Kofax White Paper

The Top 10 Reasons to Automate Your AP Processes

Executive Summary

Accounts Payables organizations are charged with reducing costs, improving performance, achieving regulatory compliance, increasing visibility and enabling the corporation's strategic initiatives — all at the same time. The fundamental issue is not whether a company should strive for these goals but how well they can be accomplished. This paper will count down the top ten reasons to automate your AP processes and explore the solutions that can be leveraged to reduce costs, strengthen controls, improve service levels and increase visibility.

Overview

Finance organizations are charged with reducing costs, improving performance, achieving regulatory compliance, increasing visibility and enabling the corporation's strategic initiatives — all at the same time. The fundamental issue is not whether a company should strive for these goals but how well they can be accomplished. A strategically engineered transformation of processes that achieves these goals — cutting operational costs and minimizing financial risks — obviously requires serious consideration. This white paper examines in detail the relevant issues and benefits of Accounts Payable (AP) transformation as well as recent industry-wide research and best practices around such initiatives.

Evidence suggests that the core solution to the Finance challenge lies in optimizing workflow processes to improve overall speed, efficiency, control and visibility of operations. Optimization is a function of finely choreographed automation and best practice workflows expertly applied to a set of processes. Automation effectively meets the AP challenges of cash management, lack of transparency, process inefficiencies, delayed closing times, poor productivity and threats to compliance posed by fraud and errors.

Finance organizations that figure all this out get to turn their attention to the more strategic challenges facing the corporation.

So let's count down the top ten reasons to automate your AP processes and explore the solutions that can be leveraged to reduce costs, strengthen controls, improve service levels and increase visibility.

Number 10
Complete and Clear Visibility

The Challenge: Lack of Complete and Clear Visibility

Visibility is a critical issue in most AP departments, many of which are still paper based. In fact, Aberdeen Group's 2010 Invoicing and Workflow Study found that 72% of invoices are still paper, creating and perpetuating a multitude of visibility issues.

Lack of clear visibility can start with the invoice receipt process. Typically, invoices are sent to numerous field offices rather than to an AP designate (see figure 1). These preapproved invoices are then forwarded (manually) to AP and entered into the enterprise resource planning (ERP) system, producing zero visibility on the front end. Invoices might sit on a manager's desk for days, if not weeks, resulting in delays and unnecessary rush invoices when line-of-business managers demand quick payment to maintain supplier satisfaction.

Typical Processes Offer No Front-End Visibility

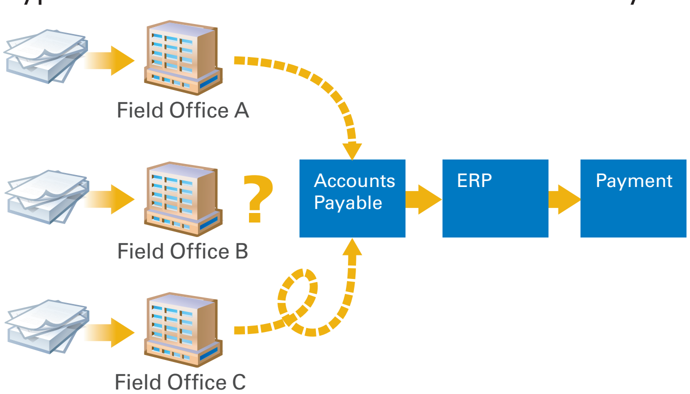

Figure 1: Invoices delivered everywhere and tracked by no one.

When AP departments are chronically backed up at the end of accounting periods, there's a risk of not recognizing all or a material portion of liabilities. Incomplete accruals may understate expenses and thus overstate income, leaving a company susceptible to financial statement cutoff fraud ("phony profits"), occurring when companies get desperate to show earnings or reduce losses. The "preapproved" process represents a serious risk for cutoff fraud if field managers are instructed to deliberately hold invoices so they are not recognized in the current accounting period. Lost paper invoices also obscure a company's visibility into liabilities. These consequences of a decentralized, paper based process argue against continued reliance on this outmoded paradigm.

The Solution: Complete and Clear Visibility

To gain complete and clear visibility throughout the entire AP flow, organizations must minimize the paper and tightly integrate AP processes with their ERP systems. Automating by integrating document capture and workflow within an ERP system sets the foundation for complete and clear visibility. Ideal AP automation solutions feature

- Early visibility through the centralized, front end capture of all invoices (in all formats) into the ERP system, thus accelerating the recognition of liabilities;
- Optimized resource utilization where process bottlenecks are identified and addressed to reduce cycle times;
- Complete audit trails of every step and participant in a process; and
- Proactive issue identification such as alerts that allow management to resolve potential problems in a timely fashion.

