

Accounts Payable Capture and Approval

If you are manually processing 30,000 or more purchase invoices a year then here is an opportunity to both reduce your costs and gain significant benefits using recognition technology. For lower volumes there are alternative technologies that can still deliver significant benefits.



Purchase Invoices are traditionally expensive to process, requiring a team of AP clerks with business knowledge to identify the supplier, validate the invoice details, register them onto the AP system, code them and then get authorisation to pay them. The authorisation process can be time consuming and difficult to manage, making it harder to earn early settlement discounts. How much time does your AP team waste finding information to answer supplier queries?

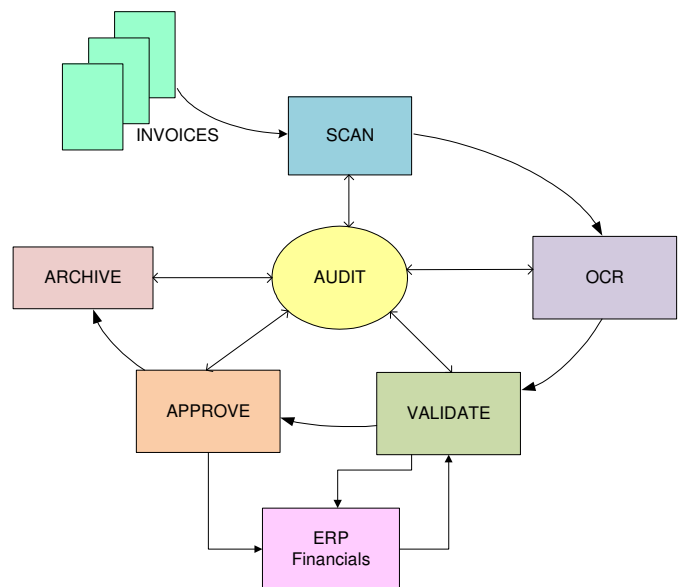
Now imagine a world where much of this work is done for you, the suppliers are identified, the invoice totals are checked and validated against purchase orders and/or goods receipts. Invoice approval is automated or routed electronically for approval, with reminders for overdue approvals. You need half the AP staff previously required, invoices are approved on time, your suppliers are happy and you qualify for those early settlement discounts.

Such a world does exist with Document Logistix Accounts Payable; a solution that can be tailored to match your business processes; integrated with your existing finance / ERP system and can be quickly deployed, typically giving a return on investment in under 12 months.

Document Logistix Accounts Payable is part of the Document Manager suite, a well established business productivity tool used by most industry sectors worldwide since 2000.

Here are some key features:

- Suitable for Purchase Order or Non-Purchase Order Invoices.
- Integrates with most Accounts Payable systems including: Oracle, JD Edwards, SAP, MS Dynamics
- Header / Footer only or with line item capture.
- Validates and cross-references information from Ordering and Receipting.
- High recognition rates “out of the box” without templating every supplier.
- Multi-company support.
- Multi-currency support.
- Multi-lingual support available (Invoices in different languages).
- 2 or 3 way matching with Purchase Order and Receipted items.
- Approval workflows with approver sign-off limits.
- Automatic approval within pre-set tolerances.
- Document Archive will simplify end of year audits and improve supplier query response times.
- Deploy within days, payback within months.



The Magic of Invoice Recognition

Until quite recently invoice recognition was something that few vendors offered and only those with large budgets could consider for purchase. The challenge of reliably reading supplier invoices is a significant one, every supplier has their own idea of how an invoice should look, where to put the key information and how to word it. Frequently AP clerks struggle to locate an invoice number, order number or date, so consider the complexity of expecting a computer to be able to do that reliably.

There are 3 types of invoice capture methods used, these are:

- Template driven – every style of Invoice has a template defined to locate the data.
- Rules driven – ‘common’ logic is used to locate the required data by keywords and relative positions.
- Hybrid – a hybrid approach is applied, and templates used where the rules not so effective.

The Hybrid solution is the favoured approach as it provides a good ‘out of the box’ initial performance whilst allowing the recognition to improve with use as the non-recognised invoice layouts are ‘taught’ to the system by the operators.

