



Empowering your **P2P process**

Why should it be your
Top priority in 2023?





E-invoicing: an essential global trend



Take full advantage of advanced P2P process



Key milestones for a successful P2P project

Processing supplier invoices in paper format is a pet peeve for finance departments due to the administrative burden, lost productivity, and the storage and printing constraints involved. With thousands of payments exchanged each year, e-invoicing provides a clear return on investment.

In addition to improved efficiency and lower costs, e-invoicing also helps ensure that payment deadlines are met and offers the flexibility to keep up with the needs of today's finance departments.

Moreover, the difficulties that companies faced during the pandemic highlighted the many advantages of automating supplier invoicing—so much so that 83% of finance divisions say they plan to invest in digitalizing the Finance function.

However, the full advantages of e-invoicing can only be realized through the end-to-end digitalization of the Procure to Pay process.

- ▶ What is an e-invoice?
- ▶ How can the processing of supplier invoices be automated?
- ▶ What are the key milestones for a P2P project?

The experts at Fluxym have the answers to all your questions, along with best practices and feedback from their customers.

Happy reading!



I. E-invoicing: an essential global trend



What is an e-invoice?

An e-invoice is an invoice that is issued, transmitted, and received by the recipient electronically, in a structured format that allows for the data it contains to be processed automatically.

It is important not to confuse an e-invoice with a dematerialized invoice, which is a scanned document available as an image file. An e-invoice involves more than simply being in PDF format.

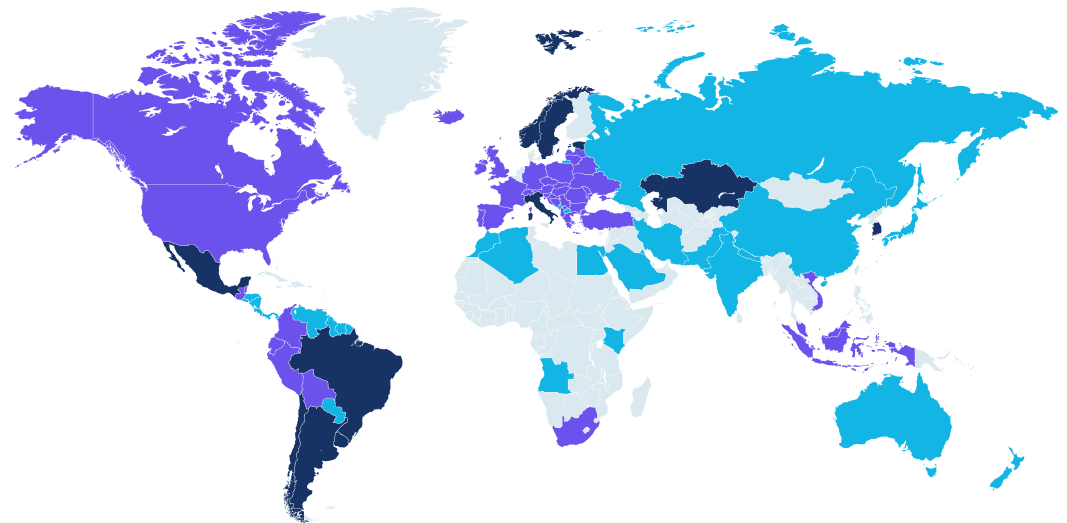


The transition is under way!

First introduced several years ago, electronic invoicing is a major transformation that is set to become the standard for business-to-business exchanges in the coming years.

According to Billentis, 55 billion electronic invoices were exchanged worldwide in 2019. That number should grow by 10% to 20% annually to reach 220 billion invoices in 2025.

However, maturity varies widely among countries. Brazil, Mexico, the Nordic states, and Italy all made the transition several years ago, leading the move towards universal electronic transactional exchange.



■ Leaders ■ Average ■ Developing ■ Laggards

Sources : Billentis&Dhatim 2019

To shed some light on this complex legislation, the software publisher Basware has developed an interactive map that shows each country's electronic invoicing regulations.

[Check out details per country](#)

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II. Take full advantage of advanced P2P process

The end of paper invoicing will bring about an organizational sea change. The scale of that challenge will depend on the organization. However, some companies have transitioned to e-Invoicing and are already enjoying a range of benefits:


- ◆ More secure, reliable data thanks to the elimination of manual data entry
- ◆ Reduced invoice processing costs
- ◆ A significant decrease in the administrative workload for accounting teams, which can focus on added-value tasks
- ◆ A contribution to ESG commitments, which are an increasingly important corporate priority.



Digitalizing the entire P2P process to maximize your ROI:

The transition to electronic invoicing makes transactional exchanges, particularly with suppliers, much smoother. However, if the steps upstream of invoicing remain manual, the potential savings will be limited.

