

Buyer's Guide to Automating Payables in the Cloud

An IOFM white paper



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Top Image Systems



About Top Image Systems

Top Image Systems™ (TIS) is a global innovator of intelligent content process automation solutions. At the core of the TIS offering is our desire to accelerate document-driven business processes, providing customers with the technology to automatically and digitally transform any information entering an organization into useful and accessible electronic data, efficiently delivering it into the applications that drive any business.



Founded in 1991, the company operates internationally with branch offices in the United States, Germany, UK, Latin America, Singapore, Australia and Japan and with local representatives across Europe and the Pacific Rim. TIS global headquarters are located in Tel Aviv, Israel, and the company's stock is publicly traded on the NASDAQ exchange (symbol: TISA). Our 250+ employees are supported by a closely integrated network of distributors, systems integrators, value-added resellers and global alliances.

Our proprietary eFLOW® platform provides the foundation for our company's business process automation solutions and has evolved over 20 years. Our advanced capture and workflow capability digitizes and validates incoming information from mobile, electronic, paper or any other source. Our mobile image capture platform also drives a portfolio of on-device mobile capture and image processing apps designed to engage customers through their preferred mobile device. TIS' CloudDocs online document management system rounds out our full suite of intelligent content processing solutions.

Due to our innovative mobile and cloud offerings, integration with virtually any business system, and superior STP and recognition rates, TIS solutions have been deployed in 1,000+ enterprise-level installations in more than 40 countries. We are committed to providing the highest value in digital business transformation and continually improving customer experiences. To learn more, visit www.topimagesystems.com.

About IOFM

The Institute of Finance & Management (IOFM) is the leading source of information, tools and resources for finance professionals across our focus areas. For more than a quarter of a century, our newsletters, reference publications, online information services and conferences and events have provided authoritative guidance to corporate managers across a wide range of disciplines.

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.

Buyer's Guide to Automating Payables in the Cloud

Introduction

Your accounts payable operation has been humming along just fine, improving on the methods used for years to increase efficiencies and keep costs from rising. But you've hit the ceiling on your ability to get to the next level of savings that will help your organization stay competitive. The old ways aren't working.

It might be time to consider automating your AP functions in the cloud. If you do, you'll be in good company. Cloud solutions are on the rise.

In fact, research analyst firm Gartner predicts that within 10 to 15 years, all enterprise resource planning (ERP) functionality is likely to be consumed through the cloud. This widespread adoption will take place through either software-as-a-service (SaaS) offerings implemented in-house or through third-party business process outsourcing (BPO) opportunities, according to *ERP Strategy Must Address the Challenges of Postmodern ERP*, a report Gartner released in May 2014.

Interest in cloud computing and SaaS solutions is growing for many reasons. AP teams don't have to get IT involved, plan for capital investments or install hardware or software. And cloud computing costs less per invoice than other alternatives.

How do you know whether you're ready to consider specialized cloud-based financial applications for your AP operation? What competitive advantages can you gain by going to the cloud? And how do you move forward with this type of project? This white paper explores those questions and more.

About 30% of system modernization will be based in cloud infrastructure in the near future, compared with about 20% today.

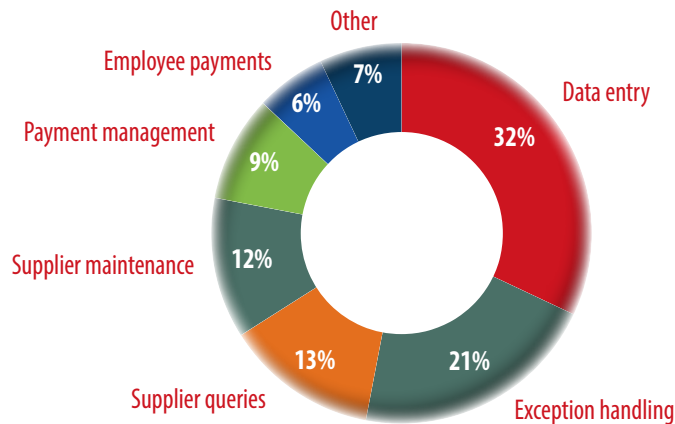
Gartner, *Competitive Landscape Infrastructure Services*, Japan, November 2014

Challenges You Might Be Facing

Numerous factors go into the decision of whether to automate AP operations in the cloud. They begin with the question of whether to automate AP operations at all.