Recognition Rates

Recognition rates are statistics which are often misquoted or misinterpreted. OCR recognition is one thing, and if an invoice is clearly printed (no lines through the text, stamps on top of the text, shoe prints etc...) then the text should be read at 99% or more. But that doesn’t mean all the invoices get read without user intervention.

When reading an Invoice it is not sufficient to be 100% sure the OCR data is correct, we need to be 100% sure it is actually the correct bit of information we wanted, it is no good reading a supplier name if that name doesn’t match our database of suppliers, or the invoice number happens to be a telephone number.

For this reason we quote recognition rates as a percentage of fields that do not need correction, so a 70% recognition rate means 7 out of 10 fields we are confident are correct and don’t require manual verification. The other 3 may have recognised correctly, but we cannot guarantee the data is the data we want.

It is common to achieve field recognition rates in the 80% to 90% range and it is important to realise this actually means an 80% to 90% reduction in manual keying of data. If another vendor claims differently please ask to see a reference customer actually achieving such results, unless of course they only have a few suppliers and each one has been templated.

Master Data

One of the requirements for reliable capture is having good supplier data and where appropriate, Purchase Order and Goods Receipt data. Supplier identification is not achieved by looking for company names, frequently multiple supplier codes exist for the same supplier, and company names can be abbreviated or ‘trading as’ aliases used. Company names are identified by comparing unique information for a supplier, like VAT registration number, phone numbers, bank account numbers, postcode etc... with known data that we call ‘Master Data’. Having good master data will make the difference between successful recognition and a poor recognition rate solution.

Validation

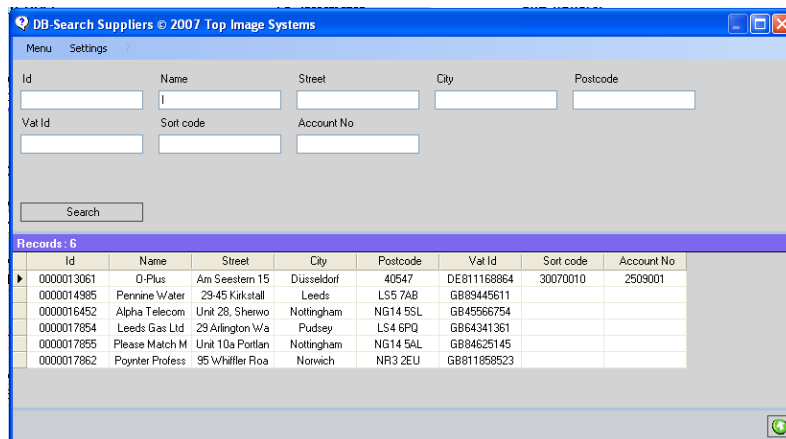
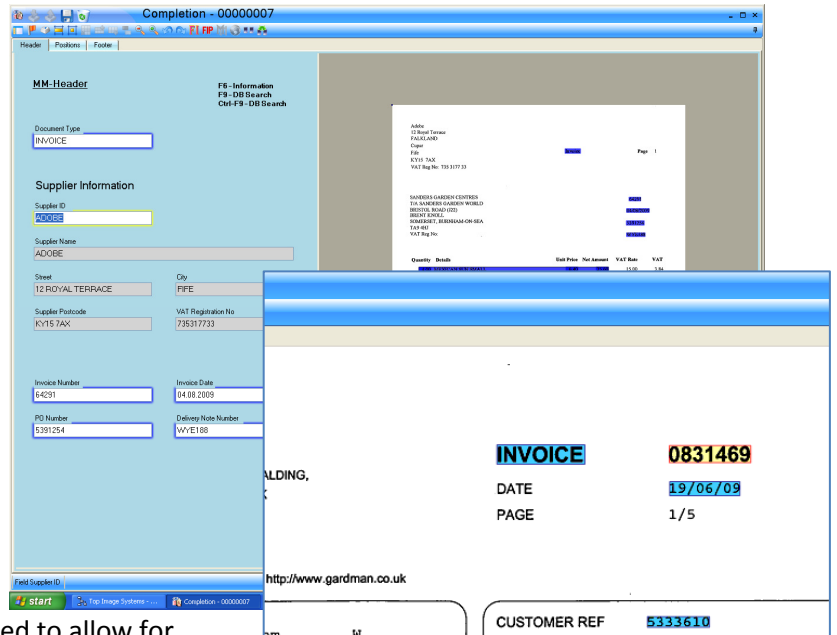
Validation is the process of confirming that data read from the Invoice is valid and correcting it if required.

