ECONOMIC SURVIVAL KIT:
Enhancing SAP® Performance in a Down Economy with Automated Invoice Processing
Executive Summary

Facing one of the most challenging economic environments our nation has experienced in recent history, gloomy reports from the U.S. Department of Commerce and other government organizations punctuate nearly every news story. With the country’s dim economic outlook, no singular industry seems to be immune to the falling profits, declining sales, and lack of available credit. Companies spanning a variety of markets are reporting record periods of declining production and stock prices dipping to the lowest prices in more than two decades. Overall, a decline in U.S. corporate profits from a peak in 2007 to a 2010 low of a record 30% is predicted. (ISI Group).

However, even in the midst of this chilly economic climate and dicey credit conditions, there are rays of hope. Some organizations are reporting steady income figures and even improved performance. This good news is not limited to just one area of the market, indicating it is possible to mitigate the risk of future losses, stay fiscally healthy or even turn around a less than stellar performance with the right strategy. The question many companies are facing now is how they plan to either improve their performance or head off financial disaster when so much of the economic news reported on an almost daily basis makes this outcome seem near impossible.

The phrases “do more with less” and “tighten your belts” are commonplace in today’s vernacular. But what do these terms really mean? According to IT analysts, a typical business reaction in an economic downturn is to cut spending. Many companies have implemented a freeze on capital expenditures and are continuing to delay projects. However, this strategy may do more harm than good in the case of investments in technology. When the economy is struggling and competition is fierce, the infusion of technology into a company may actually give the bottom line a boost. This is especially true for automated document processing and data capture technologies because they are designed to help companies do more with less by replacing manual processes and the associated labor costs with more efficient automated processes—all within the framework of existing business practices.

Facing escalating costs in an environment where every dollar counts, companies are now looking for “new” ways to become more efficient. Compounding the issue is the need to realize these efficiency gains without scrapping investments already made in existing business practices and accounting systems. And with limited capital resources, it makes sense to deploy available technology in the areas where it can make the greatest impact—and deliver a significant ROI. Rather than planning for rising labor costs in annual operating budgets, companies are seeing the logic in replacing that reoccurring line item with a one-time investment in an automated solution designed to integrate with their existing systems. This decision is easier as companies realize that in many cases, payback on an automated solution can be achieved in six to nine months, and operational cost savings will continue for years to come.
The Business Issue

Historically, the accounts payable (AP) process has been heavily dependent on a series of paper-based, time-consuming manual tasks. While other areas of the company may have been transformed by replacing manual processes with automation, traditionally the AP department is one of the last to be improved. However, in the current economic environment, companies should re-think the way they have always done it.

A critical department in terms of business operations, the typical AP department is rife with paper and manual processes. Physically managing a large volume of paper invoices creates challenges as stacks of documents pile up in someone’s inbox, or worse, get misplaced. Compounding the paper issue is the need to efficiently capture the critical data contained on these invoices and quickly and accurately get it into the SAP system. And once the data is in the SAP system, invoices still need to be reviewed, matched, reconciled, routed, and approved before payment can be made.

Consider the typical manual invoice process. A company must pay employees to manually sort all incoming paper documents, separating and routing the invoices according to their business practices. Then, in order for the information on the paper documents to be usable, the data has to be hand-keyed into the company’s SAP system. After the invoice data is entered, a knowledge worker trained on SAP must then manually access the associated PO and compare the data, making a park or post decision. If any discrepancies are discovered, the original paper invoice must be retrieved for review, and in some cases manually routed to a supervisor or department manager for clarification, delaying posting.

Even without errors, the invoice must still be routed for approval—requiring an additional shuffling of paper or complex programming and maintenance of the workflow function within the SAP environment. This makes the approval process one of the most complex, time-consuming, and ultimately inefficient processes during manual invoice entry and verification in SAP standard systems. Typically, after data entry, the invoice is copied and routed manually for validation and approval—a very slow process taking days or even weeks. Once approval is received, the invoice needs to be manually released for payment and the paper document physically filed. Relying on this lengthy manual process is expensive and negatively impacts a company’s ability to process payments according to the most favorable terms. This includes taking advantage of early payment discounts and avoiding late payment fees—itens that can either greatly enhance or negatively impact the bottom line.

