3 Procure-to-Pay zones that are overlooked

and 3 solutions to get you in the zone!

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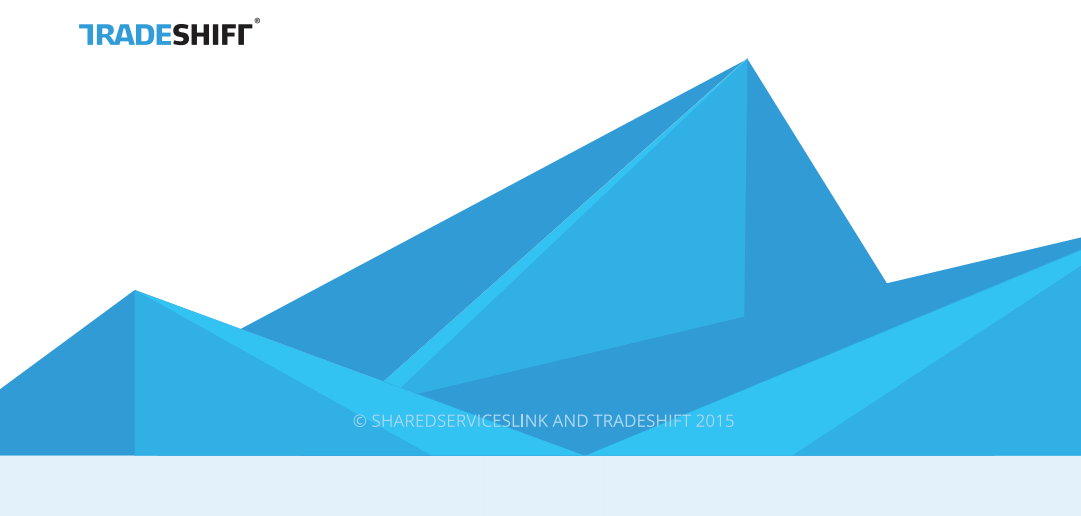

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Since 2008, corporations have woken up to the stark reality that, to survive in bear economies and soar in bullish economies, finance operations have to be precise, automated, and reliable – as trusted and accurate as a fine Swiss watch.

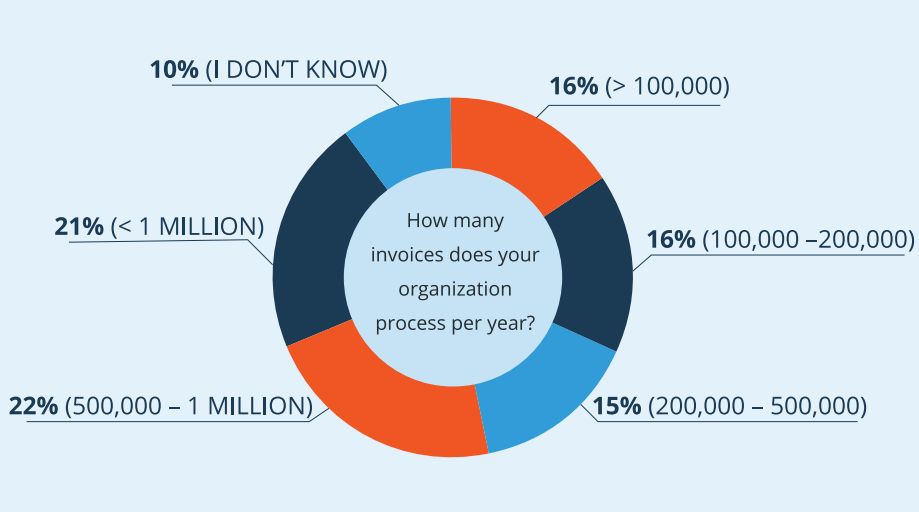
Although companies have made great advances in the past 7 years, there are areas that continue to be overlooked. This leads to a shortfall in levels of efficiency and effectiveness.