The data read is displayed on the left and its location on the invoice is highlighted on the right.

Correcting the data is simply a case of typing the correct value or clicking the image in the right place.

As data is corrected it is validated, either against the master data or by rules that have been configured, for example order numbers are 8 digits starting "PO".

Where data entered is compared with master data, a database selection is provided to allow for quick selection of the correct supplier or purchase order details.



Partial names can be entered and wild cards used for searching, for example entering "Water" into the Company Name will list all supplies with Water in their name. The clerk simply selects the correct supplier from the resulting list.

This ensures the data posted back to the ERP/Finance system contains valid supplier codes and not ambiguous names.

Approval

Once the information has been read from an invoice it needs to be approved for payment. Each business has their own set of rules for approval, and these can be mirrored by Document Logistix, but essentially fall into these categories:

- Automatic – where a match with PO and Receipt data exists and is within tolerance limits. No user intervention is required.
- Non-purchase order invoices require approval and are typically routed to someone based on the supplier code or manually selected by an AP clerk.
- Purchase order invoices require approval by one or more people typically the person who raised the order or the budget holder for the cost centre.



Approval can be made subject to certain criteria:

- Invoice value is within a tolerance of the order value.
- Invoiced items have been received.

Approval can be split into multiple stages and additional information captured during the process, for example:

- Cost Centre / Department / GL Code
- VAT Coding
- Splitting of items for different cost centres
- Entry of different fields can be restricted to different roles, like 'Coders' and 'Approvers'
- An approval hierarchy with escalation to superiors, or multiple signatories.

Multiple approval groups can be defined, typically with one group per cost centre.

Only groups meeting the criteria will be selected for approving an invoice.

There can be multiple criteria defined for each group of approvers, and can be anything relating to the invoice detail at either header or line item level.

Each approver within an approver group has a superior to whom invoices can be escalated.

Each approver can have multiple criteria assigned, like specific Department codes or sign off limits.

- Pending Approval
- Pending Creation
- Pending Approval
- Pending Validation
- Escalated
- Pending Export
- Exported
- Paid
- Rejected
- Sent to Re

Any number of states can be defined to match your approval process, and for each state the actions that can be taken by different approval groups can be defined.

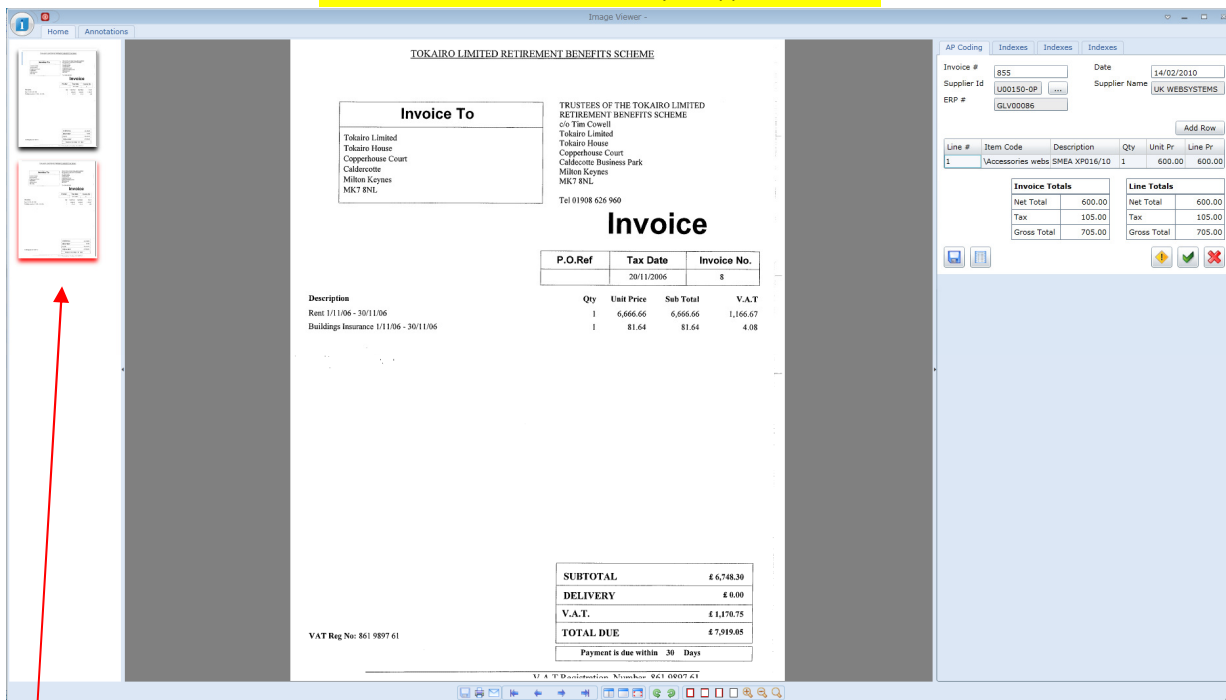
CLS Approvers and edit cost centres, dept, GL Code but not Tax codes

