



Advanced Data Capture and Invoice Automation for AP



Automating Invoice Processing in Accounts Payable

As companies seek opportunities to contain labor costs and streamline operations, Accounts Payable departments face conflicting pressures to enhance their level of service while at the same time reducing staff costs. New technologies have long held the promise of achieving improved operational efficiencies while saving money.

To address the costly burden of manual entry, filing, and retrieval, Accounts Payable departments have embraced standardized ERP systems, electronic invoicing, document imaging, workflow, and archiving. But perhaps nothing to date has presented AP departments the transformational opportunity afforded by Advanced Data Capture, a solution that virtually eliminates data entry.

While electronic invoices are increasingly common, most organizations still receive and process large quantities of paper invoices. In a 2008 Member Benchmarking survey conducted by IAPP, respondents indicated that almost 70% of all invoices were received in paper form. As reported in a recent study from the Aberdeen Group, paper invoices can cost as much as \$64.97 each to process. Furthermore, with the annual cost of a full-time AP processor is approaching \$50K, it is just not cost effective to pay resources to enter data.

Naturally, that is one reason why outsourcing has become a consideration for many executives. However, outsourcing has low adoption rates for AP departments due to control, quality, and service concerns. Organizations must find in-house solutions to reduce the burden of data entry, which accounts for 75% of the average AP department's cost according to a 2008 IAPP presentation.

EDI has long promised to eliminate paper invoices but still represents a small portion of invoice volumes. According to an Accounts Payable Network study, most companies receive fewer than 10% of their invoices electronically, and there has been essentially no change in EDI adoption rates since 2002. E-Invoicing solutions have been slow to gain acceptance as supplier adoption lags due to technology restrictions or transaction fees.

Document Imaging systems have quickly become the norm in financial operations, but while these systems offer great efficiencies in record storage and retrieval, they do not address the most time-consuming process in Accounts Payable departments - manual entry of invoice data. **Advanced Data Capture** is a complementary technology that provides a method for eliminating the manual entry of invoice data.

Immediate Results with Advanced Data Capture

"Last Monday, we processed 774 invoices manually. Yesterday, our first day with advanced data capture, we processed 2,472 invoices. To say the least, it was quite a success."

*Director of Financial Systems,
Corporate Express*

Generating Data from Unstructured Content

The concept of **Advanced Data Capture** for invoice processing is fairly straightforward. Paper invoices are scanned, and the software reads the electronic images for relevant data and intelligently extracting dates, invoice and tax amounts, and invoice numbers.

Vendor information is obtained by comparing information on the invoice against the Vendor Master File in your ERP or accounting system to determine appropriate vendor number and remit code. Company and process information can also be obtained the same way.

This information is presented alongside the image for confirmation, a process commonly referred to as validation. Fields yielding confidence below preconfigured confidence thresholds, effectively where the data cannot be located or is too “fuzzy” to be read, are flagged for review in the validation.

Once confirmed, and depending on your invoice approval process, invoice fields are transferred into your ERP, accounting system, and/or ECM solution along with the scanned image. The physical act of an AP processor transferring data from paper into software is essentially eliminated; significantly lowering the costs associated with invoice processing.

Advanced Data Capture utilizes the newest generation of extraction technology, designed to capture data from unstructured forms such as invoices, regardless of the format. Advanced Data Capture reads scanned invoices much like the human eye would, intelligently breaking down the invoice and recognizing key fields based on the flow of the document and various triggers (e.g. phrases like “Invoice #” or “Remit Payment To”).

Templates have been replaced with a knowledge base that can absorb new information automatically. If the software is not able to identify a particular field, the “validator” clicks on the field on the invoice image and the software “learns” so that it is able to find the information next time. By eliminating templates, Advanced Data Capture also eliminates the work and maintenance required to manage traditional data capture solutions. This allows companies to use capture for all invoices, not just higher volume vendors.

Reduce Invoice Errors with Advanced Data Capture

Duplicate and inaccurate payments continue to present a significant challenge for Accounts Payable operations, and data entry errors can be extremely costly. One of the leading causes of duplicate payments is the inconsistent keying of invoice information, with invoice numbering being the most common error.