And these hidden costs of manual processing can really add up. Consider this: an International Accounts Payables Professionals (IAPP) survey showed the cost to manually process a vendor payment more than tripled in a five-year period, exceeding more than $30 per payment in 2005. Also, at a recent Association for Information and Image Management (AIIM) International road show, it was mentioned that companies are spending $20 in labor to file a single document, $120 in labor to find a misfiled document, and $220 in labor to reproduce a lost document. While the number of invoices processed per month greatly varies from company to company, with an estimated 10,000 invoices received each month, monthly costs can reach $350,000—more than $4 million annually!

Although electronic data interchange (EDI)—a paperless method of delivering and receiving invoices—was originally expected to revolutionize invoice processing, most companies still receive
the majority of their incoming vendor invoices in a paper format. In fact, a recent survey by analyst PayStream Advisors of more than 320 AP departments indicated less than 20% were even equipped to receive invoices in an EDI format. This can be attributed to several factors, but one common concern is that it is not feasible for smaller vendors to submit invoices in an EDI format. As a result, AP departments have been resistant to invest in the technology required to receive EDI transmissions knowing they would still need a method to process paper invoices within the SAP system. But contrary to EDI, automated invoice processing has evolved into a highly effective solution for processing invoices from both large and small vendors alike.

Automated Technology Overview

Automated document processing is a technology that has evolved dramatically over the past two decades, now making enhanced invoice processing available to SAP users. Although effective, first-generation data capture (a component of automated document processing) was template-based and originally limited users to capturing data from structured documents (where the same information is found in the same place on every document, such as on a credit application or an order form). While template-based data capture is still widely used to eliminate the manual data entry previously required to process structured documents, it is not a feasible solution to efficiently process semi-structured documents.

Considered to be semi-structured documents, invoices contain common data elements, such as “invoice total,” “purchase order (PO) number,” or “invoice amount,” located in varying places from invoice to invoice, depending on the specific vendor’s invoice format. These data location differences make it impossible to use a single static template for processing. And with companies dealing with hundreds if not thousands of different vendors, it is not efficient to create a template for every vendor invoice format. Data capture technology has been perfected to the point where it is possible to efficiently capture invoice data including line item details—without the need to use static templates. Instead, the data is located—regardless of where it resides on the document—by searching for defined data labels as well as deploying many other methodologies. Even better, a good solution also contains a “memory” technology, which remembers the location of the data for each document type, reducing the time needed for processing when that particular vendor invoice is encountered in the future.

In addition to the advancements made in data capture, solution integration capabilities have also improved. Previously, solutions that were compatible with the SAP system still resided on an external platform, requiring a user to exit the SAP system and enter a third-party application. Today, SAP-centric solutions are available, meaning they integrate directly into the SAP system, and use the same ABAP programming language. This means the SAP user doesn’t have to leave the familiar SAP processing environment to leverage the solution enhancements. User confidence is boosted when familiar toolbars and screens are encountered, translating into increased productivity and reduced training and operating costs.

What is OCR?

Optical character recognition (OCR) is the electronic translation of printed text from a document image (usually created by a scanner) into machine-editable text. OCR technology eliminates the need to manually key data from paper documents into an ECM, ERP, accounting, or other back end system. There are different types of recognition technologies for different types of print.

- **OCR:** optical character recognition for machine print
- **ICR:** intelligent character recognition for hand print
- **OMR:** optical mark recognition for check/mark sense boxes
- **BCR:** bar code recognition for bar codes
- **MICR:** magnetic ink character recognition for check characters
The Automated Invoice Process for SAP Systems

The automated invoice process for SAP systems incorporates three main processes: data capture, converting, and processing (i.e., authorization and posting) within SAP. During the data capture phase, OCR technology recognizes, validates, and exports the data to the SAP system. In the conversion phase, the exported data is converted into a format understood by the SAP system using a conversion tool/application. The standard SAP format IDOC is most typically used for electronic data interchange between different systems. Within the SAP system, the data from the invoice is verified, approved, and posted. The key is to accomplish all of this within the SAP environment.

