




V1 Document Management

Adding value to accounting and ERP systems with electronic document management

Transforming productivity and efficiency in invoice processing and purchase-to-pay by giving legacy accounting and ERP systems a new lease of life.

Reports that the UK is back in recession, not helped by the crisis in the Eurozone, appear to have sealed the fate of company IT budgets for the time being. Many organisations are now willingly implementing their own austerity drives, prepared to 'make do and mend' until business conditions recover significantly. This presents them with a dilemma however. If they have no leverage to invest, how will companies deliver the efficiency and productivity gains they have committed to, and on which their immediate prospects depend?



Unless there are grounds for employers to believe their staff have been working to only half capacity, expecting them to do more with less demands that something must change.

In an ideal world, this would mean short-term pain for long-term gain in the form of spending on new core business systems that have the power to dramatically transform efficiency. The renewed downturn does not allow for this luxury however. In early January, global IT analyst firm Gartner revised its predictions for growth in corporate IT spending downwards, suggesting that companies' willingness to purchase new technology solutions in 2012 will be even less pronounced than it had originally forecast.

Worldwide, the market for enterprise software is now expected to grow by 6.4 per cent, down from 9.6 per cent in 2011, and expectations for Europe are likely to be more conservative still, given Gartner's prediction that overall IT spending in Western Europe will decline by 0.7 per cent for the year ahead (compared with a subdued 3.7 per cent increase internationally).

If their hands are tied financially then, how will businesses claw back productivity and reduce operational costs given that many will have already downsized, trimming any surplus weight they were carrying?

One answer is to look for ways to extract new value from existing investments. The following white paper examines the potential for the simple addition of an optimised document management solution to transform the productivity of legacy accounting and Enterprise Resource Planning (ERP) systems - however basic their original capabilities. Companies that have done this, report substantial increases in productivity and cost-efficiency - associated with the ability to vastly reduce their reliance on paper,

and the ability to readily search, access and share content securely and across distance without risking the integrity of the original documents.


Separating luxury from necessity

It is understandable that, as a double-dip recession takes hold, organisations that have coped thus far with their existing accounting systems and general business software may question the sense in replacing those applications with advanced functionality they may never fully use - especially to manage what may now be a pared-back business.

Yet many will readily acknowledge that rigid, rudimentary systems and the inefficient processes they foster are holding them back. In the finance department, failure to maintain investment levels may be preventing the timely turnaround of invoices (so that companies miss out on possible early payment benefits), potentially upsetting relied-upon suppliers and keeping managers from having clear visibility of company spending.

Shockingly, 90% of invoices in the EU are still issued and processing in paper form (source: Quocirca, July 2011), even though Europe is considered to have been a significant driving force behind electronic payments. The resulting costs, inefficiencies and environmental implications of this are huge. They start with printing, manual folding and postage as paper documents are distributed; encompass the slow, manual process of passing them sequentially along the line of authorisation; and extend to the physical costs of storing the filed paperwork - not to mention the additional cost and time delays incurred if an item needs to be recalled long after files have been moved into off-site archives.



Electronic invoicing offers many advantages over traditional paper invoices. 

In the 21st century, when even sensitive patient records in hospitals are being converted to digital format and when newspapers and entire books are being consumed electronically, it seems astonishing that something as innocuous as invoices remain in hard copy form. It is not even a legal requirement that such documents originate and are stored on paper, so it is particularly lamentable that so many companies continue to create extra work, cost and storage burdens for themselves by photocopying duplicates - so that content can be viewed in two places at once, or so that the original document is not at risk of being lost.

In fact, it is far easier for organisations to comply with auditing requirements if they adopt electronic processes - because information and actions are easier to track and date once handled digitally. It is no coincidence that HMRC is among the official bodies promoting the practice of electronic invoicing. It highlights some of the associated efficiencies on its web site as follows:

“Electronic invoicing offers many advantages over traditional paper invoices. The rapid electronic transmission of documents in a secure environment may provide for:

- structured data for auditing
- improved traceability of orders
- decreased reliance on paper reducing storage and handling costs
- rapid access/retrieval
- improved cashflow
- security/easier dispute handling.”


“This list is not exhaustive,” HMRC adds.

Given all of the above, there is a strong case for organisations addressing cumbersome paper-based processes sooner rather than later. This need not mean throwing out trusted and still-working systems however, with all of the waste this would represent. What businesses need instead is to be able to transform the efficiency and performance of their existing systems with a few simple enhancements. Completely replacing legacy systems can be a false economy if companies find themselves paying for a wealth of advanced new features they are unlikely to use.