Only end-to-end digitalization of the process lets you take full advantage of the benefits of electronic invoicing by automating every step:

- ◆ Creation and approval of purchase requests (simple or via “PunchOuts” or “MarketPlaces”)
- ◆ Receipt of products and services
- ◆ Automatic matching (tree-ways matching)
- ◆ An invoice approval circuit tailored to the amount and/or cost center
- ◆ Payment authorization 
- ◆ Archive storage.

Professional viewpoints

Tristan Bossard
Finance Project Manager



« Extending Basware’s scope to purchase requests improved our visibility over spending commitments, sourcing request control, and control of the supplier panel. The SSC accountants no longer handle time-consuming tasks like coding or sending reminders to validators. More broadly, we now have better control of the entire Purchase-to-Pay chain. »

The benefits of an **automated P2P** process:

For the Finance Division:

- ▶ Optimized working capital requirements: increased visibility of spending commitments and payment orders
- ▶ More reliable budget tracking: analytical allocation, re-invoicing, etc.
- ▶ Creation of a reliable audit trail
- ▶ Decrease in payment disputes, financial risks (default, fraud, payments errors)...
- ▶ ...and reputational risk due to late payments.

For the Purchasing Division:

- ▶ Increased purchase coverage by limiting maverick buying
- ▶ Advance planning for contract negotiations and reviews
- ▶ Identification of savings opportunities
- ▶ Control of the supplier repository and compliance (Foreign Corrupt Practices Act, ESG rating...)
- ▶ Secured supply chain.

More broadly, digitalizing the Procure-to-Pay process will boost the efficiency of everyone at the company: purchasers, approvers, suppliers, validators, accountants, internal control and management control.



Expert viewpoint:

François Chevillotte

P2P Expert Consultant - Fluxym



The main advantage of P2P solutions is that they provide organizations with total visibility of their expenses by centralizing all data from their transactions with suppliers.

By digitalizing purchase orders upstream, we can ensure that all processes run as smoothly as possible. Implementing catalogs whose regular maintenance can be delegated directly to suppliers makes things easier for buyers and users.

Automating the order's transmission to suppliers means that the associated e-invoice can be issued more quickly. Information is exchanged in a structured format from the start, thereby enhancing the organization's economic performance.

In other words, the invoice is processed without any manual input. Information is thus recorded much more quickly, simultaneously reducing the risk of error.

Naturally, the time savings and increased reliability will lead to dramatically improved productivity for the Finance Department. By eliminating tedious tasks, teams can focus on more value-added activities, like reviewing data for analysis purposes. The accounting function is enhanced.

Other company stakeholders, such as contractors, approvers, and order receipt services, also come out ahead because these tools allow for an almost instantaneous exchange of information related to orders or invoices.

Professional viewpoints

Christiane Rebaud Accounts Payable SSC Manager



« Switching to electronic invoicing significantly reduced the number of discrepancies to manage. Our average supplier invoice processing time dropped from 7 to 4 days. That changed everything for the Radiall accounting team. Our greatest advance was eliminating all the boring, repetitive tasks that are not really accounting functions like scanning and video coding. »

Cécile Bücher Accounts Payable Manager



« In just one year, electronic invoicing reached 67% of our invoices. That shift has made invoice processing faster and enabled better traceability and availability of information for all our employees, whether they are working on-site or remotely. »

Savings that are often underestimated:



Data management for an active supplier costs an average of **\$600 per year.**



The cost of processing a paper invoice is estimated at \$18.80 excl. tax, an amount that falls to just **\$6.8 excl. tax for an electronic invoice.**



Average processing times are five times faster for electronic invoices than for paper invoices: **3 days vs. 15 days** on average.



A single FTE account can handle **3 times more invoices per year** when paper invoices are eliminated.



Estimates indicate that 56% of accounting departments spend **80% of their time producing data and just 20% on analysis.**



Switching to electronic invoicing **reduces CO2 emissions by an average of 36%.**

Sources: The e-invoicing journey, Billentis, 2019-2025 / Purchase-to-Pay Study, The Hackett Group, 2019 / Basware, 2018 / Gartner

III. Key milestones for a successful Procure to Pay project

1. Audit your existing systems:

This key initial step aims to achieve a comprehensive overview of your starting point in terms of the flows, processes, tools, and employees involved. It includes:

- ▶ A precise survey of invoicing: invoice volumes, current formats (paper, PDF, etc.), customer types (B2B or B2C), levels of criticality of third parties (strategic suppliers), national and international flows, etc. The goal of this inventory is to identify and evaluate the volume of invoices to be digitalized.
- ▶ A map of the invoicing process: acquisition channels, processing steps (matching, approval, payment approval, etc.), and who is involved (internal departments or services providers).
- ▶ A map of the IT resources involved in the different processes and their interoperability.

