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# ACCOUNTS PAYABLE NOW & TOMORROW

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## **GUEST COLUMNIST :** **RICK KUSHEL on Best Practices in** **AP Document Management:** ***Eliminate the Paper Chase***

**A**s companies seek to strengthen controls, drive down costs, and increase efficiencies, manual and time-consuming processes are an ideal place to start. The distributed nature of accounts payable processes often require invoice approvals on several levels and generates huge volumes of documentation that are difficult to manage effectively. Many readers know imaging and workflow will effectively handle the issue. However, some companies are not in a position to—or refuse to—allocate the financial resources needed to purchase one of these systems. But there is an alternative.

### **Background**

In the wake of economic uncertainty and compliance issues such as the Sarbanes-Oxley Act, AP departments are under increased scrutiny in terms of managing costly paper-based processes. As these issues progress, the case for accounts payable automation grows stronger and solutions are widely sought by the AP community.

The ultimate solution envisioned for years has been to work in an environment where paper is obsolete. As AP professionals can testify, the reality is most business processes are bogged down by paper and will be for a long time. The focus today is on new, effective ways to facilitate productivity by automating paper processing to optimize the approval and payment process. One of the ways AP innovators are undertaking this task is through imaging and workflow solutions.

### **Benefits to AP**

The typical imaging and workflow solution allows the AP staff to view invoices online as part of an automatic routing system—from receipt in AP to approval and vendor payment. This is accomplished by converting hard copies of vendor invoices and related documentation to images accessible to authorized users. Once in the system the invoices are automatically routed with calculated notifications and conditions to support the defined business process. This automated, step-by-step processing of invoices is the most effective way to keep the flow of documents steadily moving.

When eliminating the physical movement of paper-based documents, the time spent locating files is greatly reduced and employee productivity increases. Customized internal controls can be created for each business process allowing for little or no human intervention, and providing immediate document access, faster approval time and re-



As President & CEO of Archive Systems, Rick Kushel provides vision for the company's strategic goals and objectives. Mr. Kushel encourages and inspires entrepreneurship and individual creativity among employees, while focusing on the successful execution business plans and objectives. Mr. Kushel has successfully lead the company since its inception in 1991, showing double digit revenue growth year to year.

duced cycle time.

In terms of helping AP departments function better, the benefits of imaging and workflow are vast. Generally speaking, a workflow management solution greatly reduces costs, strengthens internal controls, and streamlines the AP invoice review and approval process. With simple, instant access to documents online and automated internal controls, there is no chance of misplacing or losing paper, duplicating or overpaying invoices or ever making late payments.

A comprehensive workflow management solution also allows parties to securely collaborate in real time and reduces costs of shipping, copying, and faxing documents to other personnel and outside entities. Additionally, the enhancement to electronic audit trails proves quite valuable, especially during audit reviews.

### **What's Available: In-house or Outsourced**

Now the question is what type of services exist in the marketplace to consider? Options span from internal hardware and software systems to completely services-based, Document Process Outsourcing (DPO) solutions.

Traditional in-house systems for managing documents entail building and maintaining an internal document imaging and workflow infrastructure. In-house solutions can appear straightforward: buy and deploy imaging software, scanners, storage, and add-on components. A document capture environment including scanners, dedicated staff, and quality control measures needs to be implemented.

It sounds easy, but most companies implementing an in-house system fail to recognize the personnel commitment required to implement, support, and maintain a comprehensive document management solution. This typically causes a "slippery slope" phenomenon, where it's easy to get started, but costs and problems grow exponentially thereafter.

In contrast to the in-house approach, Document Process Outsourcing (DPO) providers offer a much lower total cost because of greatly reduced personnel requirements. The economies of scale and specialization of the service provider mean that operating costs are lower and these savings are passed on to the company using the service.

With comprehensive DPO services, an outside vendor "manages" an organization's documents as a service. This typically includes providing high-volume document scanning, Web-based image hosting, workflow management, fully redundant Data Centers, and secure, off-site hard copy records storage. More specifically, for the AP environment, such a service offering spans invoice receipt, document and data capture, content storage and management, workflow management, and reporting. The Software-as-a-Service model that DPO service providers offer enables organizations to outsource friction points of managing invoices, while retaining control of processing business information.

### **The Outsourced Approach**

Because DPO service providers offer source-to-shred services, invoice processing can become a "zero touch" environment. Yes, it creates the paperless world everyone dreams of where no one in AP ever has to touch paper—it's all handled by the DPO service provider.

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To create a “zero touch” process an AP department simply directs its vendors to remit all invoices to a central Post Office Box location, which is received by the DPO service provider. Each day, the DPO service provider’s staff preps, scans, and indexes all invoices, capturing key data elements such as a point of contact, vendor name, invoice number, and more.

Here’s how the internal controls work. The solution issues an automated e-mail notification to each approver informing that person of an invoice in the system awaiting review. The point of contact has several options including approving the invoices, routing to another approver, declining, or pending invoices for later approval.

Approved invoices are routed to a higher approval level or to accounts payable where a final review is performed. Invoice data is then transferred through EDI into the organization’s accounting system and payments are scheduled.

Most systems can be configured to provide notification of duplicate invoices, route invoices above a certain dollar amount to particular staff, create and maintain approval timers, and perform workload balancing. Invoice coding is tracked in Web-based workflow forms and cross-checked and validated against accounting system tables. Workflow alarms and notices alert users as invoices arrive or when time limits for review and approval are exceeded.

### Concluding Thoughts

With a comprehensive software-as-a-service solution, AP professionals are able to maintain tighter control over the entire payable process from invoice receipt and approver responsiveness through processor productivity and payment.

Staff productivity is dramatically increased enabling AP departments to handle increasing invoice volumes without adding people or reassigning resources. More importantly, it provides a way for organizations to never have to touch an invoice again. **AP N&T**

**A**rchive Systems is the premier provider of Document Process Outsourcing (DPO) services that streamline Back Office operations through innovative document management solutions. The company’s Software-as-a-Service (SaaS) model enables organizations to outsource document processing friction points, while retaining control of processing business information. Services span fully redundant Web-based image hosting, workflow management, document scanning, and business records storage. For more information, please visit [www.archivesystems.com](http://www.archivesystems.com).

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