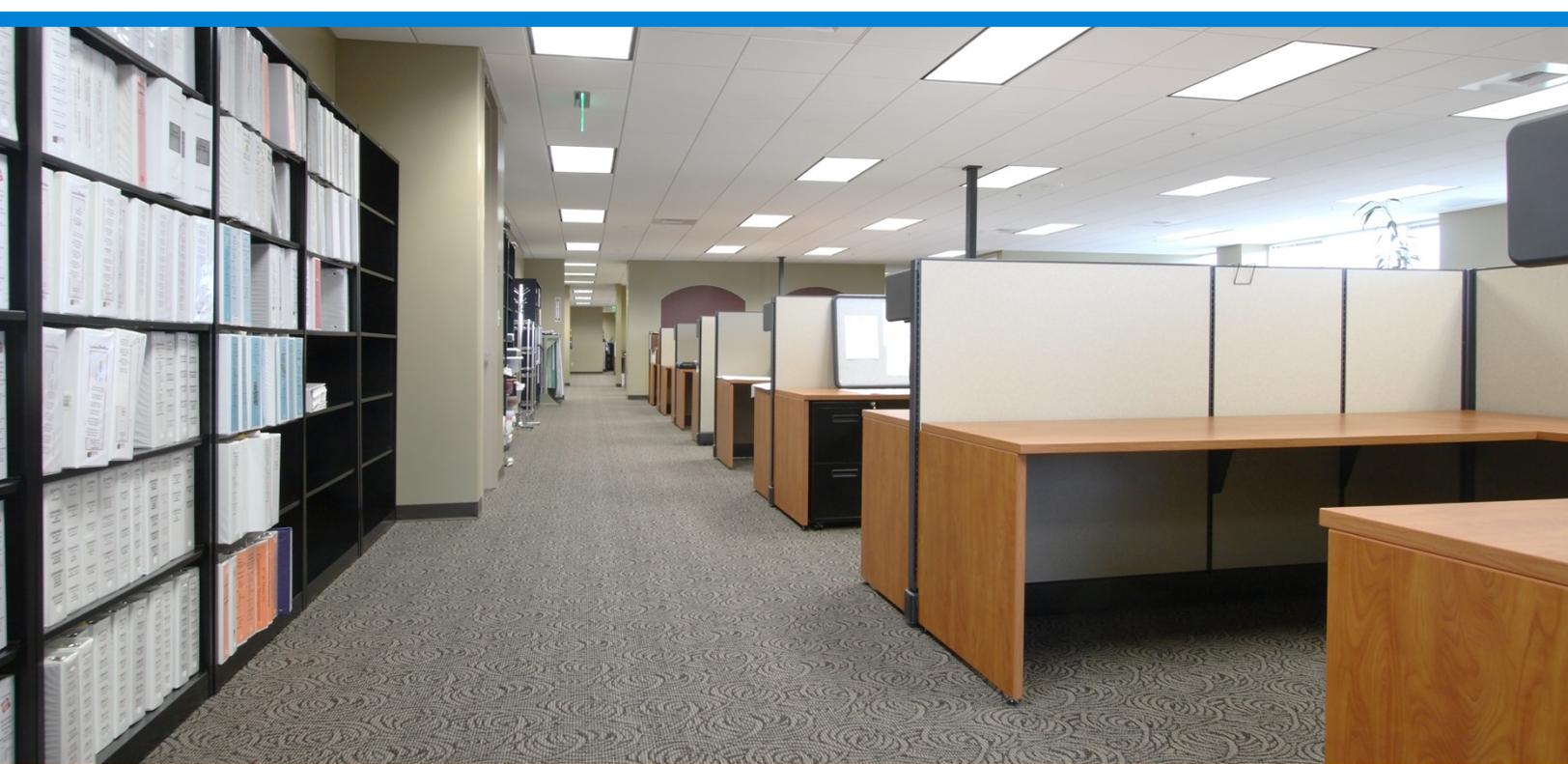
With Advanced Data Capture, accuracy is significantly increased as the software extracts the exact information listed on the scanned invoice, eliminating human error. Business rules can be used to validate against Lawson and “build” invoice numbers where one does not exist (such as for utility payments). Programmed business rules achieve a level of standardization that no amount of written guidelines and compliance monitoring ever could.

Advanced Data Capture and Lawson

RPI Consultants has been working with AP departments and shared service centers using Lawson to implement Advanced Data Capture for almost a decade. Generally, the return on these implementations boast have been a fourfold increase in invoice processing per person, as compared to manual data entry. Additionally, implementation timelines tend to be less than three months with a return on investment being realized in less than a year. Other important fiscal benefits have also been realized, and now, thanks to the consistency and timely visibility of payables, the foundation is in place for future initiatives.