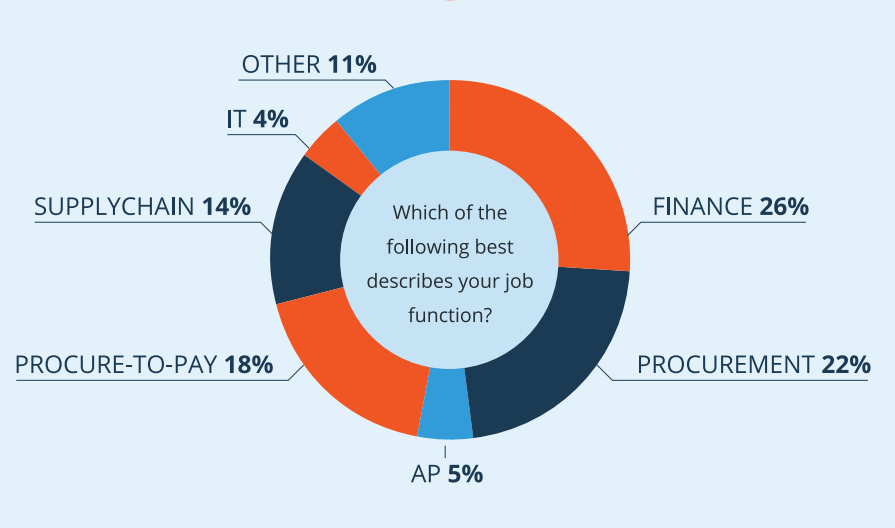
sharedserviceslink and Tradeshift conducted a survey to examine the Procure-to-Pay part of Finance, and how companies can take steps to improve and enhance it.

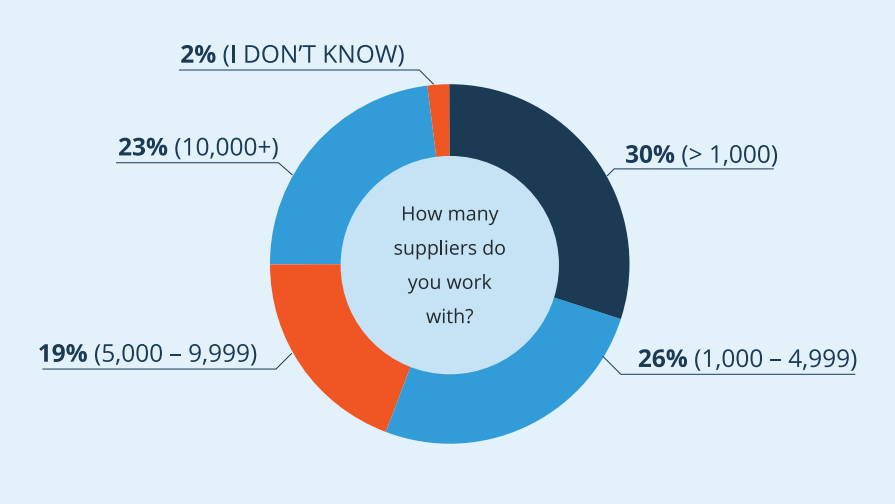
The findings revealed **3 specific zones in Procure-to-Pay that are being ignored, and what that lack of attention is costing business today.**

About our respondents

Our respondents are Finance, Procurement and Procure-to-Pay professionals. 42% of them have more than 5,000 suppliers. 74% process over 100,000 invoices per year, with 21% processing over 1 million invoices.







We asked a number of questions about their procure-to-pay processes, and three zones of impact emerged. These zones are aspects of the process that can transform your Procure-to-Pay department into a powerhouse. But when they are ignored, it will chip away at your value and productivity.

So, what are the three zones?

READ ON!