To get a clear picture of how an AP team can employ automation, let's look at how much time is spent on the tasks that make up accounts payable, according to business consulting firm BearingPoint:

Time spent on AP tasks



Source: BearingPoint

Now let's look at some of the other challenges your AP operation might be facing:

Invoices lost in the approval process — Lost invoices are a symptom of inefficiency. But they're more than that. They are also a symptom of money going out the door. Whether they're lost in transit for a day or a week — or, occasionally, forever — they are costing your organization in late fees as well as missed discounts for early payment. An automated process keeps track of where each invoice stands and who is in charge of approving it along the way. While a paper invoice can be stuck in the bottom of a pile on a desk waiting for approval, its electronic counterpart rises to the top of the virtual in-box by sending automated alerts to those who are in charge of signing it.

Manual data entry and data searches — Keying in the information from paper invoices adds time to the front end of the process — time that could be saved by automation solutions such as intelligent data capture. The inefficiency continues later in the process when your team needs to research information and has to go digging for it through paper files or in electronic files that might or might not match a predetermined set of naming conventions. Tick tock. And the more time it takes, the higher your organization's payroll expenses climb.

Complicated quarterly and annual closing processes — With manual processes, month-end close is a challenge that only compounds when you replicate it for quarterly and annual reporting. Slowdowns can prevent your organization from gathering and providing information in time for leadership to effectively manage cash flow.

Difficulty fulfilling compliance responsibilities — Digging through a combination of paper archives and limited electronic files can cause your team angst when it comes time to meet tax and regulatory deadlines. The situation becomes even more dicey when IRS auditors come calling.

Sure Signs Your Department is Ready

So how do you know your AP operation is ready for automation, and for handling that functionality in the cloud? Here are some telltale signs.

- ☐ The AP operation is seen as inefficient and costly.
- ☐ Your invoice-to-payment cycle time is too long.
- ☐ AP is spending too much time keying in info and not managing tough expectations.
- ☐ Your error rate is high.
- ☐ Your AP staff has complained that your ERP system interface is too complex.
- ☐ Your organization plans to acquire a new company but not hire more staff.
- ☐ Your CEO is seeking cost-cutting programs.
- ☐ Cash flow decisions have been hard to make because of poor visibility into payables.
- ☐ Your AP operation is missing supplier discounts for early payment.

Do any of these signs sound familiar? If so, it might be time to consider your options and determine your next steps on the path to automating in the cloud.

How to Start Your Project

What do you do to start transforming your AP operation? Here are some first steps:

1. Define where you are today. Outline where things stand. What is the average daily number your AP team processes monthly? How does that translate per team member per day? How many people do you have keying in data, and how are those duties and others divided among all of your AP team members? What are some of the typical issues your team encounters, and what are the processes for handling them?

2. Consider how you'll manage the change. Who needs to be involved in setting up the project, and are they the same people who will carry out the implementation? What kinds of regulatory, industry-specific or internal organizational rules affect your processes, and how will you address those? What kinds of expectations do you need to anticipate from members of your AP operation, upper management, customers, suppliers and others your processes affect?

3. Decide how you'll address objections. List the top objections you might encounter to the project and who might raise them. Then determine how your team will handle them. These objections might include a lack of senior-level support for technology initiatives, a lack of internal enthusiasm for changing processes, a lack of financial resources and personnel, difficulty integrating legacy systems with new business applications, concerns about security, concerns about regulatory compliance, and questions about the effects on customers and suppliers.

4. Build a case for spending the money. Outline your case by examining the differences in costs between your current operation and one that is automated with cloud technology. Enlist champions in your organization who have the interest and clout to help push the project forward. Be sure your team has a solid plan in writing, and prepare to face tough questions, especially about the financial aspects of the project.