Number 9
Accelerate Period End Close with Greater Accuracy

The Challenge: The Legal Mandate for More Accurate Closes in Less Time

One of many implications of Sarbanes-Oxley (SOX) is that accelerated filings are now mandatory. Any errors found after the filings (whether by internal or external auditors) must be reported as material misstatements and weaknesses. So, companies must now close their books more quickly and more accurately. While there are benefits (delivering meaningful information to management in a timely fashion enables faster and more accurate tactical decisions, thus freeing resources to focus on strategic initiatives), closing the AP books can be a bottleneck.

As previously noted, typical AP processes run the risk of incomplete liabilities accrual that may result in delayed and inaccurate closes through the understatement of expenses and overstatement of income. Under SOX, material misstatements may have to be publicly reported — a consequence no company wishes to experience.

The Solution: A Three-Step Program to Faster, More Accurate AP Closings

A faster, more accurate AP close can be achieved by

- Leveraging AP automation,
- Performing earlier account reconciliation, and
- Accurately accruing liabilities.

With the right AP automation in place — featuring high-capacity invoice capture, ERP integration, account coding and workflow based approvals and payments — accurate closings are one step closer. Invoices and all backup information are automatically entered into the ERP, and workflows leverage the ERP's account codes and approval framework to create a permanent record of every transaction. This simplifies every step of the close and enables organizations to perform this activity more quickly and accurately.

Preventing misstatements before SEC reports are filed entails performing account reconciliations before the close. The challenge is how to do a proper reconciliation without jeopardizing the close deadline. Therefore, the system should

- Have complete and properly maintained transaction-level backup on hand to facilitate discrepancy resolution,
- Require GL backup documentation for all non-standard GL entries,
- Maintain a transaction audit history to provide all details for each transaction, and
- Have a "virtual auditor" in place so that policy violations trigger executive notification with all backup information for quick resolution.

In addition to the benefits of complete and clear visibility, accurate and timely accrual of liabilities accelerates closings. With a strong handle on liabilities, organizations can accurately reflect that information in the accruals and completely mitigate misstatements. But a precise picture of liabilities is predicated on AP automation with centralized invoice receipt and capture, and integration with the ERP.

Number 8
Turbocharge Productivity

The Challenge: Poor AP Productivity

AP departments are mired in paper, resulting in time wasted on filing, retrieving, faxing, copying, mailing or looking for papers that have been misplaced, misfiled or lost. Low levels of automation also hamper AP departments. According to Aberdeen's report, it may take up to 41 days to process as single invoice when there are minimal invoice automation methods used. Combine paper volume with low levels of automation and the result can be a productivity quagmire.

Further compromising productivity is the fact that AP processes are often too complex — too many disparate financial systems, too little standardization and too many manual internal controls. Add AP department interruptions resulting from rush-check requests, "where's my payment" inquiries, and other issues demanding quick resolution, and it's no wonder that AP productivity suffers.

The Solution: Increased AP Productivity

Increased productivity is so broad a concept it is almost meaningless unless associated with these three concrete steps:

- Automate.
- Reduce complexity/improve business processes.
- Track productivity.

A recent IOMA study states that "AP staffers with a high level of automation at their disposal can process more than twice the… invoices than with some level of automation." Technologies and process improvements that enable automation include

- Capture (imaging, OCR, electronic invoicing, EDI),
- Discrepancy resolution and approval,
- ERP Integration, and
- Self-service capabilities.

But simply adding technology alone won't increase productivity if the team is working hard but inefficiently. There needs to be a corresponding reduction in process complexity. The Hackett Group found that leading companies had significantly fewer key controls than did their peer group companies and 61% fewer total controls. Despite the increased numbers of controls, peer group companies had poorer performing control environments. Leveraging automation intelligently to reduce the number of key controls while streamlining and optimizing processes puts organizations on the fast track to boost productivity. Less-complex processes feature centralized invoice receipt at the outset and well designed and documented steps for invoice capture, entry into the ERP, discrepancy resolution, account coding, approval and payment.

Finally, assessing AP productivity is essential to effective management. Finance managers need in-depth information on departmental metrics to accurately determine productivity and identify bottlenecks. Metrics to evaluate include the cost of processing an invoice, cycle times for PO and non-PO based invoices, user throughput, workflow throughput, queue throughput, which users are most productive, and which are least productive (and may need additional training).

Number 7
Leverage Your ERP Investment

The Challenge: Finance is Not Deriving Full Value from the ERP Implementation

There is no doubt that ERP platforms such as Oracle and SAP have powerful capabilities to help an organization fully leverage its most valuable resources, including people, capital and assets. Yet most ERP systems have struggled to meet expectations or deliver on their value proposition. As David Hebert of The Hackett Group reflected in an FEI Special Report, "Based on our data, only a select few companies have gotten value out of their ERP implementations… The value for the average company is still many years away."

In most cases, the lack of value in ERP implementations — particularly for Finance departments — is due to the use of old, manually intensive processes that hamper the system's potential. While the ERP is an excellent repository for all financial data, it is not designed to support the processes around each of those transactions. Having the original invoice stored in the ERP provides access to that document, but has no impact on how it got approved, whether it received the required signatures or whether proper policies were followed.