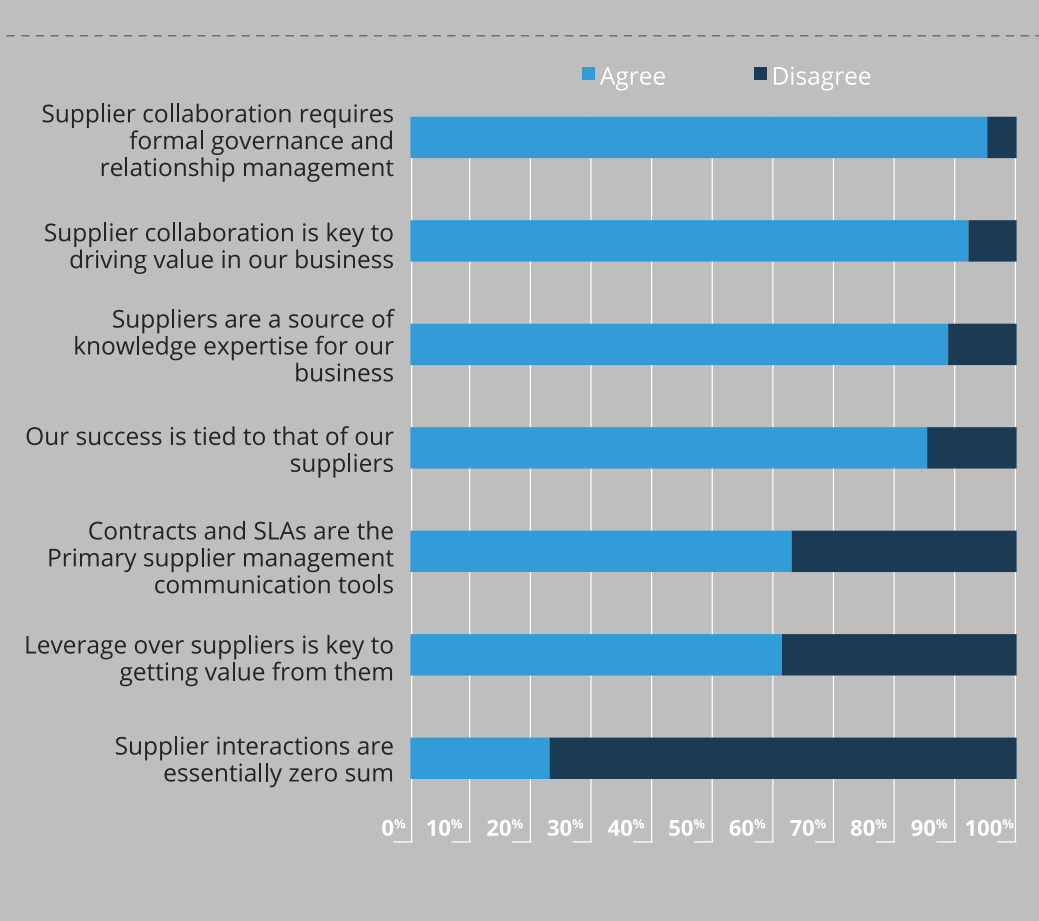
1 Zone Your relationship with your suppliers

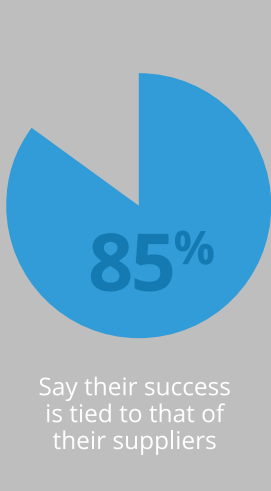
The procure-to-pay process starts and ends with your suppliers. We are seeing that shared services – as buyers – are interested in more than just price and cost. They want a collaborative relationship with their suppliers.

Shared services value their suppliers as experts and partners, and they understand that supplier relationships affect business outcomes.

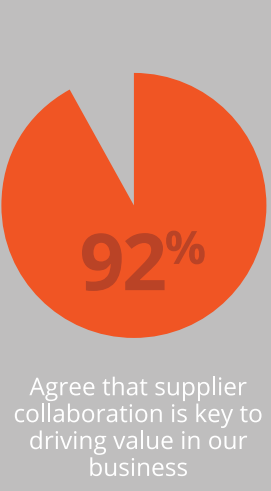
But suppliers are often not first and foremost in companies' procure-to-pay processes...

Which of the following statements reflects the view of suppliers at your organization?

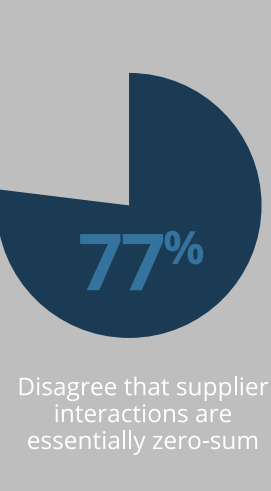




Say their success is tied to that of their suppliers



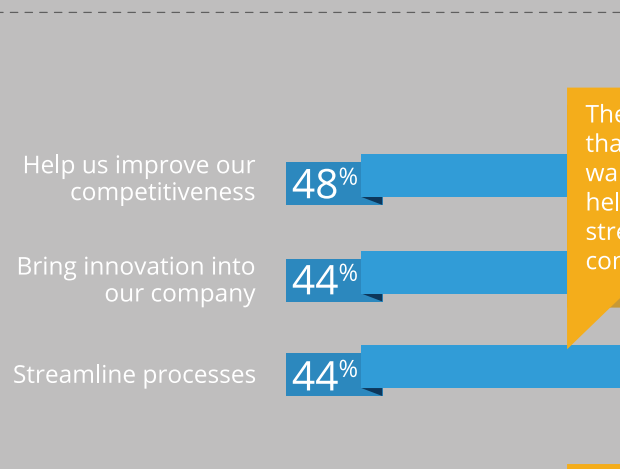
Agree that supplier collaboration is key to driving value in our business



Disagree that supplier interactions are essentially zero-sum

Our respondents value the **knowledge and experience** of their suppliers. It's not about flexing buying-power muscles – they understand that **collaboration** with suppliers is key to driving value in their business.

