**Turning Accounts Payable and Procurement into a Competitive Advantage –
What you need to know about the latest advances in technology**

CPE Credit

- **Are you planning to apply for CPE credit for attending today's webinar?**

A. Yes

B. No

C. Not Applicable

NASBA (National Association of State Boards of Accountancy) requirements for receiving CPE Credit:
•Log in from same e-mail address that you used to register
•Stay for the full hour
•Answer 2 out of 3 polling questions

Housekeeping Items

- This is one of a number of **complimentary webinars** that ADP and PayStream Advisors each offer to professionals each year.

- Today's webinar will last for **60 minutes**, ending at 1pm eastern time.

- The last 10 minutes of today's program have been reserved for **Q&A**.

- You can download a **PDF copy of today's slides right now**, in case you'd like to take notes.

- **CPE certificates** will be emailed to those who qualify within 30 days of today's broadcast.

- We will launch a **brief survey** at the conclusion of today's webinar.

Agenda

- Meet Today's Panel

- PayStream Advisors -

  AP Automation Update

- ADP - Procure-to-Pay Solutions

  Update

- Questions & Answers

- Closing Announcements

Today's Panel

Henry Ijams, CAPP/CPM
Managing Director
PayStream Advisors, Inc.

Dann Bews
Vice President-Services
ADP, Inc.

Your AP Automation To Do List:
How to get moving with AP Automation

About the Speaker

Henry Ijams, CAPP/APM

Managing Director
PayStream Advisors, Inc.

Mr. Ijams' 23 years of experience focuses on trends and technologies in financial operations automation including strategies regarding the automation and benchmarking of Purchasing and Payables processes.

Through PayStream Advisors, Mr. Ijams consults with domestic and international organizations that want to take advantage of leading practices and automation solutions.

Henry Ijams

About PayStream Advisors, Inc.

PayStream Advisors is a provider of independent research and automation assessments for financial automation technology to business leaders in finance and procurement.
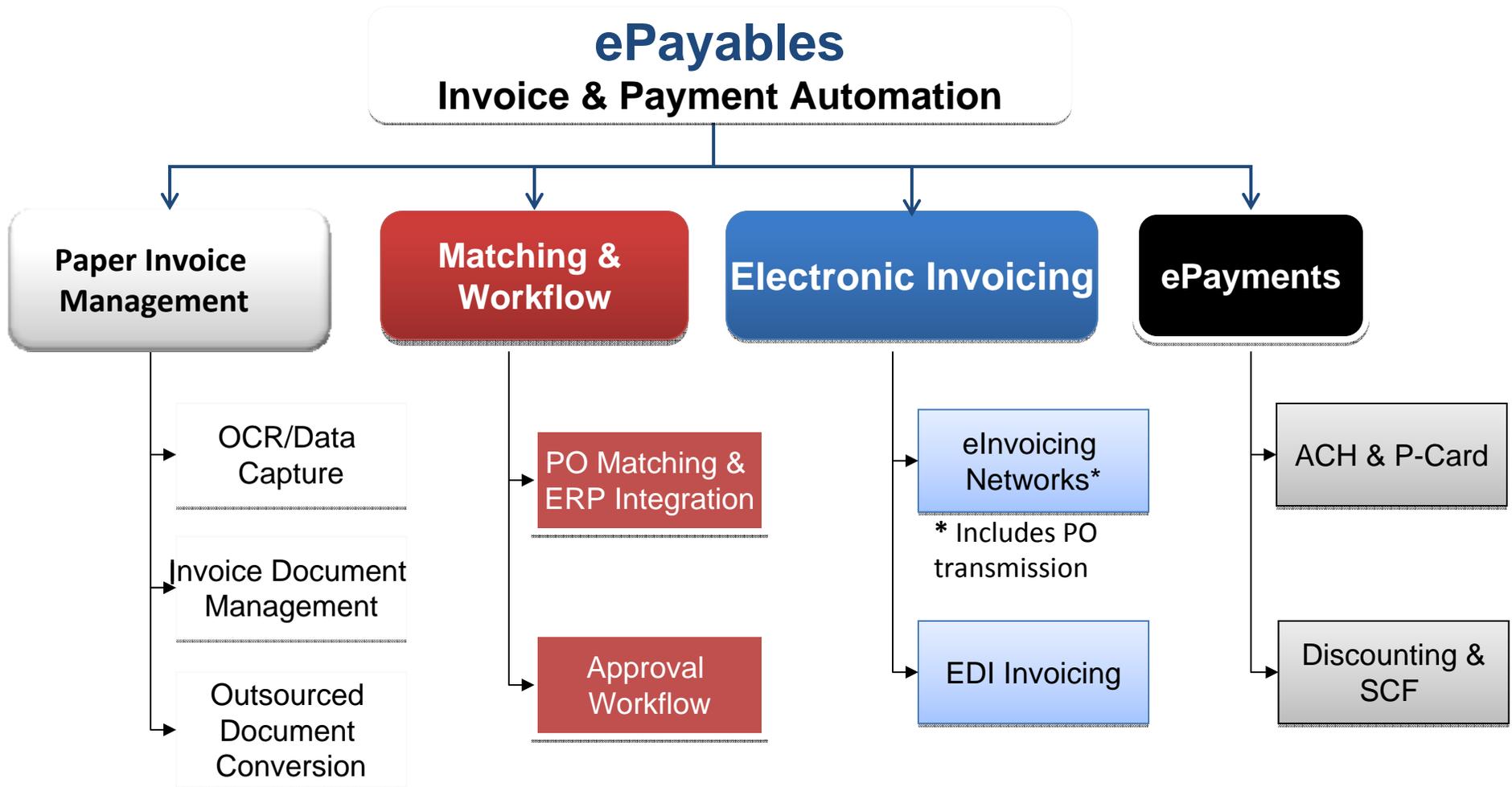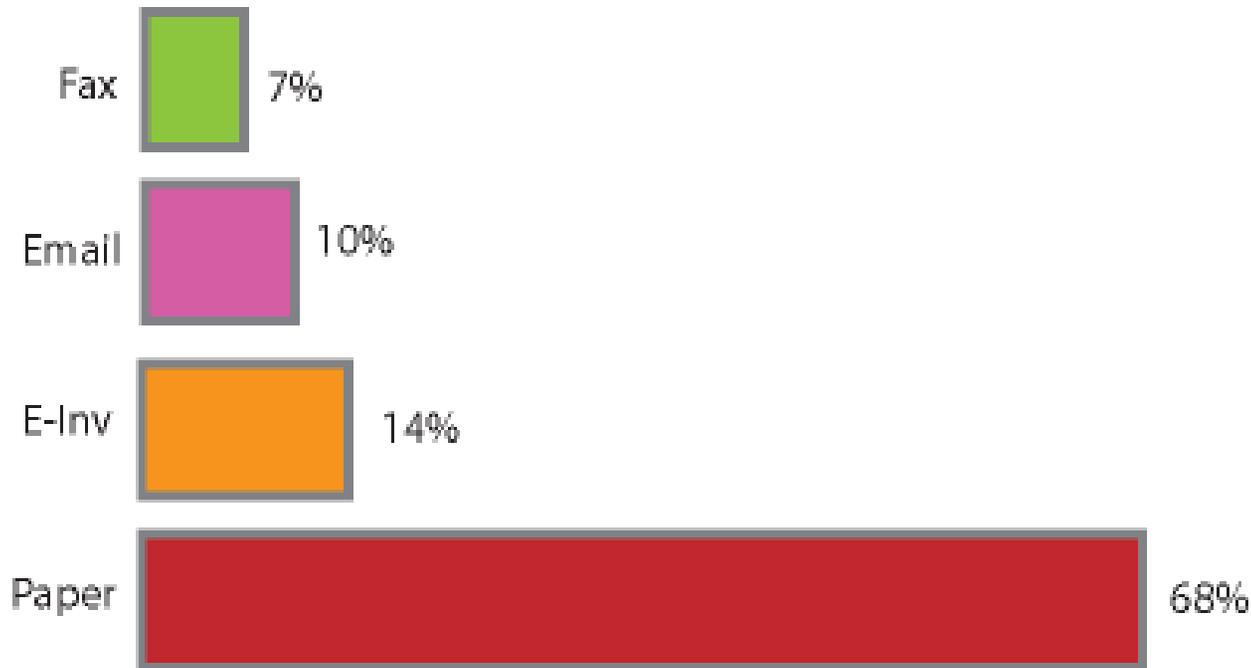
Financial Automation Architects