Reason codes can be pre-defined for escalation or rejection to assist in management reporting.

Id	Description	Valid Escalate	Valid Reject
1	Incorrect unit price	True	False
2	Missing GRN	True	False
3	Invoice price too high	True	False
4	Incorrect assignment	False	True
17	Please Approve	True	False

The Invoice Approval Process is entirely web-based requiring no client software installation, making it ideal for remote workers and for keeping the total cost of ownership down.

The invoice view as seen by an approver

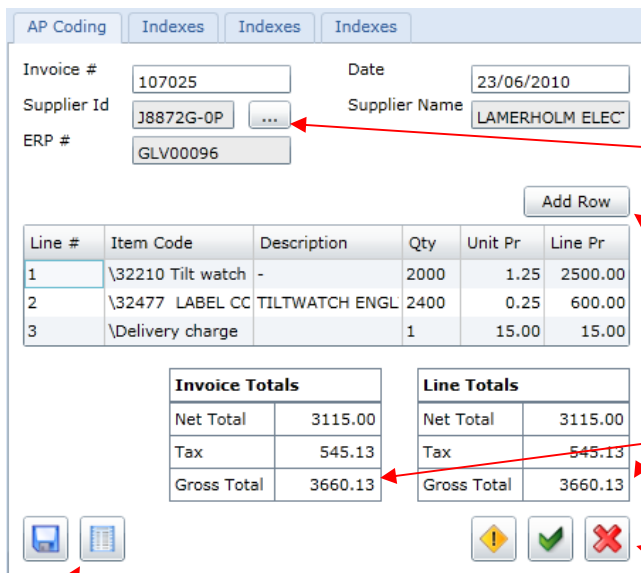


Thumbnail selection for multi-page invoices.



Toolbar for image manipulation, save, print, email, page selection, flip/rotate, size and magnify.

Close up of the approval / coding panel



Displays coding for each line with sum of line items and Invoice total.

Change or correct header details like supplier or invoice number.

Different types of users can be allowed to add/remove line items, perform coding or simply approve.

Approval can only happen when line item totals match invoice total.

Approve, reject or escalate the invoice.

Audit of who has 'touched' the invoice, details of what was changed and when.

Add rows by either entering the data manually or selecting from Open Purchase Order or Received Items (requires master data from ERP/Finance system).

Coding a line item

Line #	Item Code	Description	Qty	Unit Pr	Line Pr
1	\MISC. TONER CA	FOR ALL PRINTER	1	1001.12	1001.12

Del Note #

PO Number PO Line Unit Price

Requisitioner Planner

Tax Code Tax Amount

Dept Cost Centre

GL Code

Where Open Order / Delivery information from the ERP/Finance system exists this can be 'referenced' to minimise data entry.

Price and quantity checking can be performed to ensure invoiced pricing does not exceed ordered price, and that goods have actually been received, within configurable tolerance parameters.

Reduce data entry by referencing data from the ERP/Finance system.

Browse and pick from receipted items to correspond with the invoice line.

