



From Analog to Digital: An In-Depth Look at the AP Journey for Manufacturing Organizations

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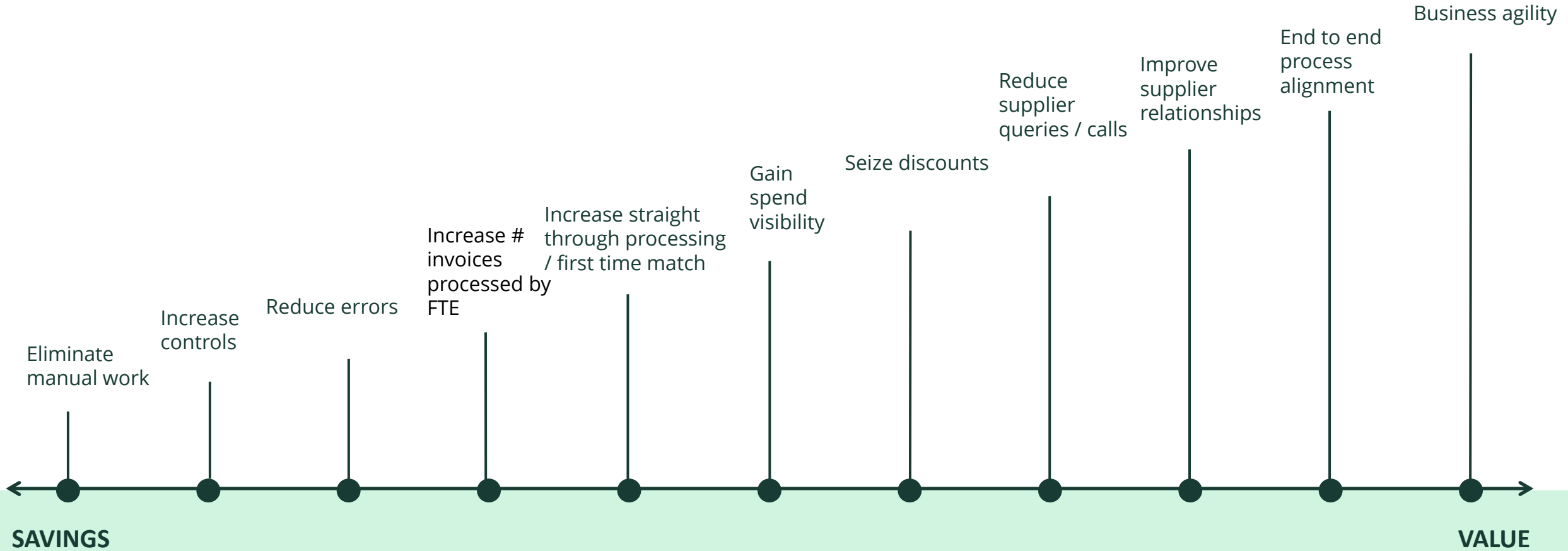
Agenda

- 1** Goals and Objectives
- 2** AP Journey
- 3** Automation Technology Stack
- 4** Metrics and KPI Discussion
- 5** Q&A



One connection
– global reach

What are your objectives?



1) What objective/s would you ultimately like to achieve in the next 1-3 years?

- A. Efficiency improvements
- B. Manual cost reduction
- C. Optimizing cash flow
- D. Supplier relationship metrics

AP JOURNEY



E-invoicing is not a project, it's a process...

PHASE 1

Digitalization

- ✓ Time and cost savings
- ✓ Visibility across your AP cycle
- ✓ Cash flow management
- ✓ Performance optimization
- ✓ Compliance (legal and business)

PHASE 2

Align w. Client Goals

- ✓ Efficiency improvements
- ✓ Increase effectiveness
 - a) Repeatable, scalable (sub) processes
 - b) Data driven decision making
- ✓ Supplier experience
- ✓ Compliance (legal and business)

PHASE 3

Continued Improvements

- ✓ Re-assess
- ✓ Advanced refinements
- ✓ Data used strategically to increase business agility

Digitalization & Continuous Improvement Journey

E-invoicing is not a project, it's a process...