Agenda

- Build a Business Case for Automation
- Overcoming Barriers
- Discount Management
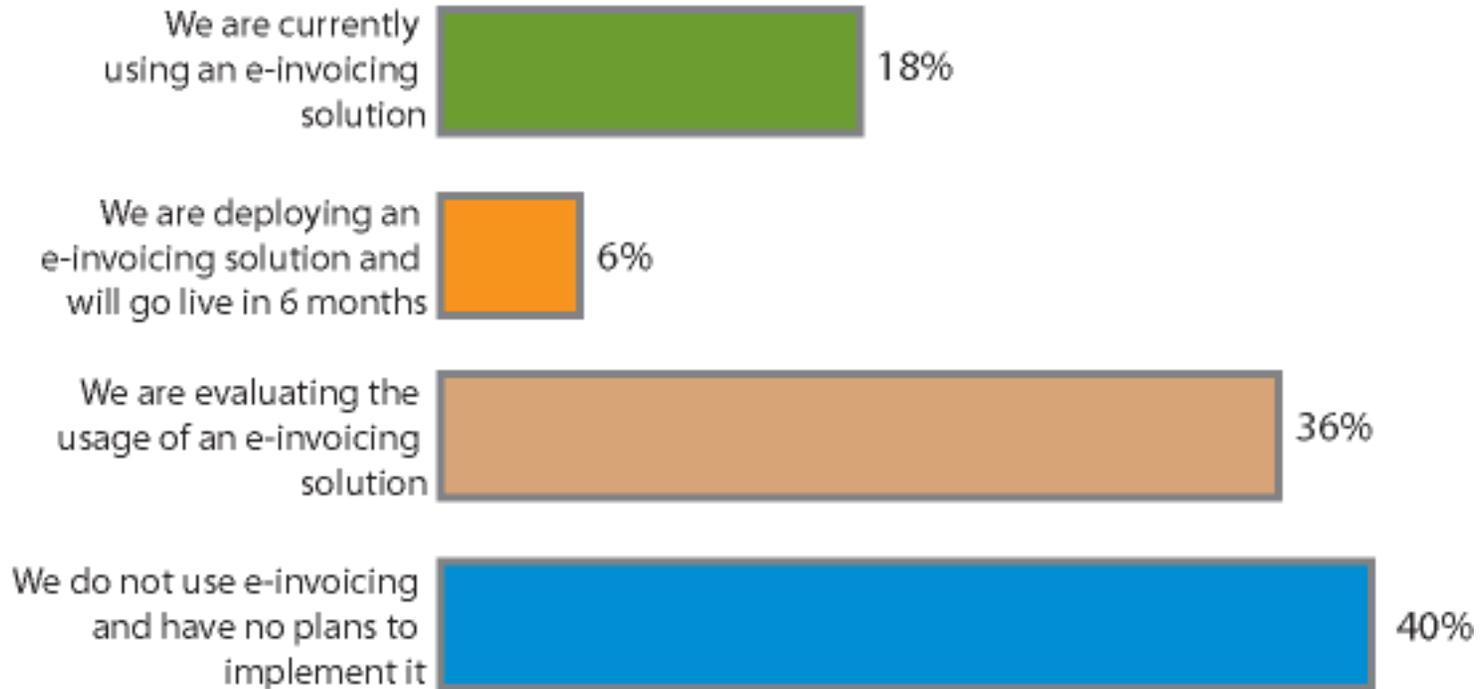- Select a Technology Solution Provider