Browse and pick from Open Purchase Order details that correspond with the line.

Goods Received Matching with a goods receipt

Filter: Item Code Delivery Note # PO Number

Item Code	Outst	Delivery Note #	Deliv	PO #	PO Li	Receiver	Location
\S200043 REINFOR	4	61540407	1	J6-3014092	1	1654	HH
\8620184 CE BULLE	10	61540407	2	J6-3014092	2	1654	HH

OK Cancel

Reasons

ReasonDialog

Reason

Message

Specifying a reason why an Invoice is rejected

OK Cancel

When an Invoice is rejected or escalated a reason code and description can be entered. The list of reasons is configurable and the requirement to enter can be optional or mandatory.

When an invoice is 'Escalated' for approval an email notification is sent with a hyperlink to take the user to the Invoice approval application and display the invoice.

Escalate

Filter

- Joe Nicholas
- Joerg Kucharnowsky
- John Appleby
- John Brindley
- John Logue
- John Stewart
- John X Martin

Approvers Required

OK Cancel

Selecting an approver to escalate to.



Web Browser Platform

Browser-based for easy access from multiple browsers including: Internet Explorer, FireFox, Safari, and Google Chrome from both Mac and PC platforms.



Technology

Built using the latest MS technology to ensure a future proof solution that integrates with current and future business applications. Uses Silverlight 4 for presentation to ensure optimum performance, security and scalability as well as a rich and intuitive user interface. Can be deployed on either 32bit or 64bit Microsoft infrastructure.

The database services are provided by Microsoft SQL Server 2005 or 2008 (optionally Express). Microsoft Internet Information Server (IIS) version 6 or 7.



Email

Email notification when an Invoice requires approval with an embedded hyperlink taking the user directly to the Invoice (authentication is required to view invoices unless single-sign on is implemented).



Active Directory / Single Sign on

Users with Active Directory integration can make use of single – sign on.

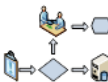
Non Active Directory users can also be defined, typically to provide access from external organisations.



Cost Effective

The price is based upon the number of invoices processed a year, not the number of approvers (unlike many other products). Price bands start at 50,000 invoices per annum with different rates for header only or header and footer recognition.

Professional services to install and configure will start from 15 days for simpler implementations to many months for very complex projects with multiple finance systems and complex workflows.



Integration and Processes

The Document Logistix AP solution will integrate with your existing ERP/Finance system. Supplier, order and receipt data will be transferred from the ERP system to the Capture process and invoice posting data will be transferred back. A hyperlink can usually be embedded within the ERP/Finance system to allow documents to be viewed quickly whilst working within the ERP/Finance system.



System Requirements

Database Server	Microsoft SQL Server 2005 or 2008 2GB RAM minimum
OCR Server	Microsoft Windows Server 2003 or 2008 (32 bit) 4 cpu Cores , 4 GB Ram (For minimum systems) 6 cpu Cores, 8 GB Ram (For larger systems)
Storage	Any device presenting an SMB-based File Share with Active Directory permissions management. Budget 1GB per 20,000 A4/Letter size pages (assuming an average of 50Kbytes per page for a scanned image at 200 dpi monochrome).
Core Services Server	Microsoft Windows Server 2003 or 2008 (32bit or 64bit) 2GB RAM minimum, .Net Framework 3.5
Web Server	Microsoft Internet Information Server version 6 or 7 2GB RAM minimum,.Net Framework 3.5
Web Clients (for Approval)	Web Browser with Silverlight 4 support. At time of writing one of: Internet Explorer 7 or 8 (PC) FireFox 3 (PC and Mac) Safari 3 or 4 (Mac OS 10) Google Chrome 4 (PC) 512 MB RAM .Net Framework 3.5 for PC (required for Printing, Scanning and check in/out)
ERP / Finance Data	Data required from the ERP/Finance system for reference purposes, including: <ul style="list-style-type: none"> • Supplier Data • GL Coding data (Cost Centres, Departments, Ledgers) • VAT Codes / Rates • Currencies • PO Header / Footer (optional) • PO Line items (optional) • Receipt data (optional)

For smaller installations it is possible to deploy Server components (except OCR) on one physical server although one CPU core per process is recommended.

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