What could your suppliers do to improve their relationship with you ?



The top 3 answers show that shared services want their suppliers to help them be innovative, streamlined and competitive

What are the key ways to ensure great supplier collaboration?

81% say "Regular, open channels of communication"

81%

Buyers recognize that communication is essential to maintaining good relationships with suppliers. But communicating via traditional methods (phone, email, meetings) with thousands, or hundreds of thousands, of suppliers just isn't feasible or economical.

To maintain and sustain these relationships, we need to avail ourselves of online tools, chats, news feeds and social network like features that can make communication efficient.

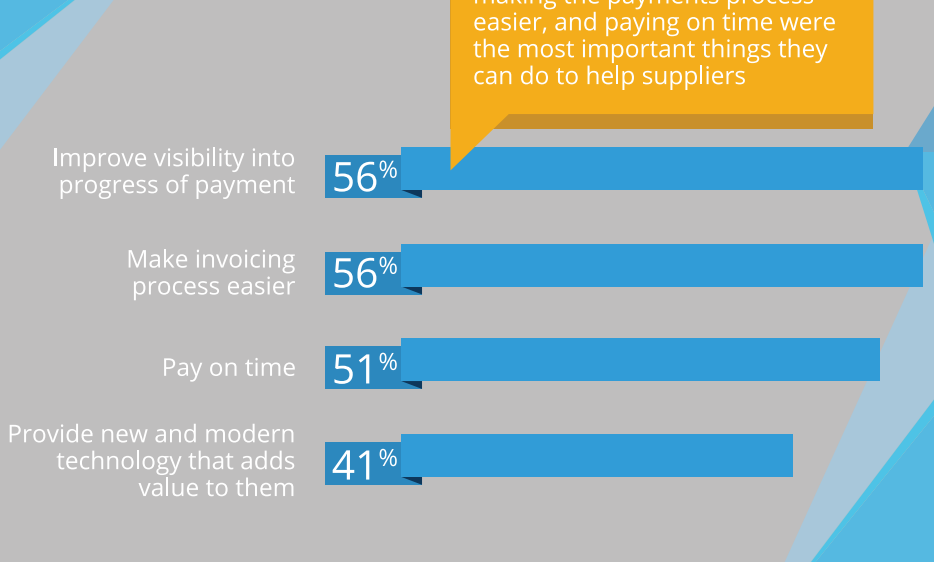
2 Zone The impact of your payables processes on your suppliers

Cash flow is increasingly important to suppliers. Therefore, having a view into the status of their invoice, when they will be paid, and if there will be any delays, is often business-critical for suppliers.

E-invoicing has been the natural evolution of invoicing, and is an obvious and essential tool for improving timeliness and visibility during the process.