ePayables Automation

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                    ┌─────────────────────────────┐
                    │         ePayables           │
                    │  Invoice & Payment Automation │
                    └─────────────────────────────┘
```

Paper Invoice Management	Matching & Workflow	Electronic Invoicing	ePayments

Paper Invoice Management
- OCR/Data Capture
- Invoice Document Management
- Outsourced Document Conversion

Matching & Workflow
- PO Matching & ERP Integration
- Approval Workflow

Electronic Invoicing
- eInvoicing Networks*

  * Includes PO transmission
- EDI Invoicing

ePayments
- ACH & P-Card
- Discounting & SCF

PaySTREAM ADVISORS

ADP

Paper is Still the Favored Mechanism to Trade B2B Invoices

Fax 7%

Email 10%

E-Inv 14%

Paper 68%

- *More than two-thirds of business-to-business invoices are still sent in paper format*

- *Electronic invoicing – whether via EDI or an eINV network still has a long way to go before catching up*

What Does the Future Hold for eInvoicing?

We are currently using an e-invoicing solution — 18%

We are deploying an e-invoicing solution and will go live in 6 months — 6%

We are evaluating the usage of an e-invoicing solution — 36%

We do not use e-invoicing and have no plans to implement it — 40%

- *While only 18 percent of the survey respondents are currently using an electronic invoicing solution, it was encouraging to note that more than a third are actively evaluating the usage of eInvoicing*

Polling Question #1

- What is your biggest barrier in improving AP?

A. Over reliance on people and paper based processes

B. Discrepancies and exceptions

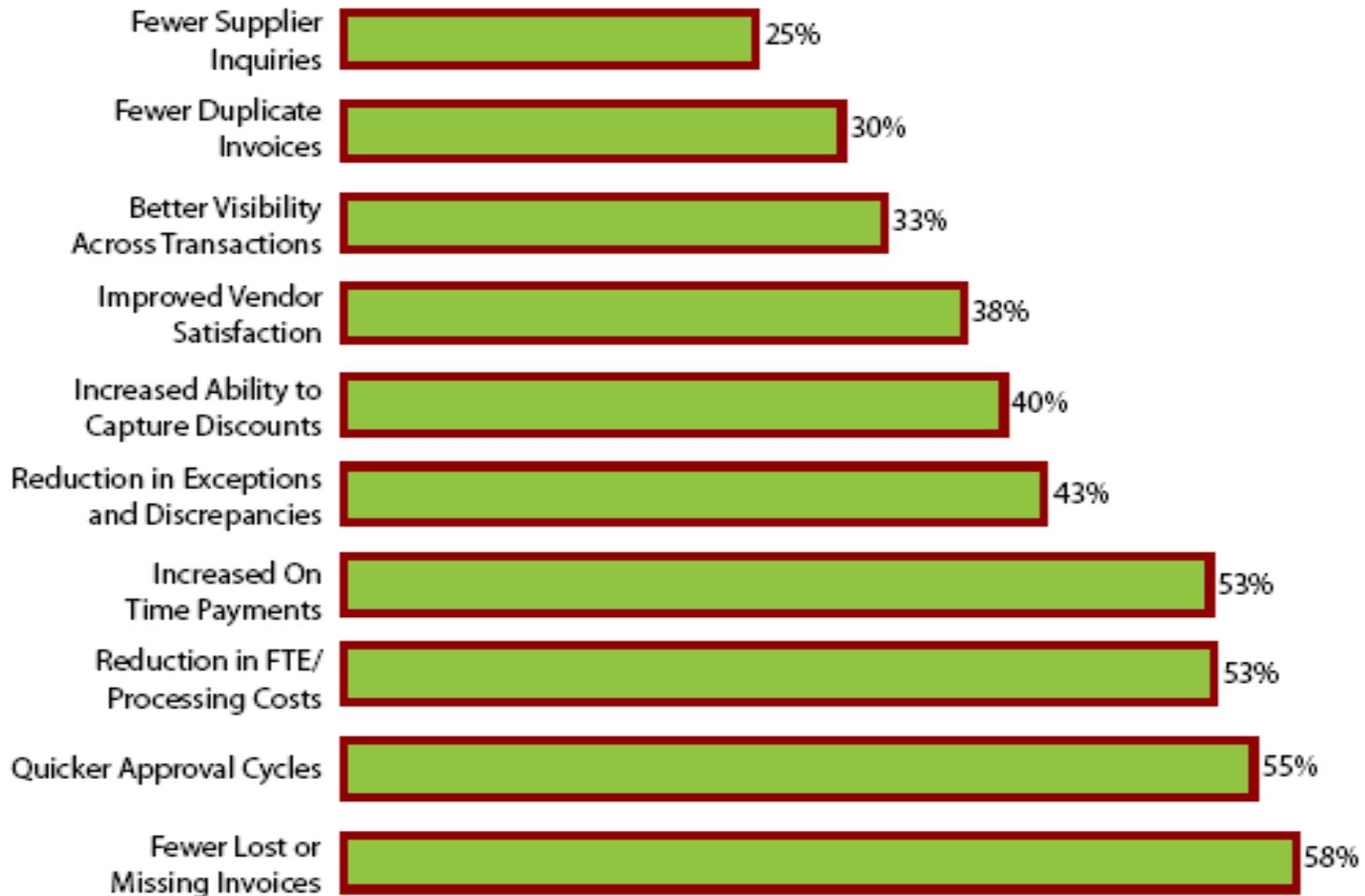C. Lost or missing invoices

D. All the above

What is Hindering Automation?

- **What factors are holding back adoption of AP automation?**

  - We do not have the budget

  - We do not think there will be an ROI

  - There is no executive sponsorship