What to Look for in a Solution

Each AP operation is unique, depending on your existing processes, existing technology, industry, personnel, senior-level involvement and other factors. But there are some core components of an AP operation that can benefit from cloud-computing technology or SaaS solutions.

When you're shopping for a solution, you should interview service providers about what they offer and compare how they handle those components, which might include:

PO match	Can the solution match purchase orders, receiving documents and invoices electronically without human intervention?
Invoice scanning	Can it scan paper invoices and other documents into your system that are then accessible via Web browser?
Modular and flexible workflow	Can it be configured to fit your needs?
Search functionality	Will it be easy to use so your team no longer has to sort through paper files?
Back-end system connectivity	Is it possible to integrate the solution with your existing technology, such as ERP systems?
Multichannel input	Will the solution work no matter what type of invoice is received by your supplier?
System learning capabilities	Does the technology adapt to your formats as it processes them?
Customizable dashboards	Does the solution offer a quick view of key performance indicators (KPIs) such as number of invoices processed and invoices still in the pipeline? And can the dashboard be customized to contain the information most important to the specific user's job function?
Specialized functions	Is the solution the best on the market for your specific situation? If so, is it a standalone solution, or is it part of a suite of solutions from your key technology vendor?
Supplier portal	Does the solution include a self-service portal that allows your suppliers to perform functions that streamline the payment process, such as see the status of an invoice or convert a purchase order into an invoice?
Security	How does the solution ensure that your information is safe, secure, and available only to those authorized to see it?

Make your Automation Project Pay for Itself

Automating in the cloud can help your operation save money in numerous ways. Some of the most prominent:



Increased AP efficiency — By handling the payables process electronically rather than manually, you'll save on the costs of cumbersome keying of information. Those costs include staffing, error detection and repair, equipment and software.



Improved supplier onboarding — Getting suppliers signed on faster and more accurately will help your operation avoid costly mistakes such as overpayments.



More captured discounts — Speeding up the payments process and allowing for electronic retrieval of data will help your team take advantage of discounts offered from your vendors for early payment.

Why Automate in the Cloud

Let's examine why cloud computing and SaaS solutions are growing and the benefits of automating AP processing operations in the cloud:

- **Minimal involvement from IT.** Using cloud-based services that are basically plug-and-play allows AP teams to implement solutions themselves instead of waiting for a spot in the IT team's schedule to integrate new technology with existing systems.
- **No capital investment.** Instead of budgeting a major capital expense for implementation of an in-house, on-premises solution that involves a disruptive overhaul of the system your team is using today, cloud-based services allow you to "pay as you go" through a subscription or licensing arrangement.
- **No software or hardware.** With cloud solutions, there is no need to purchase programs or equipment that need to be integrated with the computers you're already using. Your team downloads an application that allows it to tap into an existing system that is accessible on the Internet. As a bonus, these solutions are constantly updated as new features become available, without any work on your end to maintain the most recent version.
- **Lower cost per invoice.** Saving money on the purchase, integration and ongoing use of new technological solutions can actually help you lower what you're spending today to process each invoice.
- **Flexibility** — Your organization can increase or decrease its bandwidth and network resources quickly.
- **Improved disaster recovery** — Cloud storage provides geographically disparate infrastructure that should be unaffected by local disasters. Additionally, many cloud providers offer high-availability backup sites all over the globe.

- **Automated software maintenance** — Large organizations exhaust a lot of resources updating and patching software — especially security software. Cloud infrastructure handles this for you.
- **Reduced costs and predictable operating expenses** — Cloud services are usually pay-as-you-go and include minimal project start-up costs, reducing or eliminating capital expenditures.
- **Work from anywhere** — Cloud infrastructure empowers employees to work from any location, improving productivity and business flexibility.
- **Better collaboration** — Cloud solutions provide collaborative access to content and resources.
- **Security** — Organizations can store critical and sensitive documents and information in the cloud, reducing the impact of local security events such as loss of a laptop containing sensitive data.