If the main goals are to streamline and accelerate processes, reduce the reliance on paper, and facilitate faster and more flexible document access – by allowing remote staff to access files, and supporting multiple users to view the same content – it will come as a relief to learn that all of this can be achieved without the company having to abandon its existing technology systems.

Simply integrating the right document management technology with a company’s core accounting or ERP systems will transform the way that staff are able to work with documents of all types – from incoming paper invoices (which can be scanned ‘intelligently’ to enable their contained information to be searched), to web-based order forms, electronic PDF files, emailed documents and more.



Quorcirca calculates that e-invoicing could enhance business efficiency through reducing the costs of handling invoices by up to 70 per cent. 

Related documents can be linked too, so that purchase orders and invoices can be easily reconciled. The addition of electronic workflow meanwhile encourages swift authorisation as managers are prompted to check documents in a timely fashion. That they can do this from any location, through remote access, is a further benefit – eliminating bottlenecks from internal processes. As many companies allow more staff to work from home, as a further means of reducing internal costs, the ability to access content and collaborate remotely is becoming increasingly important.

Once all information is stored and linked electronically, manual processes are radically reduced and managers are afforded a clear line of sight across orders, payments and balances, giving them the ability to track spending more easily, reinstating their control over costs at a time when every penny really does count.

The cost of inertia

Organisations that persist in doing nothing, believing they cannot justify any unplanned spending at the moment, may be doing their business more harm than good because of the cumulative effect of continued inefficiencies.

Analyst firm Quorcirca estimates that the cost of processing paper invoices through manual means can range anywhere from €8-10 (£6-8) per invoice, a significant figure when multiplied across the mountain of paper that many businesses process every day. These are likely to be conservative estimates too, if companies also consider the excessive time that is often spent by managers signing off paperwork and going back over figures when reviewing costs - added to

spending on stationery, printing, distribution, physical storage and administration. It is quite possible that the cost per transaction is in the range of £35-50 per document, depending on the number of people touching it during its lifecycle.

Providing its own summary of the disadvantages of paper invoice handling, Quorcirca notes that the practice:

- Is manual and error prone;
- Reduces staff productivity;
- Leads to mislaid and lost invoices;
- Results in unnecessary duplicates;
- Fosters poor approval control; and
- Leads to missed supplier discounts and missed payment dates.

Quorcirca calculates that e-invoicing could enhance business efficiency through reducing the costs of handling invoices by up to 70 per cent – “through direct cost savings in paper, postage and printing for the sender, as well as in accepting, processing and approving the invoice for the recipient”.

Add to this the potential for increased productivity, employees’ recovered time, and space savings as physical archives are reduced and more staff are able to work from home, and the scope for sizeable efficiency gains grow further still. Additional benefits include the scope for improving supplier and customer relationships through slicker processes, faster payments, immediate access to payment status information and greater availability, accuracy and reliability of management information.

External drivers

In addition to the customer and supplier relationship benefits of being able to issue, accept and process invoices electronically, there are other external factors that will encourage take-up of e-invoicing in the near future.

The European Commission is working on making electronic invoicing more accessible particularly to smaller businesses as part of a wider drive to bring down barriers to cross-border electronic procurement, as part of its Digital Agenda for Europe. Its aim is that e-invoicing will predominate by 2020.

Adding electronic document capabilities to existing business systems

Adding optimised electronic document management capabilities can quickly breathe new life into legacy accounting and ERP systems, boosting the value they deliver for the business by helping organisations distance themselves from paper-dependent processes.

V1 Limited, which specialises in document management solutions for accounting and finance departments, provides a complete portfolio of high-performing solutions that integrate with a broad spectrum of business systems - from old and basic to more advanced and modern applications.

Once these electronic document management applications have been combined with existing system functionality, organisations are able to transform the look and feel of the documents they create, and all of their processes around content capture and processing.