  - Lack of understanding around available solutions

  - Lack of technical resources

  - Current processes work; resistance to change

  - We are unable to gain supplier adoption

  - We already have some legacy systems that we use
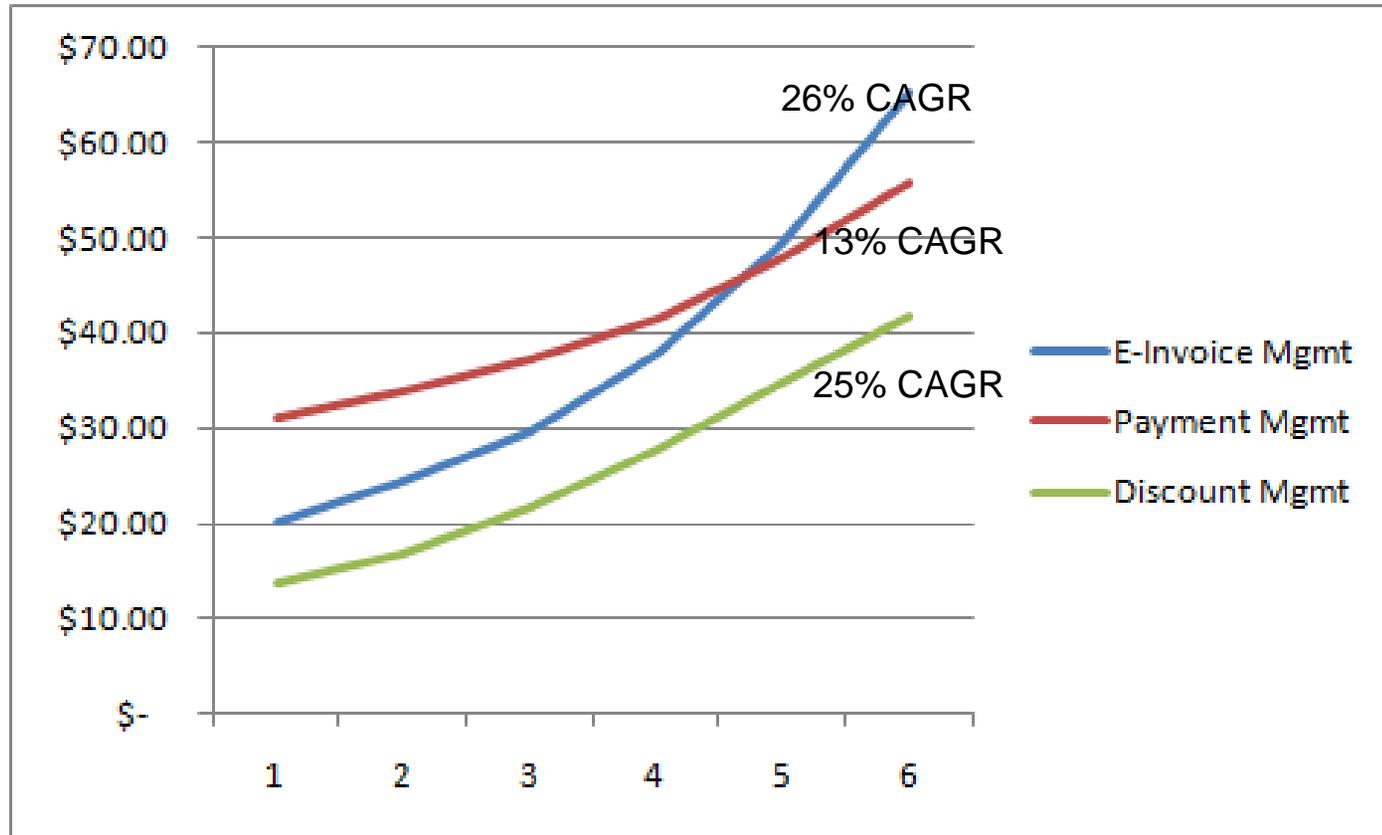
Factors to Overcome Adoption Barriers

- **Factors that are enabling companies to overcome barriers to adoption:**

  - Evolution of Software-as-a-Service (SaaS) solution models

  - Availability of comprehensive solutions that combine eInvoicing, imaging, outsourced scan and capture

  - Ability to leverage existing technology investments with new solutions

  - Value added services from technology vendors around supplier recruitment
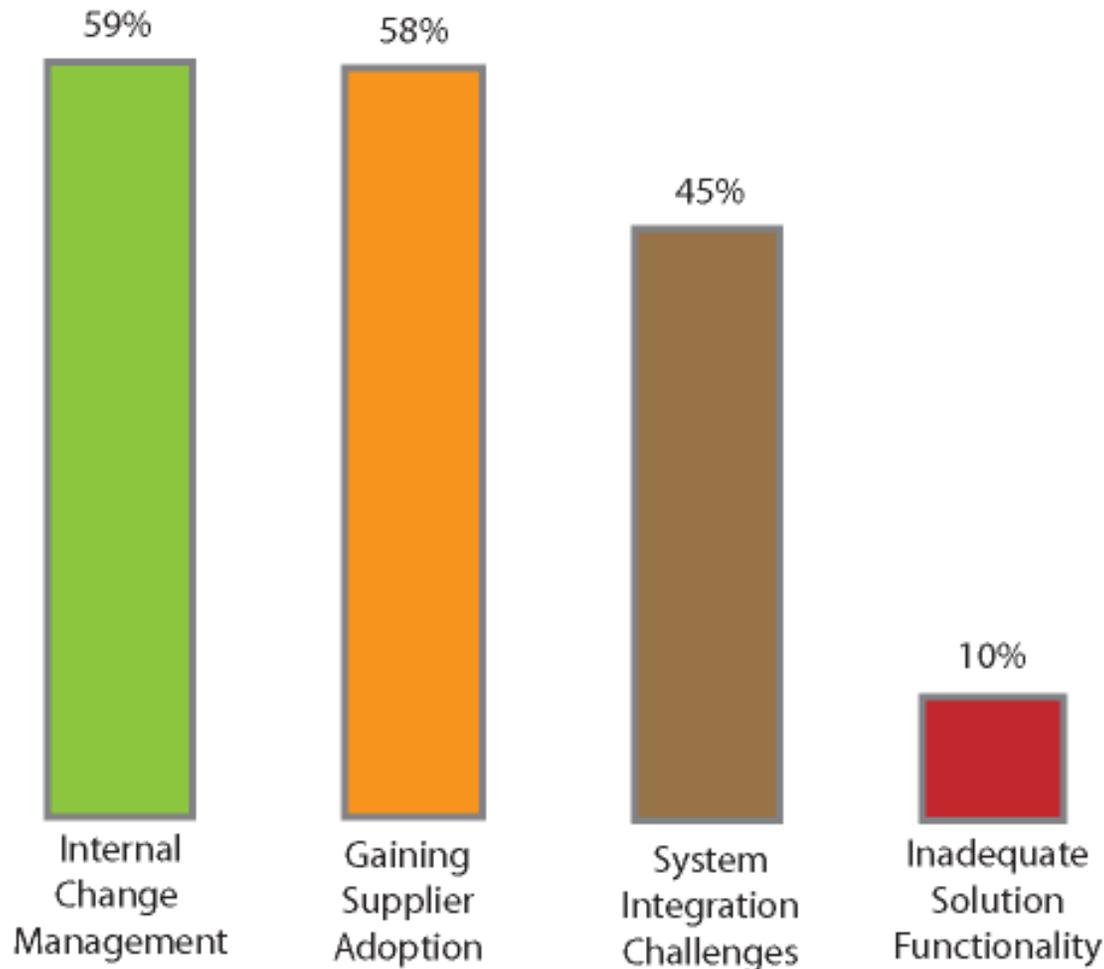
The Benefits are Tangible

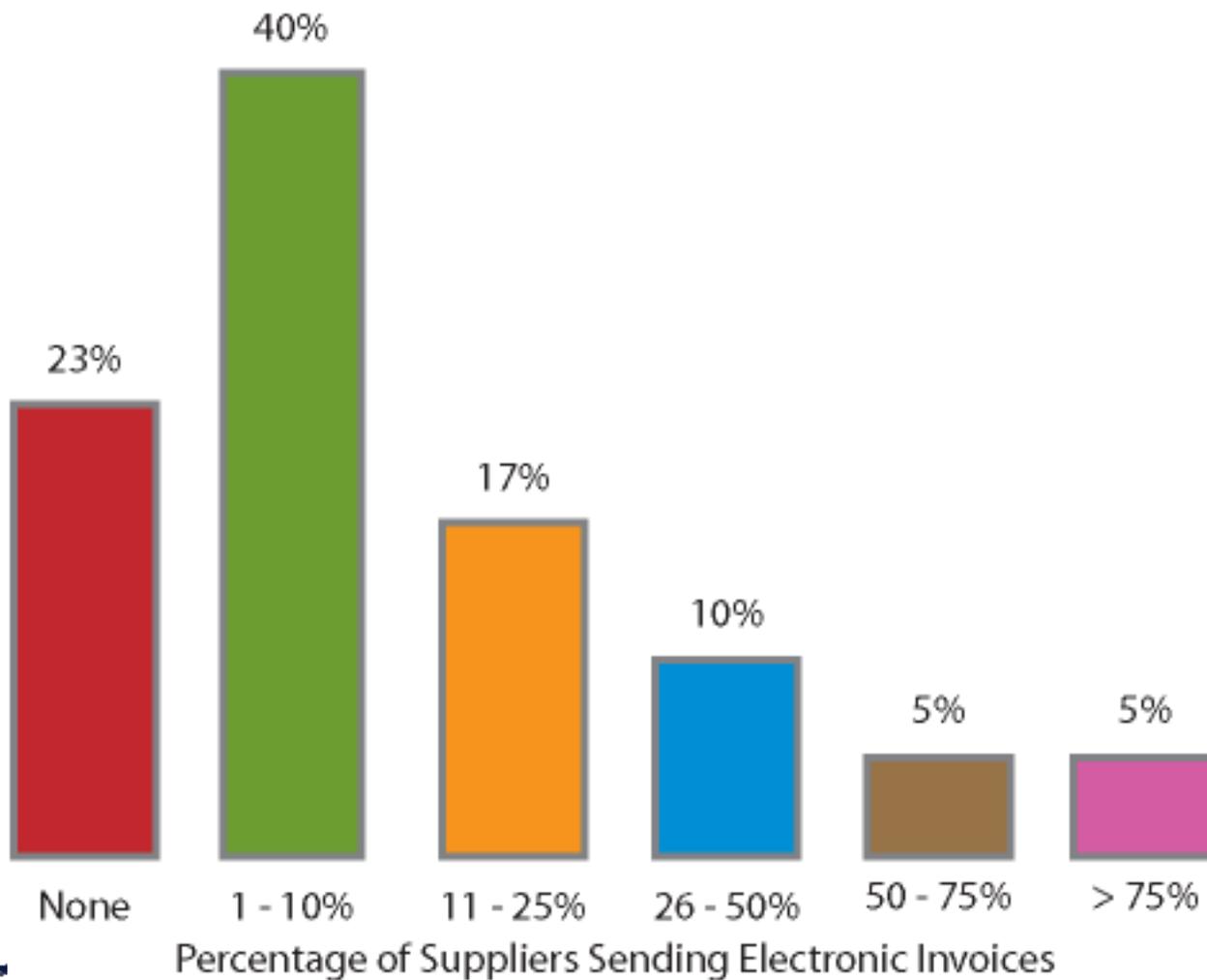Source: PayStream Advisors Invoice Automation Survey 2010

Chart data:
- Fewer Supplier Inquiries: 25%
- Fewer Duplicate Invoices: 30%
- Better Visibility Across Transactions: 33%
- Improved Vendor Satisfaction: 38%
- Increased Ability to Capture Discounts: 40%
- Reduction in Exceptions and Discrepancies: 43%
- Increased On Time Payments: 53%
- Reduction in FTE/ Processing Costs: 53%
- Quicker Approval Cycles: 55%
- Fewer Lost or Missing Invoices: 58%

Growth in AP Automation Technologies

Overcoming Migration Barriers

Barriers to Migration to eInvoicing

59%

58%

45%

10%

Internal Change Management

Gaining Supplier Adoption

System Integration Challenges

Inadequate Solution Functionality

- *The biggest challenges to the migration from paper to electronic invoices were internal change management and gaining supplier adoption*

- *It was encouraging to note that, in general, organizations were happy with the eInvoicing solution functionality available today*

PAY**S**TREAM ADVISORS

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Buyers Struggling to get Suppliers Onboard

40%

23%

17%

10%

5%   5%