The Solution: Simplify, Standardize and Optimize Business Processes

The key to unlocking the value in an organization's ERP investment is to develop simplified and standardized processes for repetitive tasks such as invoice receipt, review and approval. Most companies have spent large amounts of money on sophisticated ERP implementations, but then the old, pre-ERP processes are simply transferred or retrofitted to work with the new system. For example, Figure 2 depicts a real company's inefficient invoice payment process, which had not been reevaluated in conjunction with the ERP's implementation.

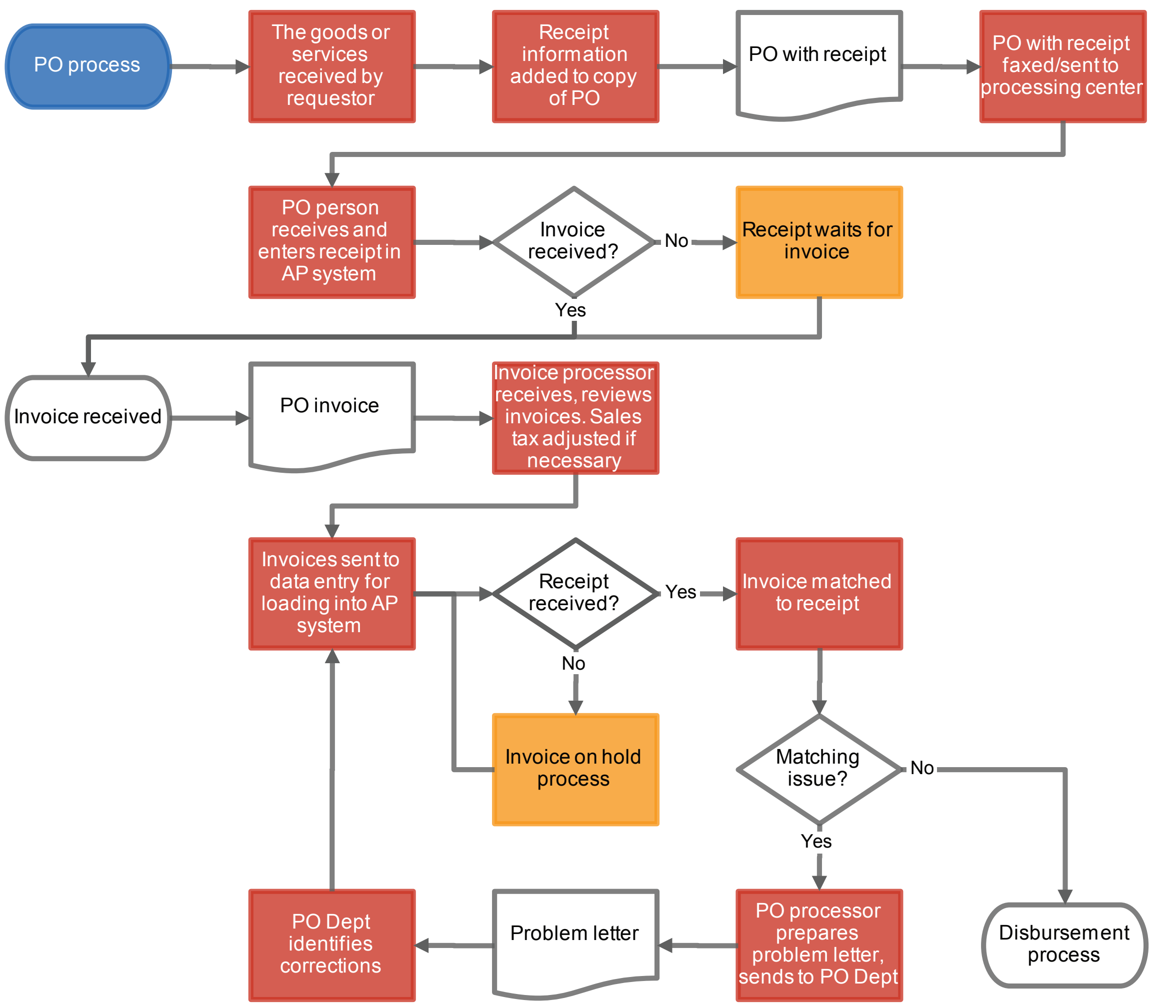

Figure 2: This inefficient invoice approval and payment process will not scale.

The dysfunction was centered in the mismanagement of critical pieces of information, resulting in inefficient and expensive communication and collaboration via numerous back-and-forth emails, faxes, copies, etc. The solution required simplifying and standardizing processes; starting with the elimination of multiple unnecessary steps and improving the efficiency of the remaining steps (see Figure 3). Leveraging the ERP system so that all captured information is tightly integrated with a consistent set of processes maximizes efficiency, speed, visibility, cost reduction and controls. A streamlined process also requires all participants, regardless of position or experience, to have access to all appropriate information while interacting intuitively and intelligently with the transaction.