Just Jump

One of the most compelling reasons for automating your AP operations in the cloud might lie within your organization's other departments. They might be ahead of your AP team in migrating to the cloud.

Gartner predicts the payroll function will be the first to see widespread use of cloud technology, followed closely by customer relationship management (CRM) systems such as Salesforce. Other functions that are predicted to adopt cloud solutions in the near future: travel expense management, human resources and business analysis. Can AP be far behind?

You have to start somewhere, and it might as well be here and now. Armed with your plan and this buyer's guide, you can proceed with confidence.

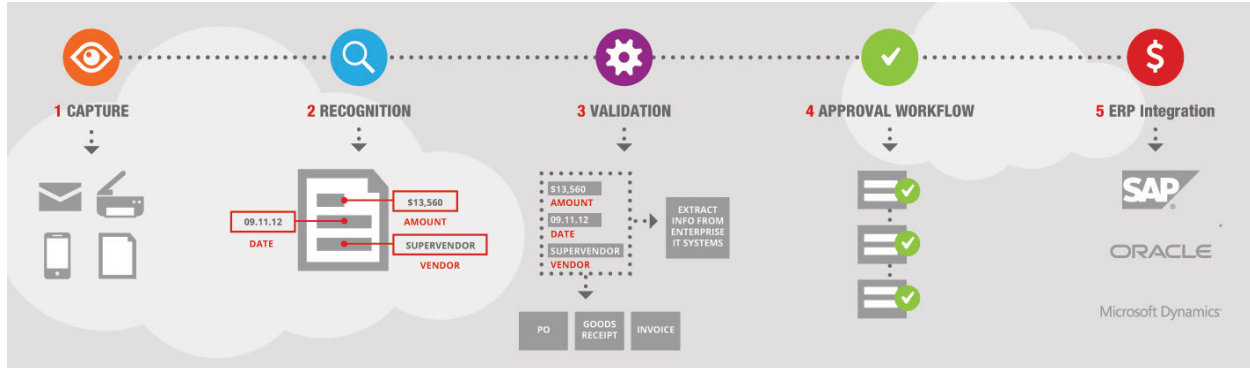
Sponsor's Perspective

Many companies are burdened by the manual handling required to process incoming invoices. Accounts payable (AP) automation makes things more efficient by using technology to automate large parts of the manual work and offering automated, electronic workflows for the invoice approval process. Studies show that automating this process can help reduce the cost in AP by 50 percent to 90 percent.

Today, Top Image Systems provides businesses with cost savings as AP is streamlined and automated by offering an end-to-end, fully cloud-based AP automation solution in addition to our on-premise version. It not only allows companies to automatically capture and recognize invoices, but also to process them through a cloud-based approval workflow, and post the invoices directly into any ERP system.

Incoming invoices can be uploaded, scanned or imported into the system using a smartphone. The system recognizes and extracts the relevant data from invoices and validates it automatically using the transactional and master data from any ERP system. For example, the solution automatically recognizes the supplier ID and checks that the recognized purchase order number is valid for the given supplier. There are a number of other validations available, such as calculations for invoice amounts, and other logical checks.

The system also offers an invoice approval workflow, which is used to send invoices to different people for approval. Approval users can easily access and approve invoices in the queue from any mobile device no matter where they are located. Furthermore, other features, such as detailed invoice coding, splitting invoice amounts among different cost centers, and the interface to an ERP system, are included out-of-the-box.



TIS offers many advantages to clients with our comprehensive AP automation solutions. Our customers experience substantially less manual effort to process invoices, improved transparency throughout the entire AP process, increased efficiency and reduced processing costs, and easy, functional processing from web interfaces anytime, anywhere. Companies are better able to maintain operational agility by avoiding the need to invest in additional IT resources, software or hardware, while utilizing its flexible, pay-as-you-go model which grows as they do. To learn more about automating your payables in the cloud, contact TIS (www.topimagesystems.com).