The process begins with a scanned or imported invoice image, such as a fax, TIFF, or PDF. Invoices can be scanned at a central location or from a variety of remote locations or both—whatever best fits a company’s existing business model. No matter what method is selected, document images are viewable within seconds—not trapped in the mailroom or someone’s inbox. And because a lot can happen to physically affect the readability of an invoice before it is processed, such as becoming dirty or poorly printed with smudged characters, current scanner communication can be optimized to create the cleanest image possible. Additionally, most automated invoice processing software...
will automatically deskew, lighten, despeckle, and rotate an image as needed to provide the optimum image for the next phase of data capture.

Advanced technology also separates critical data from “form noise”. Invoice layout elements such as boxes, lines, and column labels are recognized as non-data elements and ignored, just like an AP operator would do if they were reading the invoice and searching for the correct data to manually enter into the SAP system. The data that was obscured by poorly printed characters, stray lines, and other elements is regenerated to enhance the software’s recognition ability.

Data, including summary and line item details, is then automatically captured, eliminating the need for manual data entry. The data is located—regardless of where it resides on the document—through the use of various technologies and algorithms including one as simple as by searching for defined data labels. These data labels can include:

- Amount due
- Invoice number

Or the solution can search by:

- Data format
- Data type (e.g., alpha, numeric, or both)
- Location (e.g., “just look in the top half of the document for this data”)
Once located, the software solution applies the appropriate recognition technology to automatically capture the data. To increase accuracy during the capture phase, most solutions are easily customizable to alert the software to expect a certain type of data in a specific location. And to ensure consistency in the SAP system, items such as invoice date can be set with point-and-click ease to be output in a user-defined format such as MM/DD/YYYY no matter how the date is formatted on a particular invoice image.

In addition, the automatically captured data can be validated against the user’s own accounting rules to ensure data accuracy. Most user-friendly solutions allow hundreds of rules to be applied. This ensures the user organization doesn’t need to change the way they do business to accommodate an automated invoicing solution—rather the automated solution should be easily customizable to match the existing processes.

The most effective solutions also include the ability to look up data already contained in a company’s existing databases, including those in the SAP system (e.g., vendor master records, material master records, PO tables, etc.). This includes being able to automatically perform two-way matching of PO information to a specific invoice during the data capture phase of processing. Using this downloaded detailed information to auto-populate and verify data fields pertaining to a specific invoice—or to flag problems for review—creates a more complete and accurate data record available downstream. This increase in data accuracy also eliminates the bottlenecks previously caused by missing or inaccurate data.

At this point, once any accounting rules or automatic lookups have been applied, many invoices are 100% accurate and can optionally bypass human verification, going straight to being posted in the SAP system for payment. This
speeds the payment cycle and reduces labor costs. An invoice image that contains questionable characters or differs beyond an acceptable tolerance from the PO can be routed for efficient resolution. Operators can quickly move through each extracted data field or can simply advance from one questionable character or accounting rule violation to another.

The accurate, verified data is then transferred to the SAP system, either on-the-fly or scheduled to occur at an optimal time according to a customer’s accounting practices and organizational resources. Today’s leading solutions use a simple drag-and-drop style setup interface, creating an efficient tool for moving data and invoice images from the data capture portion of the solution to an end-user’s SAP application, using the standard SAP format IDOC. This direct integration captures invoice data and post/park invoice images, and seamlessly transfers it to the SAP system.