For example, in the improved process, a line-of-business person asked to approve an invoice receives an email with a link, clicks on it, and brings up the invoice and related backup documentation. To approve the invoice, they simply click an "approved" button, causing the invoice to be queued for payment within the ERP in real time. There is no need to learn an ERP interface, consult another system or locate and review a piece of paper.

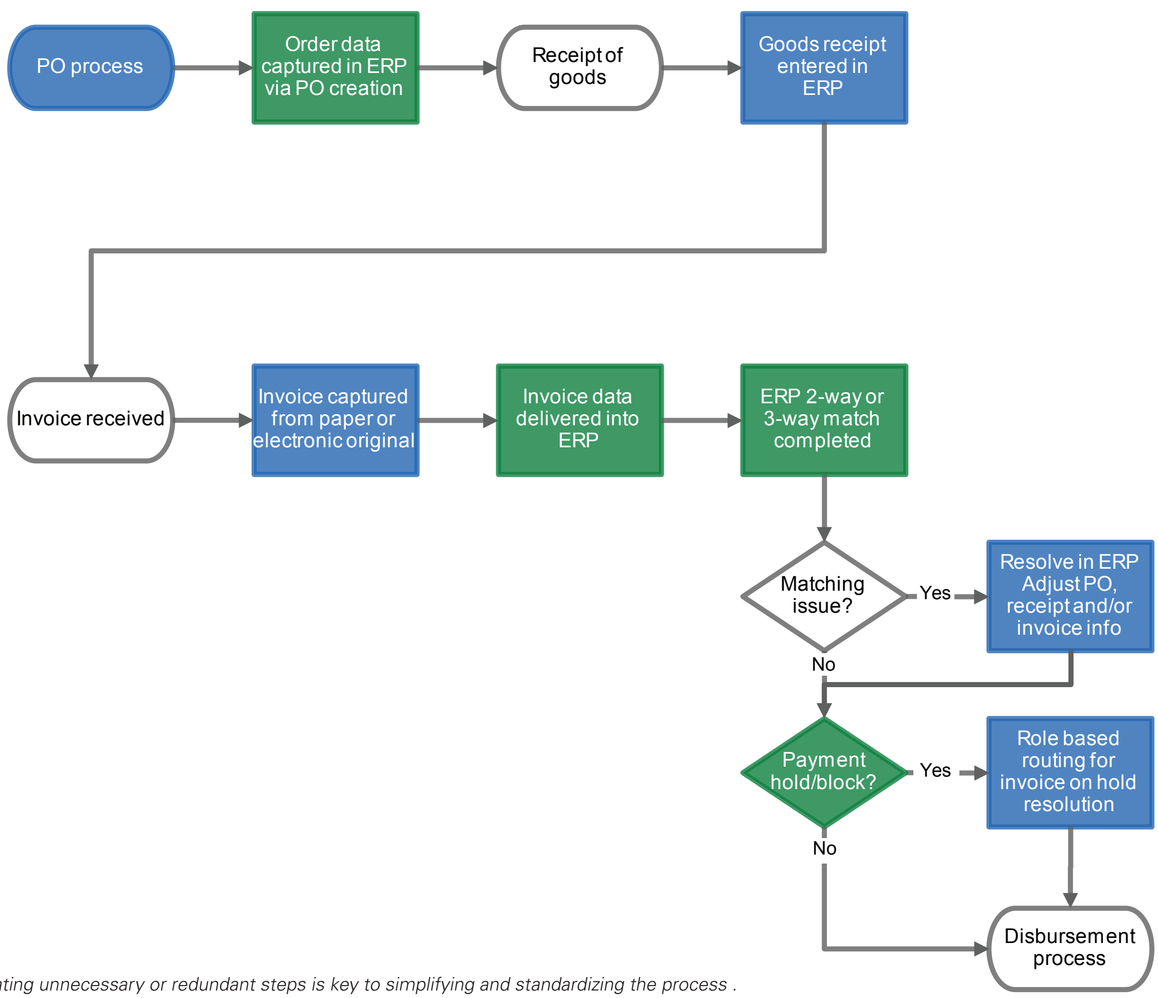

Figure 3: Eliminating unnecessary or redundant steps is key to simplifying and standardizing the process .

Number 6
Improve Quality

The Challenge: AP Errors Compromise Quality and Increase Costs

Errors in AP are costly in all "currencies" including dollars, departmental productivity and corporate reputation. The challenge is to understand where and why errors occur and to systematically address and eliminate them to improve quality and reduce costs.

The costs are revealed when an AP error is broken down into the steps required to address it. For example, a supplier short-pay error requires that an organization

- Investigate the error;
- Issue a credit or start processing for a new payment;
- Approve the new payment and, if necessary, reconcile with the PO;
- Mail the payment;
- Account for this new liability;
- Manage the supplier's satisfaction; and
- Manage the impact of delayed or withheld products from the supplier (which may impact production schedules).