None   1 - 10%   11 - 25%   26 - 50%   50 - 75%   > 75%

Percentage of Suppliers Sending Electronic Invoices

Solid Solution Functionality is no Longer Enough…

- Biggest stumbling block to adoption of AP automation solutions has been supplier adoption.

- Best Solution + No Supplier Adoption = No ROI

- Solutions/solution providers that consider supplier recruitment/enablement a key component are becoming popular.

- Organizations do not have the in-house resources/ expertise to manage supplier recruitment process and are finding tremendous relief in the value-added services provided by technology vendors.
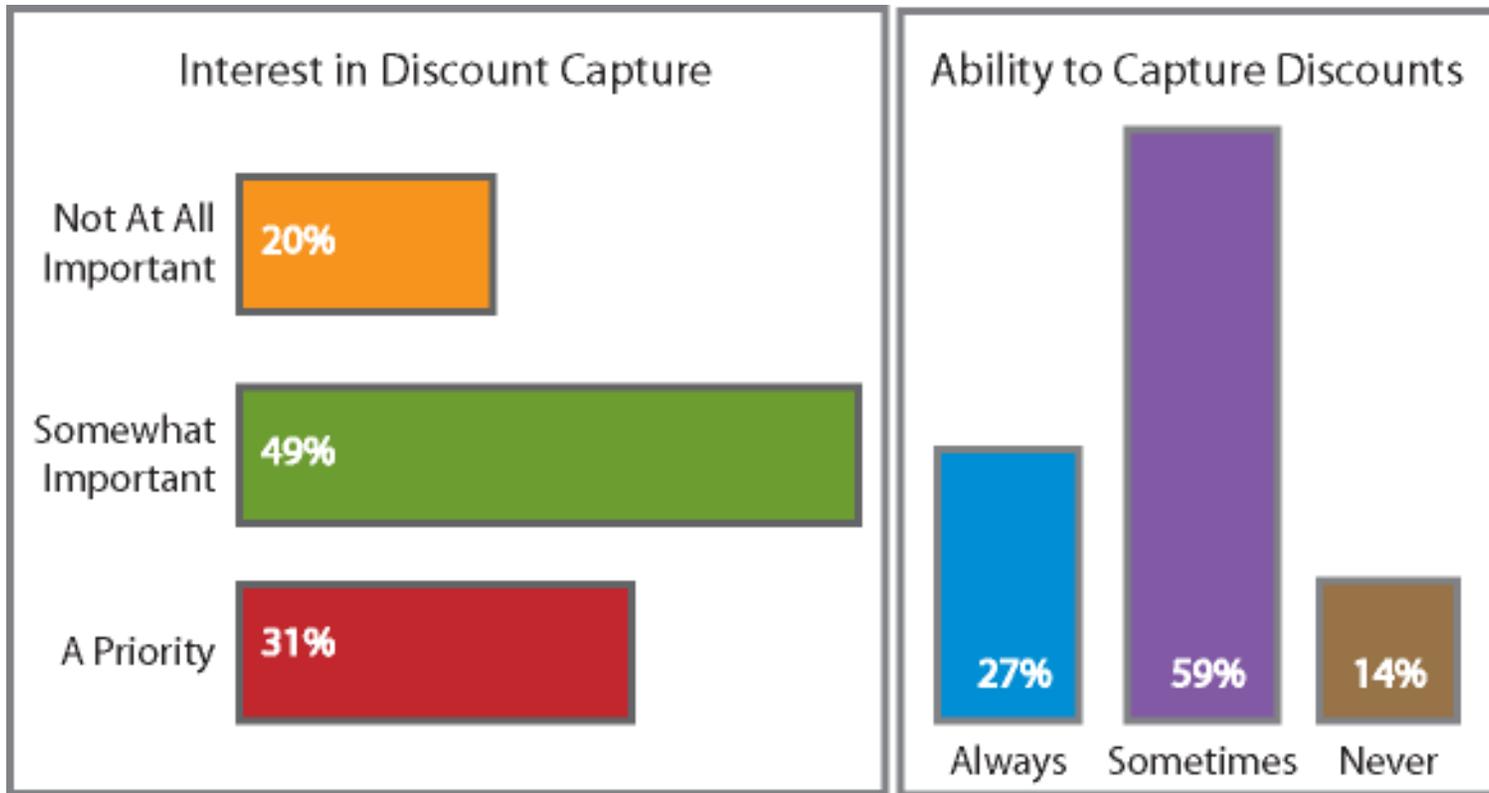
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Supplier Enablement is Critical

- Keep suppliers in the loop from the beginning, instead of considering supplier adoption as an after thought to the technology implementation

- Leverage the expertise and best practices provided by the technology vendor around vendor segmentation and activation campaigns

- Deliver a unified message to your suppliers about your commitment to move to eInvoicing

- Another way to increase electronic invoicing is to start the process with an electronic purchase order
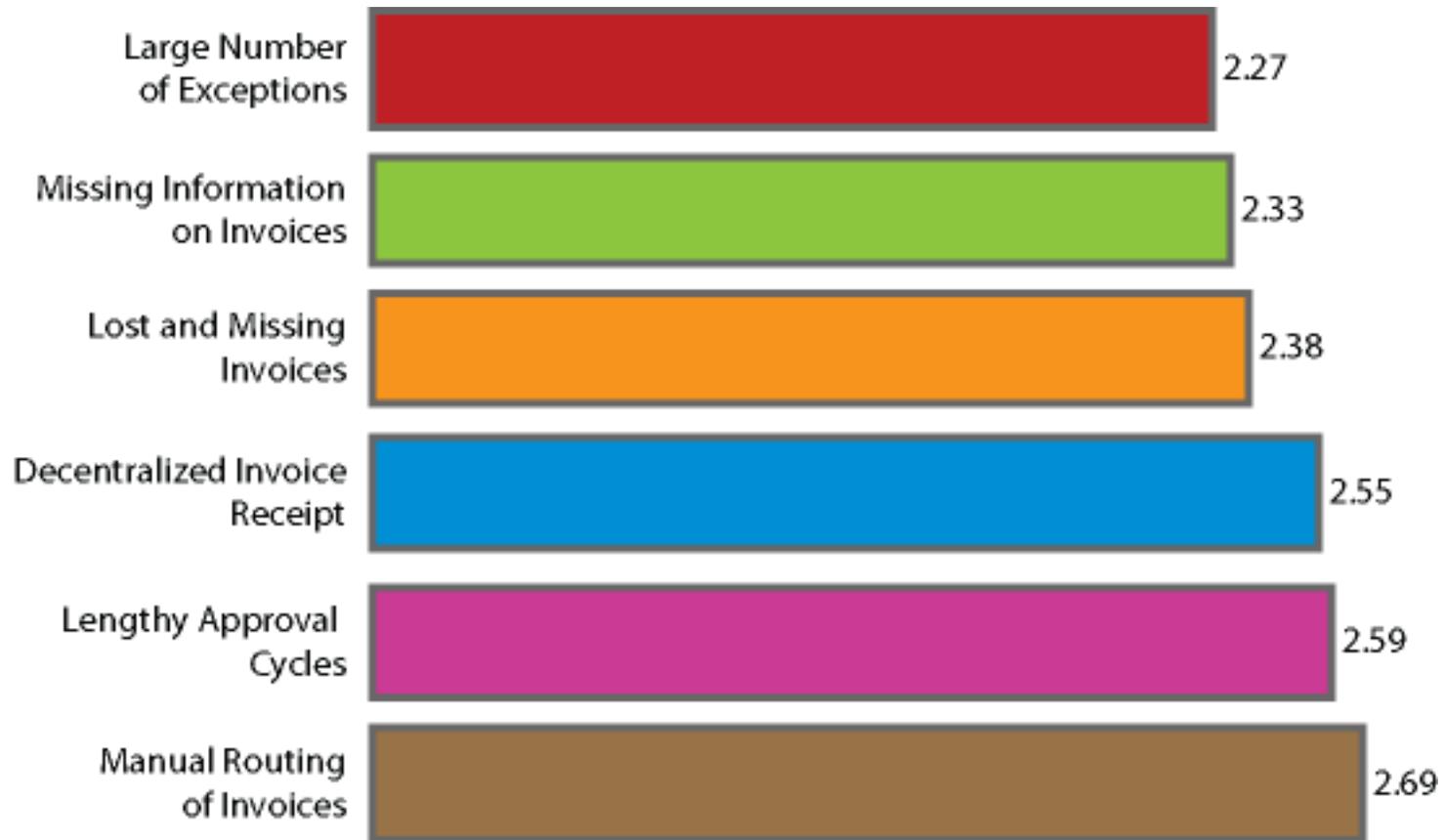
Impact of AP Automation on Discount Capture

Discount Capture
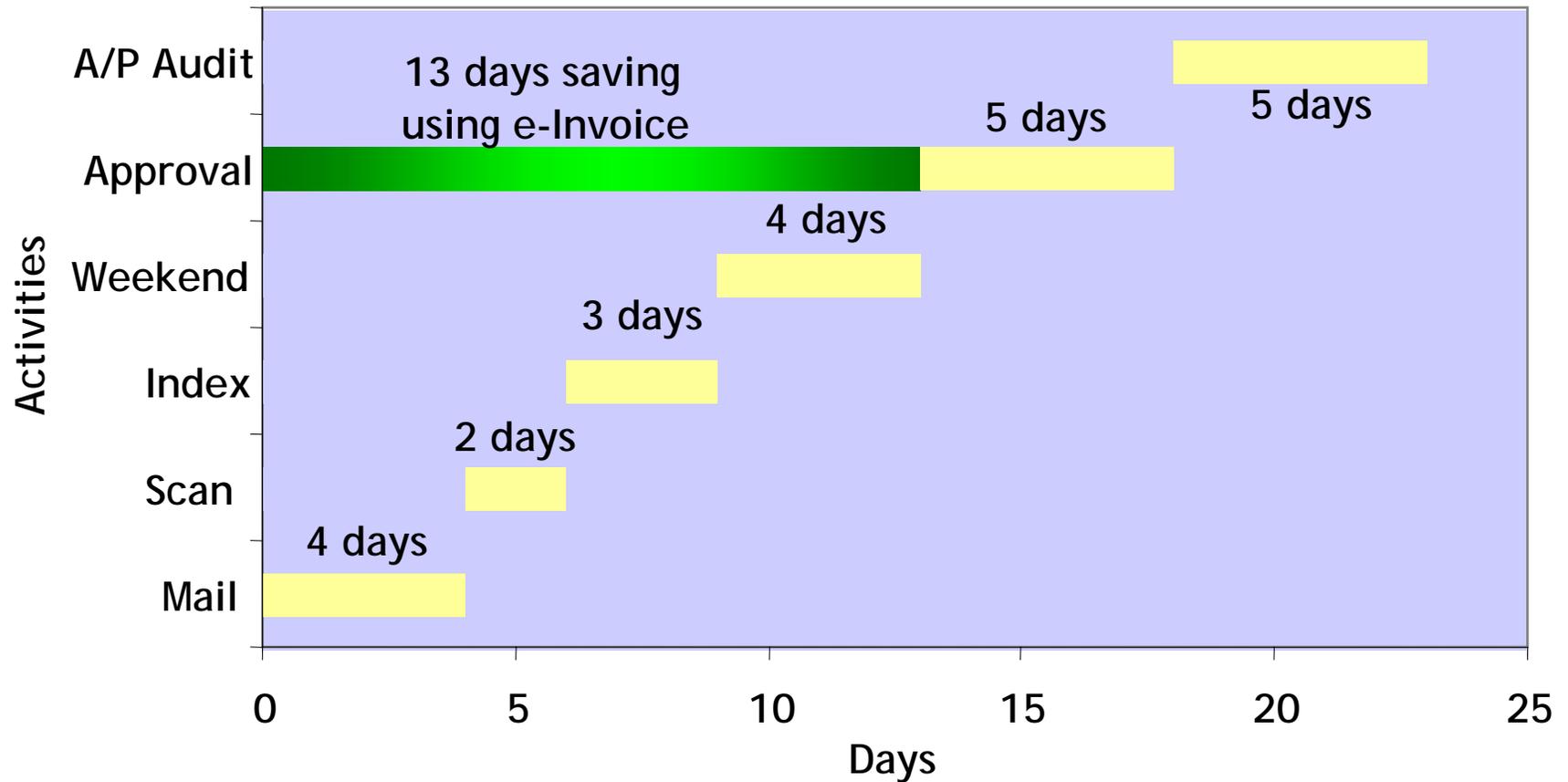
Importance of Capturing Discounts and Inability to Do So

Source: PayStream Advisors eInvoice Adoption Survey 2009

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Factors Driving Late Payments

Source: PayStream Advisors eInvoice Adoption Survey 2009

Reducing Invoice Latency

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Polling Question #2

- What percent of your invoices are paper based?

A. less than 25 percent

B. 26 - 50 percent

C. 51- 75 percent

D. Greater than 75 percent

Steps to Successful eInvoicing

Five Steps to Nirvana

