Are You Struggling with Friction-Free Digital Finance?

Howard Frear

Biography

Howard Frear has been at the forefront of major trends in the software industry for close to 18 years. He joined EASY Software (www.easysoftware.co.uk) in 2001 and during that time he has been instrumental in developing and overseeing a highly successful strategic partnership with SAP, a relationship that today accounts for more than 50% of EASY UK's software sales. Howard is also credited with many of EASY's largest customer wins including Serco Group, Cable & Wireless and Barclays Capital.

Howard is a very successful and experienced sales and marketing professional and is the driving force behind EASY Software UK's go-to-market and business development strategy. Day-to-day Howard is charged with managing the direct sales force, directing key marketing activities and overseeing strategic partner liaison.

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Abstract

When suppliers' digital ecosystems operate inefficiently, it has a knock on effect on communications all round. In this article, the author explains how businesses can streamline their digital finances to ensure everyone is running on time on the same rails.

Introduction

A drought of financial resources and poor cash flow can seriously threaten the survival of any business, yet surprisingly many British organizations are still poor at paying invoices and chasing up late settlements.

Why? Because despite operating in the digital age, many have paper-based manual systems that are slow and inadequate. No less than 95% of the 30 billion invoices processed per year in Europe involve manual data entry, according to figures from Deutsche Bank.

Statistics from the Accounts Payable Association[1] undoubtedly highlight a system that is not fit for purpose. Around 3.6% of invoices manually entered include an error triggered by data entry. This is an expensive mistake if you consider that the average cost to process an invoice is between £3.50 and £8.60 with troublesome ones costing an astonishing £15.00. In addition, 56% of businesses polled said they experience cash flow forecasting problems due to accounts payable (AP) issues. As a result, 58% admitted they had had to make late payment charges to suppliers.

This paints a very bleak picture. But, it isn't all doom and gloom. Digital invoicing is one of the first rungs on the digital transformation ladder. Thus, thankfully there is a move towards a joined up digital finance way of communicating. There are many processes in invoicing that are low value tasks that can be so easily improved by digitization. Here are five simple steps that will help you get on digital track with AP – which will be paramount for our EU-exit.

Data extraction
You need to be able to quickly and easily extract data from invoices. The best way of doing this is through OCR (Optical Character Recognition) which is accurate and time saving. This data can then be used to automate other functions such as the accounts payable process.

Enhancing Workflow
By using software to automate finance and accounts payable processes, the routing of invoices can be accelerated throughout the organization. It cuts out the problem of lost invoices and makes the entire system accurate, transparent and streamlined.

You can also enable your workflow to support three-directional matches between orders, payments and delivery, integrating your core ERP system into invoicing operations. This can prove invaluable if there is a dispute and late payments.

Digital safekeeping
Storing paper invoices is costly, inefficient and time consuming. Digital archiving enables you to take control of your invoicing archive, making it easily searchable. It also makes it easier to comply with HM Revenue and Customs (HMRC). Companies, for example, must keep records for six years from the end of the last company financial year from which they relate.

Integration made simple
If all documents are digitally captured as they come into the organization, this application-ready invoice data can be leveraged by other applications such as ERP systems. Data can be automatically imported into the ERP system and invoices retrieved from the ERP interface, dramatically speeding up supply chain processes. This can reduce costs and minimize errors.

Business insight
There are an increasing number of scenarios where financial directors need to have a 360 degree view of the invoicing processes across the organization. Since April 2017, for example, large businesses have been required to report publicly twice a year on their payment practices and performance, including the average time taken to pay supplier invoices. Failure to report is a criminal offence.

Currently this legislation only applies to large organizations, but the principle should apply to all companies, regardless of size. Digital invoicing enables your invoicing processes to maintain operational efficiency to meet compliancy, as well as maintain good relationships with suppliers.

In conclusion

The big take away here is that paper invoices do not always leave a reliable paper trail.   Automating your invoicing process can be quick, easy and cost effective with little disruption to clients, vendors or your business. The end result is you save your business time and money, whilst maintaining accuracy, security and boosting your environmental footprint. This has to be a digital win-win situation.

Reference
[1]   https://www.ap-association.co.uk