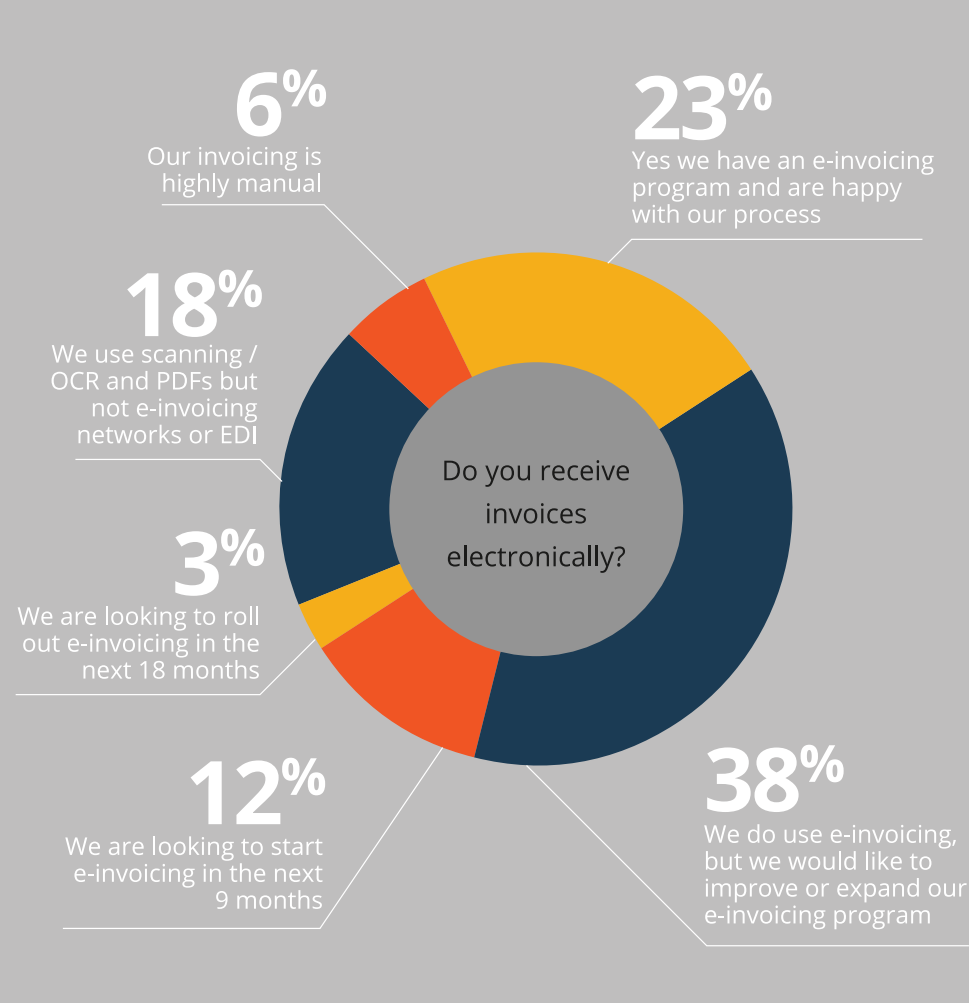
What could you do to improve your relationship with suppliers?

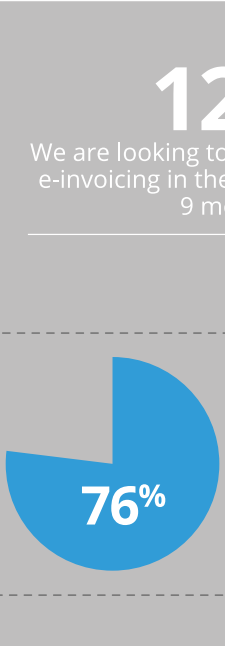
Over half our respondents say improving visibility into payments, making the payments process easier, and paying on time were the most important things they can do to help suppliers



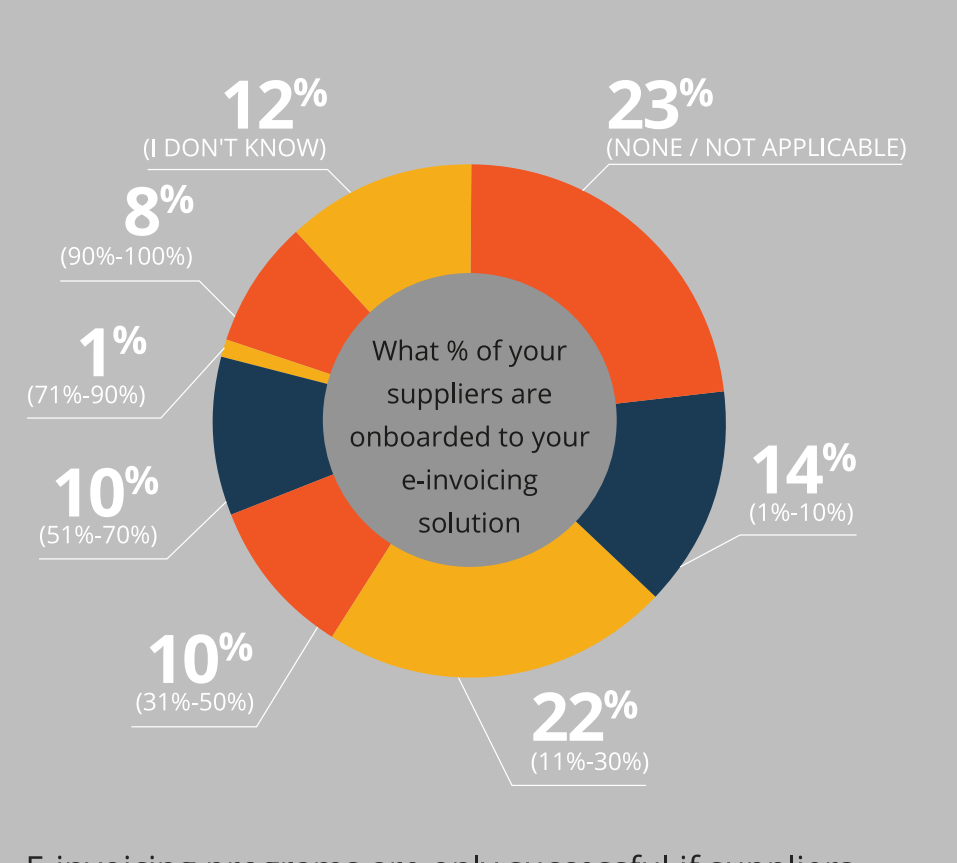
41% recognize that modern technology, such as mobile ready technology and user friendly interfaces can add value for suppliers.