Each step is time consuming for AP and line-of-business staff and the cost of one error can be significant. It's worth noting that paper based processes are known to have higher error rates – keying errors, matching errors, lost and/or misfiled documents, etc. Errors also impact quality of service since they often irritate vendors and frustrate internal clients.

The Solution: Build a Continuous Improvement Culture with the Right Technology Foundation

A quality program is the cornerstone of any effort to develop a "continuous improvement culture." Programs such as Six Sigma, LEAN and Balanced Scorecards can highlight quality issues by identifying root causes leading to corrective actions. The main concept in each of these process improvement areas is metrics: having a baseline understanding of the time and resources required to perform a function and tracking progress as quality initiatives are implemented. In general, quality programs pay direct dividends.

But quality initiatives need to be complemented with the right technologies to support self-service and the capture, measurement and reporting of process metrics. Workflow automation tracks who did what, where and when for each step in the process. Workflows that are tightly integrated with ERP systems provide process data that can be mined to reveal metrics and business intelligence beyond what can be gathered by simply analyzing standard ERP data with traditional tools. The addition of "process intelligence" is a natural complement to business intelligence systems already in place.

The right technology foundation not only addresses quality improvement goals but also enables Finance managers to monitor and respond to the full array of activities relating to financial accounting and reporting, fraud detection and organizational performance.

Another quality enabler in the technology foundation is self-service. It can be leveraged throughout the entire AP processing lifecycle to reduce the number of time consuming employee and vendor inquiries. Self-service access to the AP transaction cycle reduces invoice processing cycle times and eliminates the re-entry of invoice data, resulting in fewer data entry and payment errors. It also frees resources to be applied to higher value added tasks such as spend compliance, budgeting, planning and forecasting.

Number 5
Facilitate Spend Analysis, Planning and Forecasting

The Challenge: Transparency Issues and Dirty Vendor Master Files Adversely Affect Budgeting, Planning and Forecasting, Compromising Business Performance

To maximize business performance, organizations must accurately budget, plan and forecast. But if corporations can't accurately analyze previous or current spending trends, their ability to successfully plan and forecast is severely affected, preventing them from

- Controlling costs,
- Forecasting future results based on past costs,
- Reducing overhead expenses and improving overhead allocation methods,
- Identifying value added and non-value added activities and processes, and
- Targeting and eliminating waste and inefficiency.

A leading culprit in an organization's inability to accurately analyze spending trends is a dirty vendor master file (VMF). It prevents analysts from determining how much the company is spending in various categories (vendor, commodity, dollar amount, transaction volume, etc.). The issue is that over time the VMF grows out of control due to company growth, acquisitions and duplicate master creation. Other factors also adversely affect the VMF such as vendor name changes or variations in vendor naming conventions. With thousands of suppliers, the task of maintaining the file is increasingly complicated by the issues of which department "owns" the VMF and/or different departments maintaining their own VMF, resulting in multiple company VMFs.

Another major impediment to accurate budgeting, planning and forecasting is the inability to analyze costs at the appropriate level of detail. This lack of transparency makes it all but impossible to perform the proper level of analysis that informs future planning activities and realizes cost savings.

The Solution: Leverage a Clean Vendor Master File to Improve Transparency and Business Performance

In many organizations the AP and Procurement departments frequently share responsibility for the VMF. This results in duplications, leading to an incomplete or inaccurate understanding of current costs. The solution is to designate a single owner who is responsible for ensuring the viability of the VMF and the surrounding processes.

Ensuring the integrity of the VMF is best achieved with well designed, best practice workflows. There must be standardized approvals and authorizations for vendor setup and maintenance, as well as segregation of duties to minimize the risk of fraud. Ideally, vendor maintenance should be segregated from invoice processing so that the person who sets up the vendor is restricted from any further invoice processing. Regardless of invoice volume or dollar amount, all vendors must be added to the master file. And properly maintaining complete vendor backup documentation (including vendor updates, and letterheads for charge substantiation) is critical to ensuring VMF integrity.

Clean vendor data enhances a corporation's ability to analyze where money is spent and can greatly facilitate budgeting, planning and forecasting activities. In fact, AP usually has most of the data required for spend analysis, which should be broken down by vendor, commodity, dollar amount and transaction volume. Understanding commodity spend can greatly enhance supplier leverage by consolidating commodity contracts with fewer suppliers for more favorable terms. Analysis of spending by transaction volume typically shows many small vendors for air bills, freight, telecommunications and temporary help, with office supplies as the highest transaction volume categories.

Proper invoice coding is also essential. Coding frequently introduces complexities into budgeting, planning and forecasting cycles because it is error prone. Resolving and rekeying coding errors can be time consuming and inefficient, but if not done properly the errors are perpetuated and create enormous gaps in an organization's ability to analyze previous spending.