1. Perform a current state analysis and design future state roadmap. Identify existing gaps and formulate a strategy to fill gaps

2. Develop a business case with ROI

3. Form a steering committee consisting of someone from IT, Finance, upper management and end users

4. Prepare a requirements document with feedback from the steering committee

5. Start evaluating vendors using these requirements identified

Solution of Choice

- Multiple options are available when it comes to AP automation.

    - Front-end imaging or eInvoicing or a hybrid solution

    - Stand-alone supplier portals for eInvoicing or networks

    - ERP versus best-of-breed functionality

    - One vendor provides all the functionality or combination of multiple best-of-breed solutions

- There is no "one size fits all" approach

- Pick the one that meets most of your requirements

Maximizing Your Investment

- Plan your Implementation Thoroughly
  - Today's systems are powerful, so design for the future
  - Ensure sponsorship of the program at appropriate levels
  - Ease employees/users into adoption—start with the basics and introduce new features and functions over time

- Gaining User Acceptance
  - Change management cannot be an afterthought to implementation
  - While planning for implementation and roll-out, also plan on how you will bring employees on-board
  - Communicate to employees how the system will improve their experience.

- Managing Supplier Behavior
  - Enforcement of policies through rewards for using system (faster reimbursement)
  - After a trial period, mandate that only POs or invoices generated through the system will be approved

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The Shift to Touchless – Automated Matching Reduces Errors and Costs

- **Recycled documents are the enemy of ePayables**
  - Documents with errors reduce or eliminate productivity gains
- **Touchless means**
  - No handling
  - Automated matching
  - Eliminate capture errors
  - Properly allocate costs