E-invoicing is an essential tool to examine for improving your payables process and improving visibility into payments.





76% already have e-invoicing or are planning on implementing it.

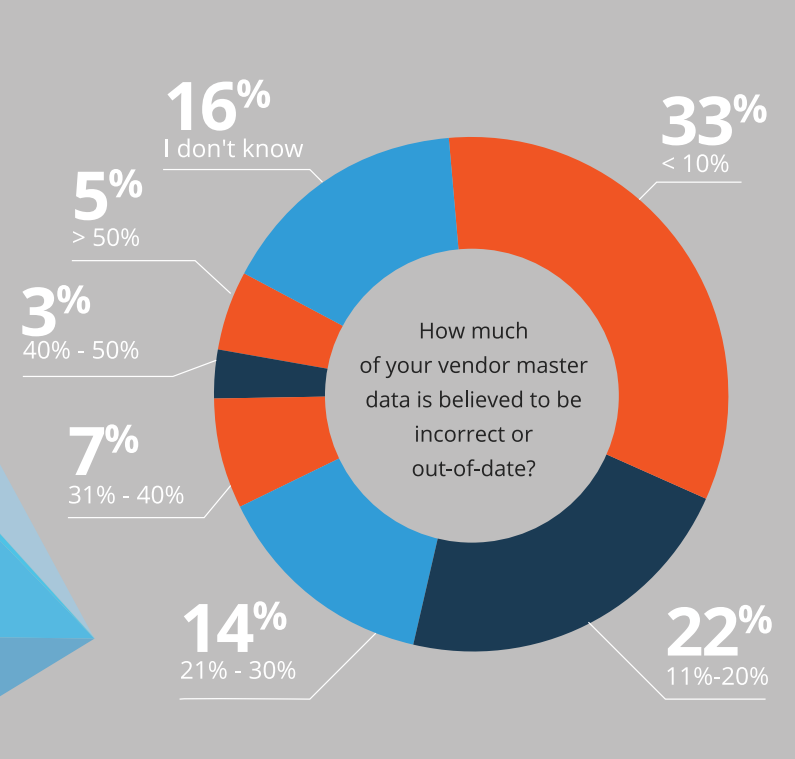


E-invoicing programs are only successful if suppliers *actually* invoice you electronically. Only 19% say they have more than 50% of their suppliers on their invoicing solution, so onboarding is still an issue.

Our respondents agree that making the payments process easier and more effective is the best thing they could do for suppliers. While many are using e-invoicing to make invoicing more effective, the number of suppliers onboarded remains low. This suggests that existing onboarding practices aren't working well enough, and companies should look for more innovative onboarding solutions.