Number 4
Embrace Best Practices

The Challenge: Unclear Policies and Procedures Make Best Practices Elusive, at Best

Without clarity in corporate policies and procedures, most Accounts Payable departments are not able to implement best practices. Lack of a standard, codified approach to the disbursement process creates numerous problems for AP:

- Costs of ensuring compliance and risks of noncompliance.
- Inefficiencies and sloppiness resulting in late payments and lost discounts.
- Greater susceptibility to fraud.
- Decisions requiring discretion of AP staff without the requisite experience or expertise.
- Staff dependent processes such as employee departures or vacations creating issues in the organization's ability to pay vendors.
- Errors.

The most direct route to best practice improvement is clear AP procedures. IOMA's report, Transforming AP Management: Taking Your Department to the Next Level, over 60% of the respondents cited clear and better AP procedures as the leading strategy to improve AP performance. Suggestions included the use of a written AP manual, workflow, purchase order policies and stronger AP internal controls.

The Solution: Automated Enforcement of Policies and Procedures

The most effective and expedient path to AP best practices is the automated enforcement of policies and procedures via workflows that incorporate best practice policies. Automated workflows that enforce AP business rules can ensure that all transactions

- Adhere to a standard process,
- Follow the established approval and authorization policies, and
- Have necessary backup attached.
- Automated enforcement of policies and procedures is built upon a strong foundation comprising
- A single set of standard, consistent processes;
- Document capture and workflow technologies;
- A strong approval framework with automated approval routing that leverages the ERP and a clear line of sight for the approver;
- Timely approvals with automated reminders, automated escalations and priority management for time sensitive invoices; and
- Enforcement of controls (such as segregation of duties).

Automating AP through document capture and workflow encourages timely and accurate approvals. When automated approvals are put in place, people realize that the process is systematic, controlled and tracked and that there are ramifications if approvals are not carried out in a timely fashion.

Number 3
Create a Foundation for Globalization

The Challenge: Globalization Produces Increased Pressure on Finance Departments

In an ever more competitive global marketplace, Finance departments are under relentless pressure to reduce operating costs and strengthen internal controls, while the business units they support are pressing for improved service levels and reduced cycle times. Finance professionals often find that they are operating worldwide with decentralized finance operations and are challenged to meet these seemingly opposing demands. This is especially true in companies that have

- Multiple operating units,
- Large transaction volumes,
- Independent support organizations providing inconsistent or subpar service levels,
- Manual, paper based processes, and
- Above average transaction costs.

The Solution: Shared Services

As companies grow, Shared Services serve as an "express train" to more efficient Finance operations. They provide a strong foundation for growth by enabling organizations to relocate technology and staffing to the geographic location of choice. The adoption of Shared Services can transform Finance operations from a decentralized, divisional staffing model with disparate systems and processes into a highly efficient worldwide service center characterized by reduced costs, improved service levels and increased control. Core financial operations such as AP are centralized in one or more Shared Service Center (SSC) locations with a single set of streamlined processes and a single technology solution to serve a region or an entire corporation.

The first step in migrating to Shared Services is process standardization. To be effective, Shared Services must generate sustainable value beyond the initial cost savings and continue to improve service levels. In addition to consolidation and service level improvement, Shared Services can streamline processes and improve management data, particularly in AP. And in today's exacting business climate (Sarbanes- Oxley compliance), Shared Services can increase the reliability and accuracy of financial reporting.

Deloitte's study on global shared services reflects additional shared services benefits such as enhancing an organization's controls environment, faster integration of acquisitions and improved working capital.

Co-locating AP staff is only part of the process in setting up a shared services senter. Centralization must go hand in glove with automation. The Deloitte study clearly states that "Enhanced automation is critical because it is a cost-effective approach to integrating processes, technology, and people on a standard platform."

In moving toward a Shared Services model, it is important to keep the following in mind:

- Process standardization and process improvement (streamlined, scalable with strong internal controls) should be the primary drivers.
- Robust and scalable systems and technology are critical. The continued focus on automation will help reduce costs and improve service levels.

By moving to a Shared Services platform for globalization, corporations have an invaluable opportunity to renovate their processes in support of their organizations' objectives and to position themselves for future growth.

Number 2
Strengthen Internal Controls

The Challenge: Fraud Poses Substantial Ongoing Financial and Compliance Threats to Corporations

All Finance professionals are aware of the fraud risks their organizations face. The PricewaterhouseCoopers 2009 survey on Economic Crime found that 40 percent of respondents reported a greater risk of economic crime while 30 percent reported being victims of fraud within the last 12 months. In addition to revenue loss (including compliance costs), significant collateral damage includes loss of reputation, decreased staff motivation and declining business relations.

