
The Benefits of Accounts Payable Integration in Electronic Invoice Presentment and Payment



How to Use this Presentation

This presentation will be invaluable to those who seek to articulate the benefits of AP integration as part of an EIPP strategy - within their own company or externally.

Many of the concepts here pave the path to automating business processes and improving Return on Investment (ROI).

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“The major barrier to increased use of electronic payments continues to be the lack of integration between an organization’s electronic payment and accounting systems.”

Association of Financial Professionals: Member Survey, September 2000

“Obsessing over processes and getting them right is the only way a company can survive, especially now that the new economy has left early childhood and grown into a gangly, unpredictable adolescent.”

Michael Hammer, “Reengineering the Corporation”

Purpose Statement

The purpose of this presentation is to describe the benefits of Accounts Payable (AP) integration to corporate payers.

This document will present both the business and operational benefits of AP integration.

Definition:

Accounts Payable (AP) Integration

AP integration is the ability to electronically exchange information to the level of detail that business practices require between an AP process and any Electronic Invoice Presentment and Payment (EIPP) solution. The goal is to streamline payables processing and improve the exchange of payment detail information.



Intended Audience: Business and Operational

The benefits outlined in this presentation are viewed from both a Business Manager's perspective and an Operations Manager's perspective. While some may overlap, the Business perspective is directed to a company-wide point of view. The Operations perspective is focused on an Accounts Payable Department point of view.



Benefits 1.0: Reduce Costs

- AP integration can help reduce costs related to the following:
 - Personnel
 - Bank Fees
 - Archiving
 - Mailing

1.1 Personnel

Business Benefits

Increases efficiencies in:

- Handling invoices
(adjudication, approval routing, invoice processing)
- Preparing checks
- Reviewing suspect items
- Inputting payment info to AP or General Ledger (GL)

Operational Benefits

Reduces:

- Handling paper invoices
- Handling checks
- Reviewing suspect items
- Manually entering payment info



1.2 Bank Fees

Business Benefits

Reduces:

- Paper disbursement fees: reconciliation and check processing (partially offset by electronic funds transfer fees)
- Check storage and/or image capture fees
- Stop payment fees

Operational Benefits

Reduces:

- Not applicable

1.3 Archiving

Business Benefits

- Provides the ability to store invoice and payment data electronically
- Facilitates more economical data searching, analysis and dispute management

Operational Benefits

- Reduces:
- Fees, time equipment and storage space for cancelled checks and paid invoices
 - Blank check stock; resulting in a possible reduction of fraud loss and reputation risk

1.4 Mailing

Business Benefits

Reduces:

- Check mailing expense
- Expense associated with reissuing misdirected checks

Operational Benefits

Reduces:

- Equipment & floor space for check mailing
- Equipment & supplies for reissuing checks

Benefits 2.0: Streamline Accounts Payable Processes

- AP integration helps to streamline the following processes:
 - Electronic Distribution
 - Approval Routing
 - Payment Scheduling
 - Cycle Time

2.1 Electronic Distribution

Business Benefits

- Improves communication with vendors
- May provide leverage to move other applications to Web or to command better terms of business relationships

Operational Benefits

- Starts the processing cycle sooner
- Reduces data entry errors and the expense associated with handling billing corrections & payment adjustments

2.2 Approval Routing

Business Benefits

- Automates the invoice processing cycle internally
- Enables more timely decision making
- Ability to customize and automate business rules

Operational Benefits

- Creates visibility in the approval chain,
- May provide an ability to automatically route and escalate
- Lowers the incidence of lost / delayed invoices and payments within the organization

2.3 Payment Scheduling

Business Benefits

- Improves management of cash position
- May reduce borrowing expenses or increase investment income
- Improves forecasting ability
- Promotes better use of trade credit

Operational Benefits

- Provides visibility into the payment process
- Reduces late payment notification and resulting research

2.4 Cycle Time

Business Benefits

- Facilitates taking advantage of incentives due to faster receipt & adjudication
- Provides ability to better manage cycle time

Operational Benefits

- Automation reduces cycle time and resources
- More efficient use of equipment

Benefits 3.0: Improve Control and Risk Management

- AP integration improves control and risk management, including:
 - Issuance of Payment
 - Avoid Penalties
 - Reducing Lost Checks and Stop Payments
 - Reducing Check Fraud

3.1 Issuance of Payment

Business Benefits

- May help to manage cash flow
- May decrease working capital requirements
- Provides payer with an ability to improve their credit rating
- Supports enhanced payment capabilities like Electronic Funds Transfer (EFT), and electronic remittance advice

Operational Benefits

- May simplify the combining of multiple invoices on a single payment
- Reduces clerical handling and manual check processing
- Reduces manual updates



3.2 Avoiding Penalties

Business Benefits

- Helps to maintain a positive credit standing
- Strengthens vendor and partner relationships
- Reduces costs

Operational Benefits

- Reduces “special handling” procedures
- Less invoice and correspondence volume: less added paper (e.g. debit memos, 2nd invoices)



3.3 Reducing Lost Checks and Stop Payments

Business Benefits

- Reduces bank costs
- Helps to control stop payments

Operational Benefits

- Streamlines stop payments
- Reduces processing of new checks
- Reduces time to process stop payments
- Less clerical processing

3.4 Reducing Check Fraud

Business Benefits

- Helps to reduce check fraud
- May reduce costs of fraud control

Operational Benefits

- Reduces time/cost of investigation
- Reduces operational disruptions
- Reduces inventory for check stock and security controls



Benefits 4.0: Improve Strategic Vendor Relationship

- AP integration improves a company's strategic vendor relationship, including:
 - Dispute Resolution
 - Managing Trade Credit
 - Communication

4.1 Dispute Resolution

Business Benefits

- Reduces response time through process automation
- Improves communication

Operational Benefits

- Reduces paperwork associated with adjudication
- Streamlines dispute process
- Minimizes resources needed to process disputes

4.2 Managing Trade Credit

Business Benefits

- Improves funds utilization
- More control over payments may provide better discounts
- Helps to maintain positive credit standing in respective payee community
- Provides a means for better financial reporting

Operational Benefits

- Increased automation means minimizing processing time and costs



4.3 Communication

Business Benefits

- Strengthens business relationships
- Generates additional opportunities to offer value added services

Operational Benefits

- Optimizes workflow and approval processes, including adjudication
- Provides a means for quick and comprehensive auditing capabilities

Benefits 5.0: Improve Accuracy and Timeliness of Information

- AP integration can improve the accuracy and timeliness of information through:
 - Robust Data Sets
 - Hands Free Processing



5.1 Robust Data Sets

Business Benefits

- Improves data management and provides opportunity for analysis
- Improves vendor compliance tracking and monitoring

Operational Benefits

- Automates information flow
- Reduces manually keyed entries through pre-population of data fields

5.2 Hands Free Processing

Business Benefits

- Reduces errors during processing
- Reduces costs associated with manual processing

Operational Benefits

- Facilitates data management with standard data sets
- Reduces manual entries (exceptions and corrections)
- Reduces processing time and improves cycle time

Council for Electronic Billing and Payment

- Affiliated with NACHA - The Electronic Payments Association
- Approximately 100 member organizations
- web site: <http://cebp.nacha.org>
- phone: 703-561-3913