



White Paper

Streamlining Your AP Processes with Electronic Document Management

ABSTRACT

An Accounts Payable (AP) Enterprise Document Management (EDM) solution saves you time and money by automating repetitive, labor-intensive AP tasks. The purpose of the automated system is to speed up the paper-intensive processes of accounts payable while minimizing errors in invoice processing. Vital information can be gleaned from indexed documents without the need to manually search paper folders. Detailed reporting capabilities provide management with a view of the AP process that can identify bottlenecks, optimize processes, and evaluate employee and vendor performance



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Introduction

In today's business environment, doing more with less has become the norm rather than the exception. An accounts payable (AP) department is faced with the task of acquiring and organizing a steady stream of documents in order to pay product vendors, services providers, and employee expenses. Hundreds of documents flow through an AP department daily, including purchase requisitions, purchase orders, bills of lading, invoices, and purchase settlements. While managing all these documents, the AP department must also adhere to specific business processes in order to obtain approval before payments can be made.

No matter how you have structured your accounts payable system today, it is probably not running as efficiently as you would like, and it is costing you time and money. The traditional paper-based accounts payable process simply takes too long and requires too many manual steps—while leaving you in the dark about what is happening during each step of the process. Some of the challenges of a paper-based system include:

- Manual document searches are expensive and time consuming
- Storage of paper documents is costly
- Lost or misplaced documents are a constant risk
- Document research for litigation is arduous
- Lost prompt payment discounts

An AP Enterprise Document Management (EDM) solution saves you time and money by automating repetitive, labor-intensive AP tasks, including:

- Purchase order requisition
- Invoice processing and payment
- Document storage, archival, and retrieval
- Document linking (purchase orders, invoices, related emails and correspondence)

AP EDM enhances your accounting software; it is not a substitute or replacement. After a transaction has been processed in your accounting software, it is listed in the ledger as complete and may include the check number and invoice number. No other documents are maintained by the accounting software. Instead, the AP EDM system manages the transaction's documents as electronic files that can be easily searched for and retrieved at any time.

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The benefits of an AP EDM system can be seen immediately. When integrated with your current accounting software, the AP EDM solution provides you with:

- Improved vendor and customer service with instant access to information
- Centralized document storage, circulation, and collaboration capabilities
- Decreased storage space requirements for paper documents
- Minimized costly and time-consuming document searches
- Reduced number of lost or misplaced documents
- Secure available vendor prompt payment discounts

How Does an AP EDM Automation System Work?

An AP EDM automation system is built specifically for accounts payable, but it can easily be used for other departments and business functions. The latest technological architecture is a browser-based system that is available as a software-as-a-service (cloud computing) solution or an on-premise server application, depending on your requirements. The purpose of the automated system is to speed up the paper-intensive processes of accounts payable while minimizing errors in invoice processing. AP EDM makes it easier to process and retrieve purchase orders, delivery receipts, invoices, and payment check images within a single electronic document repository.

AP EDM involves more than just scanning paper documents. It streamlines the processes of routing, verifying, and approving AP documents through the use of automated workflows. Each step of your business process can be represented by a step in an electronic workflow that is customized for your company. As a document or file enters the system, the workflow process follows a predefined, functional step-by-step path.

Your AP EDM automation system can manage a multiple-location accounts payable environment. As the final invoice arrives in the AP department from any location, it is linked to its related electronic documents. You can retrieve AP information using the vendor name or any unique identifier you select.

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Leverage Business Process Workflow Automation

An AP EDM workflow system automates your organization's AP processes from purchase order through final check payment, ensuring that your AP documents and exceptions are consistently processed and managed. Through the workflow process, purchase orders can be loaded directly into the system and the people responsible for each step of the approval process can be notified via email that the purchase order is available for review and verification. Simultaneously, the same notification can go to shipping and receiving to inform them to expect a delivery. When the product delivery arrives, shipping and receiving can quickly pull up the PO and attach the delivery receipt. Two-thirds of the process is matched and ready for the final invoice.

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Key benefits of an AP EDM workflow:

- Replaces manual steps with automated processes
- Routes invoices electronically to the correct person during each step of the AP process
- Enforces consistent standards for managing approval processes as well as related discrepancies or exceptions
- Identifies bottlenecks with process monitoring and reporting
- Allows access to AP documents using full-text or index search
- Reduces paper use

Exception Handling

Even the best process will inevitably have an exception. Your AP EDM system provides powerful exception handling capabilities. Because standard exceptions, such as dollar amounts requiring approval from management or deliveries with backorders or damaged goods, can be routed electronically to the appropriate people, issues are resolved quickly and bottlenecks are minimized.

For example, if a PO exceeds an authorized amount, it can be automatically routed to the correct person for correction. When the PO request is denied, the workflow process can require the person with approval/rejection authority to provide an explanation. The correct personnel are notified at each step of the process until it is complete. Should a product delivery arrive late or contain damaged goods, the appropriate departments are automatically

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notified so that the ordering manager can resolve the problem with the vendor. Any notes concerning the damaged goods and the outcome of the resolution are matched with the original PO so that accounts payable knows how to proceed when the invoice arrives.

Measure Process and People Performance

Automated workflows provide quantifiable performance metrics for management, staff, and vendors that can be used for evaluations. Using detailed system reports, management can analyze and measure the process, uncover bottlenecks, and implement improved procedures.

Manage Vendor Relationships

Successfully managing vendor relationships is a key goal for any business. Making timely payments allows organizations to capture net payment discounts and can aid in future price negotiations. Having quick access to vendor information in one central electronic repository also simplifies the process of evaluating vendors. Vital data can be gleaned from indexed documents without the need to manually search paper folders. Underperforming vendors can be identified and eliminated, helping you increase your bottom line gains.

Control Your Audit Information

AP EDM automation simplifies your audit processes by tying together all related documents. With a few keystrokes and clicks of the mouse, all the information needed for an audit—from purchase orders to payment check images—is readily available. Auditors can be assigned temporary access to the EDM system, giving them direct access to AP transactions. An audit table records the auditor's activity and what files were examined. There is no need to pull staff away from their other responsibilities to find each paper document and verify each transaction. The audit process can be completed in a fraction of the time previously required.

Summary

An electronic document management system with integrated business process management saves time and money by automating repetitive labor-intensive Accounts Payable processes. A well-designed and deployed AP document management invoice automation system will result in increased efficiency and reduced costs for AP processes.

Vital data can be gleaned from indexed documents without the need to manually search paper folder.



About Treeno Software

Established in 2002, Treeno Software is a leader in the Enterprise Document Management (EDM) industry. Treeno Software was one of the industry's first to embrace cloud computing with the Treeno EDM Cloud (SaaS) and to provide web-based solutions offering secure global mobile access. Treeno Software's mission is to provide their customers with operational workflow efficiencies and measureable return on investment (ROI) through the fast installation and implementation of their fully secure, highly reliable, and easy-to-use, web-based Enterprise Document Management (EDM) Software Solution.

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