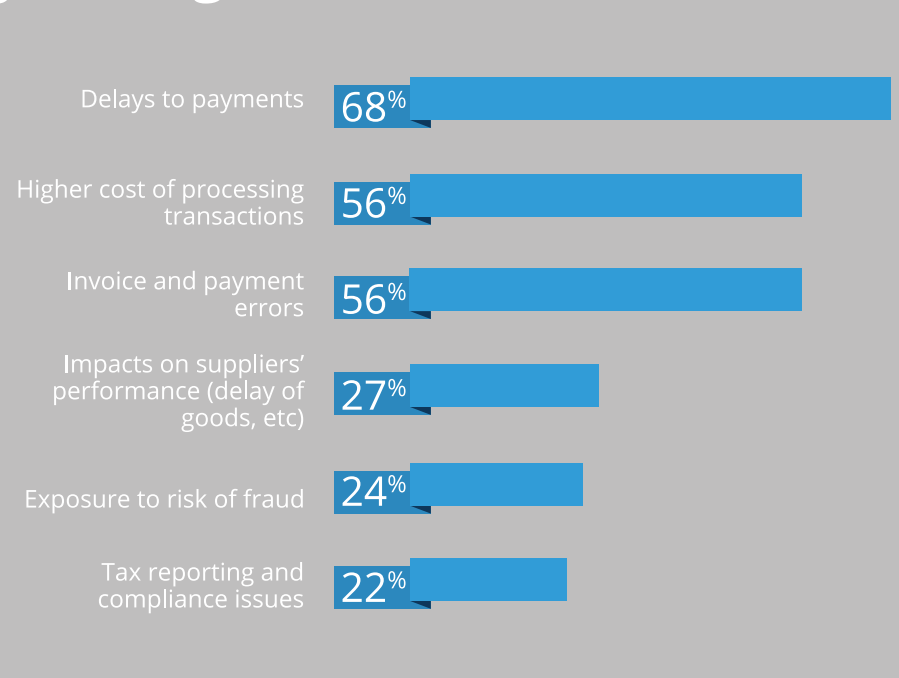
3 Zone Inaccurate supplier information is driving significant payables problems

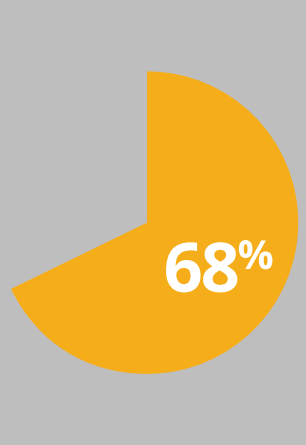
Unfortunately, investments made in cleaning, consolidating and improving the process of managing vendor data are often de-prioritized. This can prove a costly oversight, as the poor quality of vendor data often proves to be the cause of the problem further downstream, when invoices or payments fail to pass through first-time.



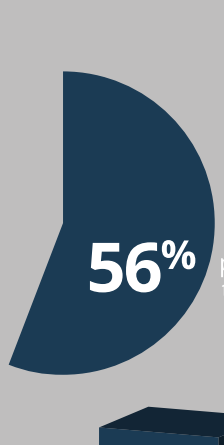
55% say that only 20% or less of their vendor master data is incorrect, but that long tail can still have a significant impact.

What impact has inaccurate supplier information had on your organization?

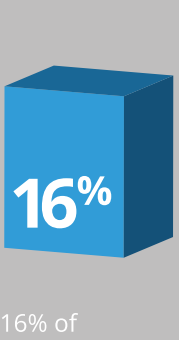




of respondents said inaccurate supplier information has led to delays in payment!

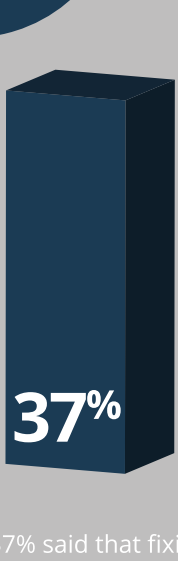


said it leads to higher cost of processing invoicing and payment errors in their organization



16% of respondents still manually manage vendor data,

and only 33% are fully automated, either via their ERP or other tools



37% said that fixing their master data will be a significant project, and that they will need to bring in extra resources to validate, correct and maintain their vendor data

However, if poor data causes exceptions in just 10% of invoices, it's not long before you need people full-time to handle these exceptions.

Invoices per year	10% of invoices affected by poor data	Minutes spent on exceptions (assuming 5 min per exception)	FTEs needed to handle exceptions
200,000	20,000	100,000	0.8
500,000	50,000	250,000	2.0
1,000,000	100,000	500,000	4.0

One of the most important measurements in Procure-to-Pay is on-time payments. If 68% are suffering from delayed payments due to inaccurate vendor data, then this is a serious problem. Over half our respondents say vendor data issues are also adding to the cost of invoice processing, which, in turn, takes away from AP doing value-adding activities. This isn't an issue that can sit at the bottom of your priority list any longer.

So, what's the "takeaway" from this survey data?

There are a number of specific projects that you can easily and quickly apply for impressive results across Procure-to-Pay!