PHASE 1

Digitalization

- ✓ Time and cost savings
- ✓ Visibility across your AP cycle
- ✓ Cash flow management
- ✓ Performance optimization
- ✓ Compliance (legal and business)

Outcomes

- ✓ Cost of invoice goes down
- ✓ Increased productivity
- ✓ Increase on time payment (decrease DPO)
- ✓ Ability to begin benchmarking for metrics

Strategy Blueprint

- ✓ Digitalization of documents (to / from)
- ✓ Enrolling suppliers on the network/increasing electronic adoption
- ✓ Suppliers utilizing PO data to create invoices to reduce errors up to 30-40%

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E-invoicing is not a project, it's a process...

PHASE 2

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Align w. Client Goals

- ✓ **Efficiency improvements**
- ✓ **Increase effectiveness**
 - a) Repeatable, scalable (sub) processes
 - b) Data driven decision making
- ✓ **Supplier experience**
- ✓ **Compliance (legal and business)**

Outcomes

- ✓ Next level increased productivity
- ✓ Increase first pass yield
- ✓ Increase straight-through-processing/reduce touchpoints
- ✓ Benchmarking become measurable
- ✓ Reduce and automate return to vendor processes
- ✓ Reduce AP/Procurement helpdesk calls

Strategy Blueprint

- ✓ Supplier experience
- ✓ Enrichments
- ✓ Validations



E-invoicing is not a project, it's a process...

PHASE 3

Continued Improvements

- ✓ Reassess
- ✓ Advanced refinements

Outcomes

- ✓ Financial shared services becomes a partner to the business/internal stakeholders
- ✓ End-to-end process alignment

Strategy Blueprint

- ✓ Future-proofing the solution
- ✓ Emerging markets
- ✓ Get ahead of future legislations and mandates

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What phase of the journey do you currently see your business in or approaching?

- A. Phase 1
- B. Phase 2
- C. Phase 3
- D. Not Applicable

Automation Technology

The background image is a high-angle, wide shot of a city street, likely in New York City, given the presence of yellow taxis and the Chrysler Building in the distance. The street is lined with mature trees on both sides, and tall buildings rise on either side. The image is heavily tinted with a dark teal or green color, creating a moody and futuristic atmosphere. The text 'Automation Technology' is centered horizontally and vertically over the image in a large, white, sans-serif font.

Automation Tech Stacks

What is OCR?

Optical Character Recognition: technology used to automate the extraction of data from documents.

What is RPA

Robotic Process Automation: technology that makes it easy to build, deploy, and manager software robots that emulate humans actions interacting with digital systems.

What is AI

Artificial Intelligence: intelligence demonstrated by machines, as opposed to natural intelligence displayed by humans.

What is E-Invoicing

E-invoicing is the exchange of the invoice document between a supplier and a buyer in an integrated electronic format.

Optical Character Recognition (OCR)

Pros	Cons
Cheaper than manually entering document	Not 100% accurate, and inconsistent accuracy
Faster than manual entry of documents	Manual efforts are not completely removed
Processing of information is fast	ROI is volume dependent
Improved compliance	OCR systems can be expensive
Initiated disaster recovery concepts	Extremely limited recognition with handwriting
First step to digitization	Document formatting can be lost in translation
Environmentally friendlier	Inability to recognize some languages

Robotic Process Automation

Pros	Cons
Boost productivity across the organization	Added complexity in certain scenarios
Improved efficiency to generate savings	Magnification of past business process issues
Ability to scale up and down easily	Lack of creativity / No innovative thinking
Non-disruptive automation	Upfront planning and strategy is imperative
Improved long-term customer experience	Employee resistance
Integrate with other automation services	Business system upgrades/improvements
Decreased variability in output	Cost of entry can be exponential

