (and some organizations skip the previous stage and jump to this one) it is helpful to investigate all of the supply chain financing options that may be available. These include bank-agnostic models, bank-funded and managed approaches, treasury funded (in-part or in-whole approaches), market-based models where suppliers compete against each other for a funding pool and more.

Aside from the successful administration of both basic discounting and advanced supply chain finance programs, in more advanced use cases, companies are starting to leverage insights from electronic invoicing and invoice automation programs to play an important role in forecasting, managing and mitigating different forms of supply risk. This visibility is also helping finance and procurement organizations to work more effectively together in considering leading and lagging indicators of supply risk, many of which may be not be available via third-party sources of vendor risk (e.g., D&B SER) or credit data with sufficient warning. Analytics which can help detect, for example, changes in patterns related to early payment discounts, DSO monitoring (at the same time as a declining credit score) and other individual or correlated factors that may provide early warning signals with enough runway remaining to take action.

Invoice matching combined with related monitoring activities could also help reduce the possibility of fraudulent invoicing activities. Spend Matters research suggests that to enable an AP and internal audit function to work together to identify and reduce potential risks from non-compliance or invoicing fraud, that organizations should deploy invoice matching systems capable of verifying order status and activity and that a properly coded PO (for PO spend)

Many companies originally ignored the complexity of P2P, e-Invoicing and supplier enablement:

- Overlooked Initial Considerations
- Percentage/share of spend in different categories
  - MRO/catalogue
  - Other indirect/catalogue
  - Print
  - Services (simple + complex)
  - T&E
  - Direct
- Supplier enablement (initial)
- Supplier enablement (ongoing)
- Content management
- Overall supplier and user experience
- Process and technical integration
- Closed-loop compliance
- Broader Electronic Invoicing Opportunity

Additional Costs / Challenges
- Cost and effort to manage the accounts payable process (much of it specific to invoice management and workflow)
- The cost of inaccurate information
- Solving the “paper” challenge – that’s right, don’t think for a minute that P2P or SRM investments alone will get rid of paper
- Realizing there is no “one-size-fits-all suppliers” solution – we must consider the cost of having a lowest common denominator solution
- Regional challenges/barriers and existing operator infrastructure
exists in the first place. Matching to prevent non-compliance and fraudulent activity should also monitor and verify that the organization has received actual goods or services while also validating inspection and quality, where required. Moreover, an electronic invoicing deployment should provide a complete audit trail of the entire order, invoicing, matching, approval and payment process across both PO and non-PO spend for both reporting and compliance purposes.

Part 3: Maturity Models and Building the Business Case

Even though any business case and electronic invoicing benchmarking effort should be built around measuring specific KPIs and metrics, it can be helpful to understand the proverbial “you are here” dot by taking a relatively quick glance at basic capability/maturity models and assessing where an organization stands. In Spend Matters maturity model for electronic invoicing and invoice automation, we consider five distinct areas as a means of self-assessment:

1) Organizational structure
2) Technology environment
3) P2P, data and systems linkages
4) Discounting and payment
5) Supplier enablement

These elements are meant as a first self-assessment step. In general, the opportunity to move between each level (e.g., Level 1 to Level 2) comes with a similar opportunity to improve the ultimate financial and operational outcomes of the business. Put another way, when it comes to electronic invoicing, the incremental benefits from moving to more advanced stages of maturity come with an additional linear set of benefits and returns, suggesting that organizations chart a multi-year electronic invoicing course to achieve outcomes rather than just measuring the results of putting in a system after it is deployed to the wider organization.

Building the Business Case – Take the Time to Do it Right (and We Mean It!)

Here at Spend Matters, we have relied on the guidance of long-time associate Brian Sommer when it comes to building business cases and ROI models that count – for AP automation and beyond.

Brian Sommer, Director of TechVentive and an associate of Spend Matter’s parent company, Azul Partners, recommends that complete business cases for high-impact projects must include real, tangible financial metrics that address improvements in a company’s share price, market valuation, or other wealth-creation driver. While electronic invoicing may sound like an area that is too focused to drive such broader measurements as ROIC, RONA and working capital requirements/reductions, nothing could be further from the applied truth in more advanced use cases.

But whether or not a business case is basic (e.g., we can reduce the number of FTEs by X and improve participation in early payment programs by Y) or more advanced, it is important to step backward and fully consider the foundational components of a business case that Brian recommends, ensuring that they contain:

• Realistic benchmarks
• Proof that the new processes, metrics, or software can deliver the expected efficiencies, performance, service, and costs
• Risk adjustments to account for potentially negative business and implementation events
• A data collection and monitoring process for recording the progress and delivery of benefits

Without question, the process of making the business case for electronic invoicing and broad-based supplier enablement should never be taken lightly. Not only should the business case include steps to assure benefits will be achieved, it must also include feedback look that verifies systems, process and metrics and the pragmatic viability of different data elements.

In broader procurement and finance technology, building the business case to invest in a world-class electronic invoicing and invoice automation environment should be a relatively straightforward exercise compared to other solution areas. For example, the case for electronic invoicing is often significantly more cut and dry than eProcurement given the specific metrics most organizations target and use as a yardstick as well as the greater uniformity of ideal receiving and payment practices across different categories of spend (in comparison to buying processes for different categories).