Here are 3 Projects you can start today to improve Procure-to-Pay dramatically:

#1 PROJECT

Map out and examine your end-to-end procure-to-pay process and how it impacts Procurement, Finance and your suppliers

When suppliers are not paid on time, or if the process is painful, it's not just your suppliers that suffer. It can impact your business continuity. One of the most important things you can do as a business is to pay on time, with an efficient, predictable process.

Project tips:

- Bring all the key stakeholders together to map the invoice journey from procurement to payment.
- Identify every touch-point in the process, and determine if it can be automated.
- Discuss areas of process weakness. Where do backlogs build up? How can you build in resilience?
- Dig into the causes of your invoice exceptions, and invest time in a root-cause analysis.
- Get feedback directly from your suppliers on your invoice process.

An efficient payables process will not only keep your P2P costs down, it will keep your suppliers happy and can also open doors to new savings and early payment discounts, if you aren't taking advantage of those already.

#2 PROJECT

Get on top of your vendor data issues

Problems with vendor data are often the cause of many Procure-to-Pay pain points such as late payments and invoice exceptions. 68% respondents say inaccurate supplier information leads to late payments, and over half say it contributes to high processing costs.

> "It's time to prioritize getting it right."

Project tips:

- Define who "owns" vendor data and assign ownership to the improvement campaign.
- Come to grips with how accurate and up-to-date the information on your system is or isn't, and what the job ahead of you looks like.
- How do you update supplier information? There are new tools that can help to improve the management of supplier information, and can reduce your manual effort.
- Look for tools that will allow suppliers to update their own data. Modern, network-based tools now enable onboarded suppliers to manage their own information, so you don't have to.

An up to date vendor data system can take a surprising amount of strain out of your system.

#3 PROJECT

Consider your payables technology with your suppliers in mind

Technology to automate payables processes wherever possible is a no-brainer. However, you must consider your supplier landscape and whether your solution is appropriate for all of your suppliers.

It's no longer enough to onboard only the top 20% of suppliers. Businesses are going digital and if you are only digitally connected to 20% of your suppliers you are not keeping pace with the transformation happening around the world.

Project tips:

- If your technology relies on suppliers using it, what are your adoption rates? If suppliers aren't using it, ask them why. What is the onboarding process like, do your suppliers like using your solution? Is the onboarding process manual or automated? What level of training is required for suppliers to get going?
- How do your tools enable collaborative relationships with your suppliers?
- Is your technology fit for the future? As shared services are finally embracing scalable, SaaS and cloud-based technology, will your technology take you where the business will need you to be in 5 or 10 years from now?

Take time to look at what automation technology you have or want to have, and whether or not it meets the needs of your supplier base and the future of your business.

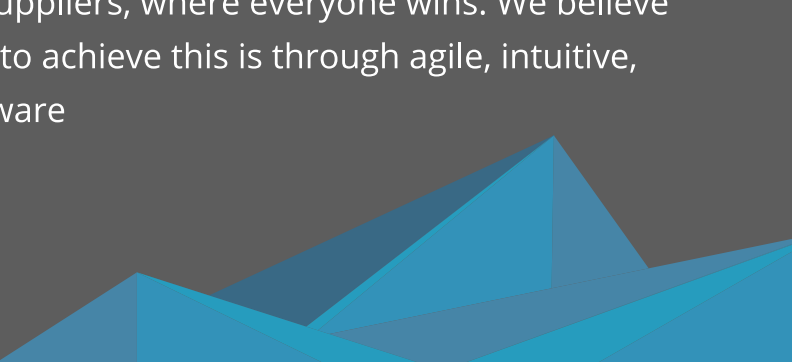
In summary

These three projects will dramatically help align the needs of Procurement, Finance and your suppliers. Take on these projects today to watch your performance skyrocket, and ensure you have a Procure-to-Pay department that is fit for the growth and future of your business.

About Tradeshift

Transforming how businesses work together. Tradeshift helps buyers and suppliers connect, transact and collaborate with e-invoicing and procure-to-pay software.

Easy to use. Proven onboarding methods. Free for suppliers. Tradeshift brings you intuitive, agile, scalable software. We strengthen buyer-supplier relationships through the power of our network, our proven supplier onboarding methods, and our scalable platform & app ecosystem.

At Tradeshift, we believe in open collaboration between buyers and suppliers, where everyone wins. We believe the best way to achieve this is through agile, intuitive, scalable software