The business case for Advanced Data Capture is simple: invoices can be processed with fewer resources. The cost of manually entering 25,000 monthly paper invoices into Lawson should go down from approximately \$45,000 per month to around \$12,500 once the solution is implemented. This not only pays for the software and implementation within a year, but represents a permanent reallocation of your account payables expenses from manual labor towards value added activities and solutions.

In addition to labor savings, there are other financial benefits to invoices being entered into Lawson faster. Advanced Data Capture can virtually eliminate invoice backlogs. Rapid transfer of invoices into Lawson leads to an increase in discounts taken, reduced late fees, and greater visibility into short-term liabilities for financial planning and control. The reality is Advanced Data Capture pays for itself quickly.



Looking into the Future of Advanced Data Capture

It's obvious to assume a continued trend towards adoption of Advanced Data Capture solutions in Accounts Payable departments, especially as products continue to evolve and become cheaper to install and maintain. Ultimately, Advanced Data Capture provides a key piece of the puzzle in the trend towards full automation of manual processes in Accounts Payable and beyond.

Early on, Enterprise Content Management, or document imaging and archiving, saved significant time and cost associated with record filing and retrieval. Workflow automated the approval process and virtually eliminated costly paper pushing. Both provided increased transparency in operations and the ability to monitor invoices at various steps to locate and proactively address bottlenecks in real time. Standardization of approvals and audit controls were also enhanced immensely.

These trends taken together represent a paradigm shift in the way AP departments operate. AP is no longer simply about paper pushing and data entry. An previously ignored back office function in the past, AP departments of the future will require a different set of skills based on analysis and continuous improvement. This shift and continued investment will add value to an organization by containing costs and improving operational efficiency.

Through automation technologies such as Advanced Data Capture, business process standardization can be enforced, ensuring consistency in both purchasing and invoice processing. The natural reallocation of AP resources towards proactively addressing open reconciliation items (e.g. reducing Received not Invoiced items, working vendor statements, and addressing PO Invoice discrepancies) will also have significant ramifications. The AP department of the future will treat exceptions not only as individual reconciliation items, but as opportunities for process improvement.

Thanks to technologies like Advanced Data Capture these exceptions will be less the result of human error or intervention, and more often an opportunity to improve preconfigured business rules. In addition, the increased timeliness and visibility of payables information through automation technologies like Advanced Data Capture will empower organizations to better manage vendors, contracts, purchasing trends, and cash.

The Future is Clear

Companies investing in Advanced Data Capture and automation are setting themselves ahead of the curve. Cost savings will have an immediate effect, while the transformation of the Accounts Payables department's capabilities will provide the foundation for years of flexibility in adding value to the overall organization.

About RPI Consultants

RPI Consultants is a leading ERP and ECM professional services organization with over 18 years' experience designing, implementing, and supporting [Infor Lawson](#), [PeopleSoft](#), [Perceptive Content](#), [Kofax](#), [OnBase by Hyland](#), and [Brainware by Hyland](#). RPI employs approximately 100 full time consultants, developers, and solution and technical architects with tremendous experience across many industries and solutions. RPI is based out of Baltimore, MD, with additional permanent offices in Tampa, FL, and Kansas City, MO.

RPI's Imaging Strategy & Technical Services (ISTS) practice is made up of consultants and developers that have direct experience with [Perceptive Content](#), [Kofax](#), [OnBase by Hyland](#), and [Brainware by Hyland](#). The ISTS team represents the only independent consulting organization with over a decade of [Perceptive Content \(formerly ImageNow\)](#) experience.

RPI provides professional services for new installations and upgrades, new solution design and implementation, solution and technical health checks, solution optimizations, and custom integrations. The team also has deep industry and solution specific experience for back office solutions, including accounts payable and human resources, higher education, healthcare, and manufacturing. RPI is a licensed reseller of [Perceptive Content](#), [Kofax](#), and Hyland products, including [OnBase](#) and [Brainware](#).

For more information about RPI Consultants, including professional services, license requests, and general inquiries, visit www.RPIC.com.

About the Author



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Alex has six years of experience designing, implementing, and supporting enterprise content management solutions with Perceptive Content (ImageNow), OnBase by Hyland, and Kofax products.

A master of automation, Alex strives to help his customers find ways to increase efficiency, thereby lightening their workload.