With the invoice data in the SAP system, quick and reliable decisions are able to be made. Using a solution that incorporates an overview screen feature, a SAP user can instantly view a list of incoming invoices and see which have been parked, posted, or deleted. Because some invoice processing solutions incorporate a “status” format the user recognizes from the SAP system, processing speed is increased. For example, by incorporating a traffic light display system it is easy to recognize that a green light indicates the invoice was posted immediately, a yellow light indicates an item for potential review (based on a user’s existing business practices), and a red light indicates a mismatch between captured invoice data and the PO data, which must be resolved in order to post the invoice.

Once the invoice status has been ascertained, any data inaccuracies or mismatches between the original PO and the invoice must be corrected. To achieve this, the captured invoice image, the captured line item details, and any quantity or price differences from the original PO are automatically displayed and compared, with any discrepancies highlighted—eliminating the need to manually match details. The SAP user does not have to hunt for the differences as was previously required in the tedious manual comparison procedure. And a user-friendly solution allows the SAP user to correct any discrepancies with drag-and-drop functionality, eliminating the possibility for a keystroke error.

Solution Selection Tip

It is important to select an automated invoice solution that supports both SAP mail and multiple external mail clients such as Microsoft Outlook, as well as web site access to the SAP system and the approval process via an online web Dynpro application. Additionally, for maximum flexibility to support existing accounting practices, the solution should enable both single level approval as well as a multilevel process, requiring multiple approvals.
Instead of manually routing paper invoices to be approved, emails can be automatically triggered to the appropriate authorized approver. This slashes the approval process from weeks or days to just minutes, which drastically reduces the hidden costs of invoice processing. Gone are the days of manually routing a photocopied invoice to an approver and waiting while the invoice sits in an inbox. Instead, once the invoice details have been matched to the PO, an approval email is sent to a supervisor or operational manager with signing authority.

The recipient of an approval email can dynamically access invoice details via the web, and edit or define fields as necessary. Selecting a solution with a user-friendly interface means the approver, such as the Director of Finance, does not necessarily have to be an active SAP user but will be able to enter information (e.g. approval flag, GL Account, cost center, or more). The automated invoice solution should also allow direct access (based on user permissions) to the following integrated activities: goods receipt request, quantity differences, price difference, invoice recognition, information mail, and approval. Once approved, the invoice information is immediately transferred back into the SAP system (via IDoc) and the invoice and process history is quickly brought up-to-date.

The captured invoice image, the captured line item details, and any quantity or price differences from the original PO are automatically displayed and compared, with any discrepancies highlighted—eliminating the need to manually match details.

Invoice details are instantly available in an email format, speeding the approval process.
Results/ROI/Benefits

As the nation’s economic health remains tenuous, companies need to look for ways to reduce costs by leveraging technology designed to integrate and augment their existing systems, including the SAP system—rather than relying on costly business practice and system overhauls. By replacing manual processes (including manual data entry and a manual approval process) with an automated invoice processing solution designed specifically to enhance the SAP system performance, companies are experiencing a number of both quantifiable and qualitative benefits including:

• **Reduced manual labor costs**
  Automated invoice processing can eradicate up to 75% of the often-hidden labor costs associated with performing manual data entry, reviewing, and routing invoices for approval. Along with avoiding the planned costs of paying employees to perform the tedious task of keying in data off of incoming invoices, companies who utilize an automated invoice processing solution for the SAP system no longer face backlogs of invoices. And because a potential front-end bottleneck has been removed, the need for expensive, unplanned overtime or requiring employees to work mandatory nights or weekends in attempt to avoid late payment fees or close by month-end is also eliminated.

• **Increased payment accuracy**
  Manual processing invites the potential for human error, creating the opportunity for delayed or duplicate payments. Inaccurate data entry means employees need to manually correct the error before an invoice can be posted in the SAP system. This can delay payments as invoices need to be retrieved and/or manually routed before the data correction can be made. Dealing with these errors takes employees away from performing more value-added tasks and an unresolved or undiscovered error means an invoice will not be paid—or worse could be paid twice. By applying custom accounting rules, an automated data capture solution can validate captured data without any human intervention. When these rules are applied, accuracy rates can reach 99%. And an automated solution can provide the SAP user both invoice image alongside the captured invoice data and the associated PO data. In addition, the data can automatically compare the line item details, and highlight any differences—eliminating the need to rely on an AP employee to catch every discrepancy.