Fraud can be broken down into three major categories — Corruption, Asset Misappropriation and Fraudulent Statements. Fraudulent Disbursements (a type of Asset Misappropriation) represented two-thirds of all cases (see Figure 4), and in a breakdown of this category, the top three issues are AP related: Billing Schemes, Check Tampering and Expense Reimbursement.

Since the Sarbanes-Oxley Act of 2002, nearly a quarter of U.S. public corporations have disclosed that previously reported financials were unreliable and the processes that created them needed to be fixed. In many of those cases, management believed that their internal controls were adequate.

The Solution: Leverage Technology to Simplify Processes and Automate Controls

Whether the goal is fraud prevention or SOX compliance, the way to gain control is with best practices that create the foundation for a strong controls environment. According to The Hackett Group, the following best practices are critical to managing risk while keeping a lid on the cost:

- Process Simplification and Centralization.
- Technology Leverage.
- Automated and Preventative Controls.

Process Simplification and Centralization

According to The Hackett Group, leading companies have 20% fewer key controls per billion dollars in revenue than peer companies. They develop standardized processes for commonly performed tasks, and in reducing the complexity of the processes, reduce costs and the opportunities for fraud. Since centralizing individuals or teams performing the same function can also reduce complexity, many organizations implement a centralized Shared Service Center, either globally or regionally. Hackett's findings show that 20% of companies that have implemented financial Shared Services have achieved savings of over 40%.

Technology Leverage

Centralization and simplification can be supported by consolidating operations onto common technology platforms, ideally a single ERP instance. The Hackett Group research found that leading companies have one ERP, versus two for peer companies. A single ERP implementation ensures that there is minimal duplicate data, and with shared databases for purchasing and payables, there is (ideally) a single master vendor file and a single chart of accounts. Technology can also leverage approvals via online management. As previously stated, organizations that are still paper based are using slow and inefficient processes, leaving themselves unnecessarily exposed to potential fraud.

Automated and Preventative Controls

IOMA's report Imaging and Workflow for AP Departments specifies that, "Workflow technology enables AP departments to demonstrate compliance with corporate policies, especially in areas such as invoice authorization prior to payment." Utilizing an effective control environment where control deficiencies are prevented is generally less expensive than having to detect them after the fact.

Internal and external audits are powerful tools for catching financial misstatements and fraud, but to adequately support internal and external audits, organizations need a system that automatically captures backup documentation as part of the business process. Transactions should be accessible online and all the requested documentation should be available to the auditors through a secure portal that provides self-service access to only those transactions that they have requested.

Number 1
Optimize the Company's Biggest Asset: Cash

The Challenge: It Costs a Lot to Pay a Bill

Accounts Payable is all about getting the bills paid, but for most organizations the process is costly, paper intensive and time consuming. According to The Hackett Group, "World-Class companies are able to complete the accounts payable process at as little as one-tenth the cost of the least-best performing companies, which equates to an average annual savings of $590,000 per billion in revenue." A PricewaterhouseCoopers study states that an average AP organization makes 19 copies of each document, spends $20 in labor to file each document, loses 1 out of every 20 documents, spends $120 in labor searching for each misfiled document and spends 25 hours recreating each lost document. Other paper based costs include storage, document transportation, supplier dispute resolution, internal and external audits, duplicate payments, late payment penalties and, of course, errors.

Organizations still mired in manual, paper based processes squander vast amounts of time and money. Identifying, quantifying and reducing the waste and determining how to better use those funds creates a significant opportunity to affect the bottom line.

The Solution: Tap Well Implemented Workflow and Capture to Create More Efficient and Less Costly AP Processes

Best practice workflows ensure simple, standardized processes where documents are brought online at the outset (using high volume document capture), are fully integrated with the ERP (so there is no duplication of data) and are then routed to all participants in a given business process, including non-ERP users. The workflow enables stronger internal controls (as we saw in reason Number 2), improved quality (as in reason Number 6), significantly reduced leakage errors (duplicate payments, over payments) and fraudulent payments, and enables discount capture. Additionally, the self-documenting audit trail streamlines audits and disputes; the process takes less time for everyone so invoices are approved in a timely fashion. Payment disputes can be more quickly resolved, eliminating late payment penalties.

Workflows have to go in lock step with document capture technology to create a system that addresses an organization's paper and cost reduction goals. Some organizations have attempted to use capture technology to archive invoices (after the invoice has been processed and paid). Using capture at this "back end" of the process is a starting point, but really just that. Instead, all documents coming into the new system should be captured immediately up front, then routed appropriately for coding, approval and/or hold resolution. This has immediate, tangible benefits as well as longer term ones:

- Reduced document storage and transmission costs.

- Lower office supply costs (paper, copying, file folders and boxes, etc.).
- Less data entry labor (especially with OCR or e-invoicing).
- More scalable AP labor that can now do more with less:
  - o More efficient search and retrieval of documents for the entire invoice lifecycle.
  - o Web based auditor self-service for document requests.
  - o Web based supplier self-service for streamlined dispute resolution.