Key solutions in the range include:

- DbForm, DbMail and DbFax solutions providing electronic form design and document delivery capabilities;
- DbArchive – providing electronic document storage, eliminating the need for vast filing cabinets and physical off-site archives;

- DbAuthorise and DbAuthorise Mobile - document authorisation solutions, including remote and mobile access capabilities, enabling managers to sign off, query or reject invoices from any email-enabled Smartphone or tablet, including Blackberrys, iPhones, iPads and Android devices;

- DbCapture – for automated, intelligent data capture from scanned supplier invoices, reducing manual data entry of invoice information by up to 80%;

- DbCapture PDF - enabling invoice information to be captured and processed directly from a PDF invoice; and

- DbBACS-iP - automated payment technology.


All of these capabilities can work together to replace paper with automated processes in the finance function. As well as being immensely valuable for automating invoice handling, they have the ability to transform the order-to-cash process.

Tangible benefits to Finance

In addition to the numerous efficiency benefits already highlighted above, a more automated finance function stands to profit in several other important ways from its electronic processing capabilities.

Not only is invoice processing more streamlined, time and cost efficient and accurate, cost savings can also be derived from improved auditing – thanks to instant access to and control over documents for the HMRC. This, in turn, can lead to less work for third-party accountants at the organisation's year-end, allowing associated fees to be renegotiated. The ability to pay suppliers in a timelier fashion, meanwhile, will reduce late payment fees and enable finance departments to take advantage of early payment discounts.



Electronic backup is not only far more efficient, it is much more reliable and flexible to manage. 

Organisations with expensive central city locations can begin to look at downsizing or reallocating office space once the need for physical filings cabinets and archiving facilities has been eliminated. Similarly companies can dispense with off-site archive facilities, as all content can now be electronically backed up along with other data already stored in electronic business systems. Electronic backup is not only far more efficient, it is much more reliable and flexible to manage – in that organisations can readily switch data centres if needed.

With flexible access solutions, businesses can take a fresh look at flexible and remote working schemes allowing staff to work from home, safe in the knowledge that their physical absence will not hold up invoice authorisation. In addition, managers will be able to spend more time meeting clients and following up new business leads, if there is less of a need for them to return to the office to complete essential administration.

Companies managing invoices electronically are better able to run a tight ship too. Once static, paper-based information is stored digitally, it can be combined, accessed and analysed more readily, giving managers an accurate overview of the business at any given time. Once stored electronically, documents can be linked, searched and made available to multiple people simultaneously, without risk of critical content going astray.

Productivity gains and easy information access enable shorter financial reporting cycles too – by as much as 1-2 weeks.

All of this makes for improved governance too. Once automated processes have been set up, the finance team know exactly where invoices, purchase orders

and related notes are at all times, and can establish their status at a glance – for example whether and when they have been approved, and who by. In addition to allowing bottlenecks to be tackled efficiently, electronically managed processes are better able to detect and prevent internal fraud which is a significant concern for a lot of businesses in the current climate (in January 2012, the Financial Times reported a rise in business-based fraud losses from £1.4bn to £2bn in 2011).

Improved governance and easier traceability is welcomed by the authorities too, and reduces the administrative headache and resource consumption in the event that organisations are required to provide a legally recognised document and process trail as part of an audit or formal inquiry.

Reducing paper and physical printing and distribution activities also boosts an organisation's environmental credentials, contributing to their performance against carbon reduction commitments and enhancing their reputation among staff, customers, investors and future employees.

Below are some examples of the early benefits experienced by organisations that have integrated electronic document management technology into their accounting systems and processes:

A case in point (1): West Suffolk Hospital NHS Trust

West Suffolk Hospital NHS Trust, recently named the top-performing hospital in England for the quality of care it delivers to its patients, is implementing electronic document imaging and data capture software from V1 to speed up the processing of 45,000 purchase invoices

each year and to help the Trust more easily meet its 10-day SME supplier payment target.

V1's software is tightly integrated into the Trust's Infor Smartstream accounting system, so that purchase invoices arriving into West Suffolk Hospital will be scanned centrally, tagged to the appropriate accounting record and stored electronically. At the same time, the intelligent OCR technology employed by V1's data capture system will automatically capture data from purchase invoices.

In addition, with Smartstream's workflow module used in conjunction with V1's DbArchive imaging system, authorised users will be able to view and approve invoices directly from their PCs, further enhancing purchase-to-pay efficiency.

Among the many benefits expected by the Trust are reduced invoice approval delays, improving its supplier payment performance, and greater financial control. The new systems will remove the need to photocopy, post and physically store 45,000 invoices on site, freeing up valuable hospital space.