• **Complete process transparency**
  With a complete invoice workflow easily visible as well as an overview of current invoice status, end-of-month surprises can be avoided, with up-to-date information available with just a glance. And, with complete transaction history and the associated invoice images stored electronically, document loss is avoided and available in just a few keystrokes, aiding in compliance with generally accepted accounting principles (GAAP) and accounting regulations such as Sarbanes-Oxley.

• **Lower per-invoice processing cost**
  Lower labor expenses, improved data accuracy and faster turnaround times translate into the ability to process more invoices in a shorter period of time, at a lower cost—with requiring additional staff. This means companies who invest in an automated data capture and invoice approval solution quickly achieve a positive ROI and are able to realize a lower per-invoice processing cost—a significant savings in the AP department that positively contributes to a company’s overall fiscal health.

• **Elevated productivity with no additional human resources required**
  Before the advent of efficient automated invoice processing, if companies wanted to increase productivity, the only sure option was to add to the existing employee headcount—which also added to expenses. Managers were forced to try to find the balance between fiscal efficiency and productivity, often sacrificing one for the other. Now companies with an automated solution report dramatic increases in productivity without needing to add additional employees. By eliminating time-consuming manual processes, more invoices can be processed and approved in significantly less time, speeding the workflow and eliminating bottlenecks. And with less time required to process invoices, employees can be assigned to more value-added tasks.
• Faster turnaround time provides the ability to take advantage of early payment discounts and avoid late fees
  Automated data capture speeds the flow of invoice data and images into a user’s SAP system. And auto-
  mated verification of data such as balancing line items to totals allows discrepancies to be caught immediately
  and automatically routed for quick correction. This means accurate invoice data enters the SAP workflow
  faster—in some cases in hours instead of days—making it possible to maximize savings by taking advantage
  of favorable terms and avoiding delinquent payment charges.

• Improved customer service with automatic indexing
  Automation allows companies to proactively prevent vendor service snafus, such as lost or misapplied invoices,
  instead of reactively responding to issues that arise. The time required to research payment inquiries or other
  exceptions is also reduced because accurate invoice data and images are available within the SAP system sooner
  and is accessible with just a few clicks of the mouse, rather than requiring the necessary invoice to be retrieved
  from stacks of paper or located in a filing cabinet. With an automated solution, data fields (such as vendor name
  or PO number) can be selected to automatically serve as index fields in the SAP system or a separate document
  management system for quick and accurate retrieval of invoice data and document images. And, multiple em-
  ployees can access a single image simultaneously—a benefit not available in a paper-based system.

• Greater staffing consistency with a scalable solution
  When a scalable automated invoice processing solution is in place, the impact of peaks and valleys in the
  incoming invoice volume is greatly reduced. A scalable solution easily handles increased invoice vol-
  ume without requiring additional staff. This eliminates irregular staffing patterns, and spikes in labor
  costs due to overtime.
Conclusion

By virtually eliminating manual data entry, approvals, and other manual processes, an automated invoice processing solution for the SAP system provides a boost to productivity levels that would be unachievable by existing staff—and at a lower cost. Once information is captured from an invoice, customized business rules are used to validate and normalize the data prior to human verification. Verified data is then delivered to the SAP system, where automated approvals can take place—further streamlining invoice processing.

Although it may be tempting to wait for the current economy to turn around before adopting new technology, companies need to understand that if they wait to see what everyone else is doing, they run the risk of being left behind. There’s an old adage, “If you see the bandwagon, it is probably too late.” While one organization holds back, its competitors may be implementing money-saving technologies to boost their productivity. If a company waits for the economy to rebound before investing in technology, it may be too late to bounce back. The combination of productivity gains and solution flexibility brings value to the bottom line—hence the ability to “do more with less.”