In building the business case to target electronic invoicing, there is a universal set of metrics that companies of all sizes should keep in mind, many of which can translate to hard-dollar operational returns. These foundational metrics and KPIs consider such areas as:

• AP labor cost in total
• Supplier management costs (to maintain required information and meet regulatory requirements)
• Transactions per FTE
• Cost/reduction of billing errors
• Variance/trend between individual approval and processing costs
• Supplier inbound requests requiring non-system intervention
• Percentage of “electronic” invoices scanned or manually entered
• Cost to process a specific transaction (e.g., process cost per invoice)
• Overall or specific cycle times (e.g., approval process)
• Environmental impact of paperless models

On just a foundational basis looking at transaction costs alone, organizations often find that it is possible to reduce per-invoice costs by as much as 70% (or even more, in certain cases) as a result of a comprehensive electronic invoicing deployment. And once procurement and finance begin to factor quality (including the costs of quality), variability and related metrics into the equation, this number can climb significantly higher.

As organizations become more advanced in their deployments and focus around electronic invoicing and invoice automation programs, an additional set of metrics become essential to track and measure to create a next-tier invoicing-focused savings program. These KPIs may include considering the impact of eliminating duplicate payments and reducing outstanding credits. They may also include such areas as considering the percentage of suppliers that take available discounts, percentage of suppliers in the trailing 12 months that have participated in dynamic or fixed working capital programs (and frequency of participation) and elapsed time requirements to effectively implement new payment term rationalization programs or changes (including supplier notification).
When it comes to supplier management costs, more advanced organizations also tend to analyze metrics that may consider the typical cost to maintain and keep current supplier profile information on an annual basis, percentage of supplier profile changes/updates requiring manual (AP/procurement) intervention, cost to gather new information from suppliers related to regulatory (or related) requirements impacting AP, etc. Organizations may also track metrics pertaining to supplier satisfaction (overall) and supplier satisfaction with the payables process. In more advanced cases, finance and treasury are likely to begin to measure the ability of electronic invoicing in reducing uncertain and variability around forecasting near- and mid-term cash flow requirements and the ability of programs to enable the active management an evolving working capital strategy and program. Internal audit and risk management programs may also consider metrics pertaining to trending and evolving activity of suppliers around invoice submission/accuracy and behaviors surrounding working capital (e.g., status checks, discount acceptance) queries.

Regardless of procurement and finance measurement sophistication in overall electronic invoicing and invoice automation programs, just about any organization that is able to improve the adoption of electronic invoicing within their supply base is likely to improve the overall quality and basis of supplier relationship management programs. In general, a simple theme to remember is that the fewer the human touch points (e.g., call, email, mail, fax) required by either party to an invoice, the greater the likely of a beneficial relationship outcome. For both buyers and suppliers, when automation and visibility replace uncertainty, better relationships result.

**Concluding Recommendations**

Spend Matters suggests that organizations that either want to get started on the right electronic invoicing footing or that are keen to accelerate their adoption and business case efforts and returns consider a number of key recommendations. These include:

- Considering how best to deploy an electronic invoicing or invoice automation initiative as a means of furthering the relationship and business objectives of both finance and procurement – individually and collectively
- Separating out labor-based decisions (e.g., centralized AP, BPO/shared service – captive
or partner) from a technology platform decision and ideally, always putting a solution and enabling decision before labor-based plays

- Investing the time to build (and/or update) a business case that incorporates detailed input, oversight and commitment from procurement, treasury and AP
- Going beyond just FTE-based reduction analysis in the initial business case and considering the full impact of the ability such programs may have on managing working capital, deploying payment term rationalization programs, encouraging the adoption of early-payment discounting models (bank-funded, non-bank third party funded, treasury funded, etc.)
- Pursuing tools and capabilities that eliminate data quality issues through automation and straight-through processing approaches rather than just remediation and ongoing process improvement and benefits-capture exercises (e.g., invoice auditing)
- Measuring supplier satisfaction and performance before and after the implementation of an electronic invoicing program
- Deploying a solution with the ability to support different, flexible matching use cases (e.g., three-way, four-way, five-way) based on procurement and finance defined requirements across different spend types, categories and systems; this includes focusing on enabling all key spend areas rather than just indirect procurement
- Ensuring that metrics are measured (and managed) from the first day of an implementation
- Implementing a solution that can support the requirements of suppliers of all shapes, sizes and geographies that does not unnecessarily “tax” or damage relationships based on onerous fee structures that incent the wrong behaviors (e.g., printing out and faxing an invoice to avoid a large, volume-based fee); in addition, under all circumstances, buying organizations should have the opportunity to assume fees/costs for suppliers if they desire as part of a program
- Maintaining flexibility in working with partners which promote a solution and operator/network environment which is not an island or hub separate from existing regional and other ecosystems
- Tying supplier management (and supplier information management) initiatives focused on both improving the quality of master data as well as supplier self-service into the electronic invoicing onboarding and vendor management process

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