A case in point (2): Newham College

Newham College, a leading further education institution, has significantly streamlined its purchase-to-pay processes with V1's document imaging system, DbArchive; its invoice processing solution, DbCapture; and its new DbCapture PDF solution which enables invoice information to be captured and processed directly from a PDF invoice.

The electronic document management solutions, which are integrated into Newham College's Symmetry Financials accounting system, have already significantly reduced paper usage across the college and cut invoice approval times, while freeing up storage space and eliminating document archiving costs.

Purchase invoices received in paper format are now imaged using DbArchive and key data on the invoices is automatically extracted and verified against the accounting system using V1's DbCapture

solution. The imaged invoices are then automatically linked to the appropriate records in Symmetry. Using Symmetry's integrated workflow functionality, invoice approvers are automatically emailed with a link to the invoice enabling them to approve, reject or query it on screen with just a click of the mouse. This replaces manual and time consuming processes involving circulating paper invoices for approval.

Imaged documents can now be accessed directly from the Symmetry system by authorised Newham College staff, significantly cutting time-consuming administration. V1's software has also reduced Newham College's reliance on paper, supporting

its environmental agenda. The college has seven sites spread across 15 learning centres, which had meant that the finance department was not only wasting time and money but also generating unnecessary CO2 emissions by manually filing and circulating paper invoices.

Using V1's DbCapture, Newham College has accelerated the capture of purchase invoice information, halving manual data entry, while the ability to electronically process purchase invoices in PDF Format eliminates the need for a paper invoice. By reducing the time taken to approve an invoice the college is also able to avoid potential late payment penalties.

Conclusion

Inertia is a dangerous state for any organisation to adopt, however uncertain or threatening external conditions appear to be and whatever the knock-on impact on budgets and spending plans.

There is almost always another way and, if businesses and public sector organisations want to improve their position and minimise the damage caused by a long run of cutbacks and under-investment, they now need to take steps to find it.

Small incremental improvements with maximum, immediate reach should be prioritised. True, this may not be the best time for embarking on multi-year projects eliciting big-bang results. However no organisation can make positive progress by standing still, and in any case there is a future to prepare for: a recovery, when it comes. Making one small but significant change now may trigger all sorts of other business improvements, improving the organisation's position competitively and boosting employee morale.

To quote two poignant Chinese proverbs (and everyone in the business world is keeping a close eye on China at the moment), "It is better to take many small steps in the right direction than to make a great leap forward only to stumble backwards;" "Insanity," meanwhile, "is doing the same thing in the same way and expecting a different outcome".

Source & resources:

Gartner Says Worldwide IT Spending to Grow 3.7 Percent in 2012: <http://www.gartner.com/it/page.jsp?id=1888514>

HMRC advice on electronic payments: http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal?_nfpb=true&_pageLabel=pageVAT_ShowContent&propertyType=document&id=HMCE_PROD_010205#P36_2127

Assessing the Carbon Footprint of Paper vs. Electronic Invoicing - Tenhunen, Maija and Penttinen, Esko, Aalto University School of Economics (2010). ACIS 2010 Proceedings Paper 95: <http://aisel.aisnet.org/acis2010/95>

Financial Times article, rise in business-based fraud losses: <http://www.ft.com/cms/s/0/7dd9dd8e-3880-11e1-9d07-00144feabdc0.html#axzz1jk4cu0pD>

Quocirca analysis: E-invoicing ready for primetime (July 2011): <http://www.quocirca.com/media/reports/072011/609/59869949-E-invoicing-Ready-for-Prime-Time.pdf>

Silicon.com - Digital invoicing: how to nudge paper systems closer to the shredder: <http://www.silicon.com/management/finance/2011/07/14/digital-invoicing-how-to-nudge-paper-systems-closer-to-the-shredder-39747671/>

EC e-invoicing plans: <http://www.silicon.com/management/finance/2010/04/29/europe-could-save-billions-by-embracing-e-invoicing-39745759/>

About V1 Ltd

V1 Ltd ("V1"), is a global provider of electronic document management and imaging solutions that enable both public and private sector organisations to automate and simplify their processes.

V1's software integrates into all major accounting and enterprise resource planning (ERP) systems, enabling the automated delivery, storage, management and processing of documents. Thousands of organisations worldwide are using V1's software to streamline their business processes, cut costs, free-up administration time and reduce paper consumption while enjoying a typical payback of just six months.

V1 prides itself on its innovative solutions, personal and straightforward approach and dependable service.



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