About the Speaker

Dann Bews

Vice President - Services
ADP, Inc.

Dann brings over 20 years experience in information technology. Dann began his career working for various energy companies.   For the 10 years preceding ADP, Dann held senior management roles within a leading software solutions company. Most recently at ADP, Dann is responsible for global Procure-to-Payment client implementations and services.

Dann Bews

ADP Procure-to-Pay Solutions Update

- Matching the delivery of products and services

  to electronic receipts

- Spend visibility

- Spend analysis - negotiating strategic

  contracts with detailed spend information

- Achieving early payment discounts

ADP Receipts

Matching of receipts to orders and/or invoices remains one of the most manual and time consuming activities within the AP process

- The challenge eventually leads to outsourcing

- Issues
  - Manual
    - No formalized receiving process
  - PO is generated in the buyers system, receipts are generated from the suppliers system
  - Partial fulfillment
  - Approvals and disputes

ADP Receipts is fully integrated with ADP Invoice and ADP Procurement in a single platform providing complete end to end AP automation – solve the problem with technology

ADP Compliance and Payment Solutions

Spend Visibility

PROBLEM

The majority of enterprises today cannot provide sufficient forward visibility for treasury functions

• Visibility is when the "approved" invoice is entered into the ERP which can be up to 30+ days after goods or services are received and subsequent to being routed for invoice approval

▪ Result: treasury requires payment terms 30-60 days

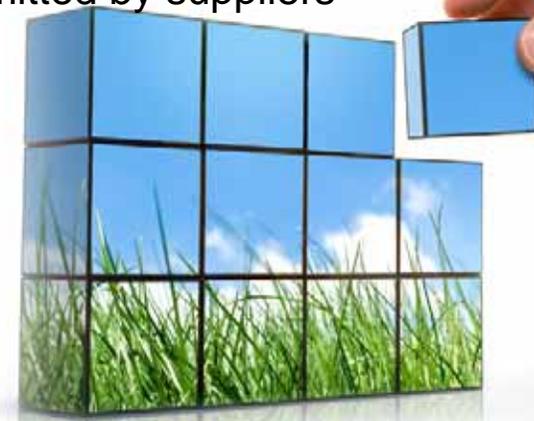• Impacts supplier relationships and the ability to achieve EPD's

SOLUTION

Ability to report of committed spend at the point of sale or at a minimum upon invoice submission

–**ADP Receipt** provides spend visibility from the point of sales usually within 12 hours or less after the delivery of products or services