Kofax Invoice Automation Solution

Kofax provides leading tools and solutions for invoice automation. With Kofax Transformation Modules, invoices are automatically captured and entered into the ERP system, kicking off the process for review, approval, and payment.

Kofax MarkView for Accounts Payable built-in workflows encapsulate the industry's best finance practices and seamless ERP integration. MarkView with Kofax Transformation Modules (KTM) addresses all of the key challenges outlined in this paper and enables organizations to reduce operating costs, increase visibility, improve AP processing speeds, strengthen internal controls and maximize cash flow.

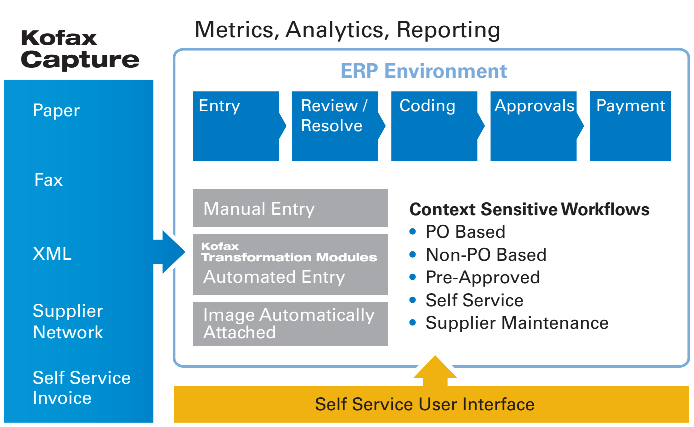

Figure 5: With Kofax Invoice Automation Suite, processes are standardized and streamlined .

Optimized/Best Practice Processes through MarkView for Accounts Payable

With Kofax MarkView for Accounts Payable, all invoices (regardless or original format – paper, fax, EDI, e-invoices) are handled with a single, consistent, best practice process that is fully integrated with the ERP system, provides complete and clear visibility and helps accelerate an accurate period-end close. MarkView for Accounts Payable captures the original invoice via Kofax Capture and KTM (thus reducing paper and related costs), associates it with the ERP record, then automatically manages the transaction with highly efficient workflows that route each invoice to the appropriate reviewers (along with all related backup information) and maintains a detailed audit history trail. This expertly designed approach successfully manages, optimizes and turbo charges end-to-end financial processes while facilitating SOX compliance and self-service audit support.

Strengthened Controls

Kofax significantly enhances the Account Payables internal controls environment through process simplification, standardization and centralization, leveraging the ERP and workflow technologies to establish preventative practices. Using a single repository (the ERP) for all invoices and their associated back up increases a company's financial control and greatly reduces the risk of duplicate payments, overpayments, errors and fraud. Kofax's best practice workflows enforce adherence to corporate policies, provide greater efficiency, enforce segregation of duties for each transaction and use processes that are independent of any one member of the AP staff. Kofax's ability to strengthen controls using optimal workflow and key capture technologies is proven in the global arena. With over 16 years of experience working with Global 2000 companies, Kofax solutions have enabled the world's largest organizations to deploy Financial Shared Service Centers across extended enterprises, integrating the lines of business with geographic hubs and supporting thousands of users as well as huge transaction volumes, while enhancing internal controls and facilitating audits.

Optimized Cash Assets

Kofax's automated best practice solutions have been proven worldwide to drive cash management savings and operational cost reductions. In an independent study performed by The Gantry Group, Kofax customers benefited from a tangible return on investment due to improved AP productivity, cash management savings, better discount capture and fewer late or duplicate payments.

In Conclusion

The business case for transforming your organization's AP processes is succinctly put by IOMA as follows:

"AP professionals who have installed imaging and workflow technology are now agreed that these systems pay for themselves in a relatively short time through savings in labor and storage costs… In large AP departments, headcount can be reduced by substituting electronic data capture for manual data entry… Often just as valuable, are the savings that can accrue from faster search and retrieval, error avoidance, and automated approval management… Any AP manager can look confidently for a return on investment when planning an imaging and workflow initiative."

The bottom line: With a well chosen investment in Kofax Invoice Automation Solutions, organizations can completely transform Accounts Payable processes to reduce costs, increase visibility, strengthen controls, maximize the use of cash and reap a tangible return on investment.

About Kofax

Kofax plc (LSE: KFX) is the leading provider of document driven business process automation solutions. For more than 20 years, Kofax has provided award winning solutions that streamline the flow of information throughout an organization by managing the capture, transformation and exchange of business critical information arising in paper, fax and electronic formats in a more accurate, timely and cost effective manner. These solutions provide a rapid return on investment to thousands of customers in financial services, government, business process outsourcing, healthcare, supply chain and other markets.

Kofax delivers these solutions through its own sales and service organizations, and a global network of more than 700 authorized partners in more than 60 countries throughout the Americas, EMEA and Asia Pacific.

For more information, visit www.kofax.com.