2. Define your target architecture and processes:

The initial audit will enable you to identify gaps and define the most appropriate strategy based on the organization's level of maturity. Once the objectives have been defined, the operational phase can begin. That means:

- ▶ Defining the channels for receipt by invoice type
- ▶ Adjusting and optimizing invoice management processes
- ▶ Defining the main KPIs to evaluate the transition and continually improve the process
- ▶ Planning availability of the Finance and CIO teams, which are the main players in achieving compliance.

3. Clean and enrich your data:

Suppliers Data is clearly one of the keys to a P2P solution's implementation. Companies must ensure that their existing data, which is often spread across multiple information system silos, is high-enough quality and must be able to produce the required information.

Repository cleaning, updates, and enrichment should be planned well in advance of the solution's rollout, as should the organization of data governance to ensure high quality over time.

4. Prepare for and manage the change:

AP automation brings significant changes for many employees. It is important not to underestimate the human impact of the upcoming changes and to implement measures to:

- ▶ Inform all the many stakeholders who will be affected: Finance, Accounting, Purchasing, IT, etc.
- ▶ Provide effective change management to support employees as they implement the new processes and tools
- ▶ Communicate with suppliers to work with them on preparing for the changes in transactional flows and facilitate process and tool onboarding.

Expert support can be extremely helpful in defining the roadmap and the associated KPIs, ensuring system interoperability, and supporting internal and external change management.



Expert viewpoint:

Vincent Lounaouci

Chief Operations Officer - Fluxym



Several factors must be considered when implementing a P2P solution. Let's review the golden rules for a successful P2P project.

Improve data quality upstream of the digitalization project:

This lays the groundwork for compiling reliable and comprehensive data into a centralized database. It provides the foundation for future operations and processing. Specifically, the goal is to remove duplicates from the supplier repository and add missing data. Most of the time, a supplier's unique identification involves the mutual verification of multiple data types.

Map the processes and allow them to evolve:

It is important to describe each person's responsibilities in detail. Knowing precisely who is doing what is critical during a transformation process. This must be accompanied by communication on multiple levels to make sure that everyone involved knows what is changing and how their roles will evolve. Achieving an overview of one's progress is another important factor. When supplier invoices are digitalized, they are received in a central location before being transmitted to validators, with full transparency for all parties involved.

Implement a methodology to promote onboarding:

Supplier and internal employee onboarding plays a crucial role in this type of project. Of course, third-party participation is vital, but companies tend to adopt technological shifts at varying rates.

The secret is to communicate with the right supplier at the right time and through the right channel, which requires adjusting to the supplier's preferred method of communication based on factors like the supplier's size, the existing power dynamic, their proximity, and other criteria like the frequency and volume of transactions. An educational approach is necessary in order to clearly explain the processes that have been implemented. Discussing the various benefits of e-invoicing can improve relationships with suppliers, making them more likely to become long-term partners.

Internally, the Purchasing Department is involved in the onboarding of the various actors (contributors and validators) to ensure that new contract types and processes are taken into account. Communication regarding the instructions given to suppliers must also be widely disseminated so that all parties are aware of the terms that must be met.

What makes the Fluxym-Basware solution so special?

Basware has a long history of exchanging information electronically. The company offers a stable, time-tested platform that is interoperable and easy to implement. Fluxym's contributions include increased agility, closer proximity to customers, personalized support at every stage of the project, and the international deployment of the solution. To ensure the success of Basware projects for our customers, we provide a supplier database cleanup and improvement service as well as consulting in the development of the project roadmap. We also assist with the optimization of business processes, project management, and change management. In short, we make it easier for companies to adopt e-invoicing, and we help them future-proof themselves more generally by digitalizing their purchasing and finance processes.





About Fluxym

Fluxym, Source-to-Pay experts since 2002, helps companies to digitalize their Purchasing and Finance processes. With over 520 completed projects, Fluxym offers a full range of services: consulting, integration, support, and maintenance.

Fluxym has been a partner of Basware since 2006 and has rolled out its platform to more than 80 countries in France and worldwide. It received Basware's Business Excellence Award in 2021.

It has 145 employees based in Paris, Bordeaux, Lyon, Montreal, Toronto, New York, and Singapore.

Learn more at www.fluxym.com



About Basware

Basware is a global leader on the market for corporate financial process dematerialization and optimization (Purchase-to-Pay, electronic invoicing, and financing services).

Its solutions reduce the operational costs of purchasing, invoicing, and payment management.

Thanks to the world's largest open e-Invoicing network, used by one million companies in 180 countries, its cloud-based technology enables enterprises to fully manage their spend, mitigate financial risk, and reduce operating costs through automation of financial processes for accounts payable and accounts receivable.

Learn more at www.basware.com



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