Artificial Intelligence

Pros	Cons
Reduction in human error with appropriate coding	New creations are costly
Available 24x7	Little to no out-of-box thinking
Repetitive job assistance	Requires deep technical knowledge to build
Faster decision making processes	Increased human reliability
Delivers consistent results	Delivers consistent results
Jump off point for many new technologies	Constant evaluation and scrutiny recommended
Sparks new innovations and ideas	Bullet point

E-Invoicing

Pros	Cons
Real-time tracking of invoices	Internal/external change management
Reduction in frauds	Broken/bad processes come to light – not taking a look at processes improvement when implementing e-invoicing
Reduces/eliminates data entry errors	Realistic mindset required
Interoperability becomes possible and scalable	Disconnect between procurement and AP (ie SOX)
Reclaiming tax and VAT	Not evaluating ahead of mandatory markets – not future-proofing
Low cost of entry and ongoing services	
Optimum transparency	

Metrics/KPIs Discussion



On-time payments and days paid outstanding

Scenario: Manual processing of invoices

- *Printing document from email sender or receiving documents via snail mail*
- *Scanning to digitize the invoice and keying from image*
- *AP clerk fully interrogated each invoice, prior to data entry, for sufficient and correct data elements*
- *Unrealized discounts*
- *Unhappy suppliers*
- *Unhappy procurement*

- ✓ Realistic terms
- ✓ Determined discount vendors
- ✓ Payment runs and discount payment runs
- ✓ Receiving process
- ✓ Ultimately lead to e-invoicing discussions

Increase first pass yield and straight-through processing

Scenario: OCR Invoice Capture

- *Invoices sent via mail, scanned, OCR'd, and then verified by AP dept*
- *Shared services tasked with:*
 - *Cutting costs, and doing more with less.*
 - *Insuring they continue to meet internal audit and SOX compliance*
 - *Eliminate legacy processes and turn the corner into digital transformation*

- ✓ Invoice Requirements turn into Invoice Validations
- ✓ Aligning paper invoice requirements with electronic invoice requirements
- ✓ Enriching the invoice with data the supplier cannot or will not send

Benchmarking and analytics

Scenario: RPA w/limited OCR (header level)

- *PDF invoices emailed to AP, OCR'd, RPA*
- *Invoices sent via mail, scanned, OCR'd, RPA*
- *Invoices verified by BPO for Legal and Business compliance*
- *Three process levels just to get the invoice into ERP/Workflow*
- *Shared services and GPO tasked with:*
 - *Standardizing processes as each region had their own doing things, esp. clearance or centralized compliance/mandate countries*
 - *CEO set 85% electronic invoice adoption globally within 24 months*
 - *Decreasing errors and exceptions*

- ✓ Global shared service center – standardization and consistency globally.
- ✓ Accountability and measurement
- ✓ Reduce dependence on BPO
- ✓ Quarterly Business Reviews - internally and externally

Why fix a working system?

Scenario: Why fix it if it isn't broken.

- *We have a great system in place that works for our organization.*
 - *"We are getting 60% STP. That's better than most companies."*
- *Our teams are familiar with the processes, technology (or lack of), and are confident in how things get done.*
 - *Can we do better? Maybe.*
- *Employees are doing the same tasks/processes.*
 - *Where is the professional development, career path?*
 - *Are employees bored?*
 - *Do they feel empowered and are they making an impact?*

- ✓ Unrealized losses due to manual and over work
- ✓ Disengaging from work, eventually finding something new
- ✓ People become the robots
- ✓ **Finance evolves from a Back Office role player to a Value-Adding, Strategic Enterprise Asset**

Which use case do you find most relevant to your current situation?

- A. Scenario: Manual processing of invoices*
- B. Scenario: OCR Invoice Capture*
- C. Scenario: RPA w/limited OCR (header level)*
- D. Scenario: Why fix it if it isn't broken*
- E. Not applicable*