Companies worldwide rely on the specialized technology of an automated solution to capture data and process invoices—and with good reason. Replacing the need to hand key the data from paper invoices into an ERP or accounting system with automated data capture, not only results in increased processing speed and data accuracy, but labor costs can be dramatically slashed. Backlogs can also be avoided, making month-end processing a much smoother process. In some cases, processing times of 10 days have been reduced to three to four hours, saving companies up to 65% or more in annual processing costs. Automated software technology eliminates manual processes that drains profit and productivity and replaces them with an efficient, benefit-rich solution. Information contained on paper invoices can quickly become usable data, saving companies valuable time and money—critical to remaining competitive in today’s economy.
Case Study

The Company

A global, leading gas and engineering company, with nearly 50,000 employees providing services in more than 70 countries worldwide.

The Challenge

- Process a dynamically growing volume of invoices without hiring additional staff
- Reduce overtime expenses
- Create transparent structures across the entire invoice processing workflow
- Deploy a European-wide application using localized, country-specific versions

The Benefits

Liabilities are settled more punctually, loss of prepay discounts is avoided, and transparent visibility of the status of all invoices is guaranteed.

Competitive Advantage

Reduced costs due to more efficient use of human resources. Increased number of order-related invoices and faster processing allows for bundling of suppliers and attaining better purchasing conditions.

Key Figures

- Approximately 700,000 incoming invoice pages are processed per year
- Recognition rate averages 90% for header data, reaching 99% in some cases
- Time required for invoice data capture reduced by 50%

The SAP system is the established standard for Enterprise Resource Planning at this leading gas and engineering company across all operating regions. Introducing a new solution into your enterprise solution environment—such as a system for the electronic data capture, processing, and release of incoming invoices—is a vast undertaking and represents a great challenge for the organization’s global SAP team and all others involved. So anything to ease the effort is highly welcome, such as new applications that seamlessly integrate into the process. The company implemented a solution that allows them to process their steadily growing number of incoming invoices at great speed and at the same time helps to improve data quality.

With a decentralized organizational structure, goods and services are ordered from many locations all over Germany, and each branch office handles the associated correspondence individually. Up until recently, 70% of the 140,000 incoming invoices were not processed at the company headquarters in Germany, but instead went to remote offices. As a result, sometimes an invoice lay idle for up to a full month before it was forwarded to headquarters for settlement. And the accounting staff at headquarters often were not up-to-date on which invoices had already arrived, had been settled, and which still needed to
be processed. This resulted in dunning letters, loss of prepay discounts, and inadequate transparency.

Keeping up with Dynamic Business Growth using Automated Invoice Capture and Processing

The organization’s present strategy focuses on profit-oriented growth. One of the key initiatives to achieving this goal involves pushing international business by introducing forward-looking products and services.

In 2007, the group made several significant acquisitions. Due to antitrust regulations, subsidiaries in the United States, Australia, Poland, and Great Britain as well as the material handling division were subsequently sold, and a completely new organizational and management structure was introduced. In order to meet the associated technical demands, the group is also in the process of overhauling its IT landscape. About 140,000 invoices are received in a single year, and with future acquisitions this number will rise even further.

For this reason the company introduced a harmonized SAP workflow solution for invoice processing, including automated data capture and approvals throughout its European offices. Most other solutions would have required the creation of a separate template for each of its 8,000 suppliers to ensure that the corresponding invoices are recognized. Creating a single template requires about 15 minutes and with 8,000 invoices, this would add up to more than 2,000 hours. The automated solution however, readily recognizes the invoices without the need for specific templates and even learns how to improve recognition quality over time.

Before introducing the solution, all suppliers were asked to send their invoices to company headquarters, indicating the information relevant to the SAP environment, such as order number etc., located on the document. Presently, 500 to 700 paper-based invoices are delivered to the accounts payable department each morning. An employee prepares these for scanning—this involves removing staples and attaching a barcode—and usually finishes the digitization job by noon. The scan client stores the image in the integrated archive system and simultaneously forwards it to the OCR software, which then captures the invoice data and transfers it to the connected SAP workflow. Thanks to the ability to eliminate manual data entry, the time required for capturing data and passing it on to the SAP system has been reduced by 50%—while also guaranteeing maximum reliability and a highly reduced error rate!