–**ADP Invoice** provides visibility to invoices the instant they are submitted by suppliers

ADP® Compliance and Payment Solutions

Spend Analysis

PROBLEM

Procurement professionals will tell you that negotiating contracts with only GL account level spend analysis, places the buyer at a disadvantage

- Manual or electronic, the vast majority of invoices are coded to one or sometimes two GL codes
  - A $50,000 invoice with 20 line items coded to one GL account code provides no visibility into the products and services that were delivered and does not provide for spend specifics

SOLUTION

Invoice or Receipt line item data provides the buy side the ability to:
- Compare apples to apples
- Use the supplier terminology for analysis
- Examine exact units and quantities
- Use spend profiling to find where the money is being spent

ADP Compliance and Payment Solutions

Early Payment Discounts (EPD)

PROBLEM

"Yes, we negotiate and are offered early payment discounts, but, we rarely achieve them."

- Manual AP processes make the taking of Early Payment Discounts difficult or an impossible task

- Result – many companies only focus on a small percentage of their supply chain for Early Payment Discounts.

SOLUTION

ADP Invoice provides comprehensive functionality to manage Early Payment Discounts

- Early Payment Discounts is now one of the highest areas of pursuit for ADP Invoice clients

- Enterprises with a strong balance sheet can use Early Payment Discounts as part of their Working Capital Optimization strategy

ADP Compliance and Payment Solutions

How often do you calculate your processing costs?

A. Never

B. Once a year

C. Every 3 years

D. Whenever we implement a new process or technology

Questions and Answers

Henry Ijams, CAPP/CPM
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Dann Bews
Vice President-Services
ADP, Inc.

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