Even Low-quality Source Documents are Processed with Ease

While the recognition rate is generally very high, it naturally also depends on the quality of the paper document and the scan. Gray backgrounds, colored sections and varying formats really put the automated data capture portion of the solution to the test, but with its self-learning capabilities, the system is more than up to the challenge. Next, the captured data is compared to the SAP workflow by the supplier accounting department and corrected where necessary based on the images. Fields read without errors, i.e. those which were successfully reconciled with the SAP master data, are highlighted in green, data to be confirmed is marked yellow, and information not recognized is shown on a red background. Once the data appears in the invoice receipt log of the SAP system, only a few minor adjustments are needed. And many invoices are not even indicated by the system because they were fully processed automatically. This has greatly sped up work for the nine processors in the supplier accounting department, allowing them to tend to customer and master data maintenance tasks which in the past usually received the short end of the stick.

The company works with two different types of invoices: FI invoices that are based on a fax order,
meaning they were placed outside of the system, and MM invoices for deliveries and services that were ordered using the SAP MM module. They are based on the compliance guidelines in place at the company, which state that orders are to be initiated in the SAP environment whenever possible.

**Header and Line Item Data are Automatically Read**

The FI invoices are read at the header level with a resulting average recognition rate in the range of approximately 90%, reaching as high as 99%, depending on the quality of the document image. They are then further processed within the SAP workflow by employees with signing authority according to the double-verification principle. For MM invoices, line item data is also captured. These are then passed on to the SAP environment, and all the requester needs to do in order for the invoice to be automatically forwarded to accounting is to register the receipt of goods. Using the new system, FI invoices are generally processed within three days, MM invoices within five days. So in addition to quicker capture, the entire invoice throughput time has been reduced by 50%. The suppliers also benefit because they can rest assured that their invoice reached the recipient, the validation and booking process has been initiated, and they will receive their money on time.

It is the goal of the company to raise the share of MM invoices as much as possible over the long run—and they have already made significant progress in this respect. The underlying reason is the fast close principle, i.e. the goal to close the accounting books as quickly as possible. With an SAP order, they can book the process after goods receipt and validation even before having received the invoice. Given a high order ratio, it becomes easier to allocate product groups, bundle suppliers, and thus achieve better purchasing conditions.

**Central Invoice Capture Results in 100% Reliable Processes—Internally and Externally**

Aside from saving time, the high level of process reliability is one of the key advantages of electronic invoice reading. In the past, no definite information on whether any specific invoice had already been received was available. By centralizing the entire incoming invoice process, the company is now instantly aware of all invoices that have been received and their current processing status. And if an invoice is not in the workflow, they know with certainty that it has not yet been delivered to the company. This allows liabilities to be settled more punctually, in turn helping to significantly reduce loss of prepay discounts.

Introducing the new automated invoice processing solution also meant that the company was able to avoid hiring additional staff despite a constantly rising invoice volume. Due to the great success of the solution, there are plans to successively introduce it in other regional subsidiaries as well. The solution can rapidly be modified to create localized versions for any desired country (where not already available). On-site implementation and customization is seamless and based on standardized procedures.

The list of current solution users—so far comprising Germany, the Czech Republic and Slovenia—is soon to include the Netherlands, France and Hungary, followed by Spain, Italy, Greece, Austria, Switzerland, and additional international subsidiaries. While all regional subsidiaries use an identical SAP system, they are provided with an automated solution customized to their needs. For example, in Germany the invoice date is very important, whereas in the Czech Republic the system must be optimized for recognizing and reading the delivery date. Such specific needs can be easily adjusted in the solution, which is one of the reasons why the company opted for this product. They now have an end-to-end solution whose smooth operation is ensured by comprehensive and international support featuring 24/7 availability and rapid response—a service the company has come to appreciate very much over the past few years.
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