

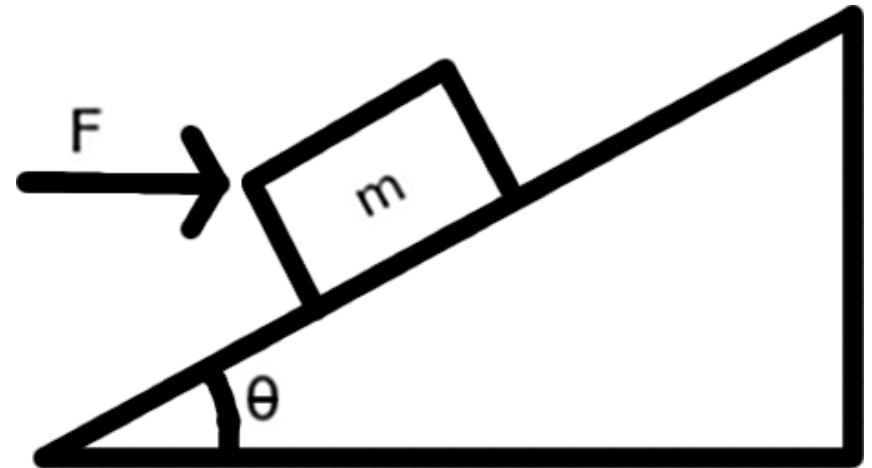
5 Proven Strategies to Reduce Costs and Accelerate Cycle Times in P2P

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What is Friction?

- “The opposing force, which acts in the opposition direction of the movement of the upper body is called FRICTION FORCE or simply FRICTION.”



69% of Businesses Feel They Are **Not** Moving in the Right Direction



Only 31% of businesses feel they are in a better place today in dealing with potential causes of friction in the procure-to-pay process.

P2P Friction is a **Global** Problem

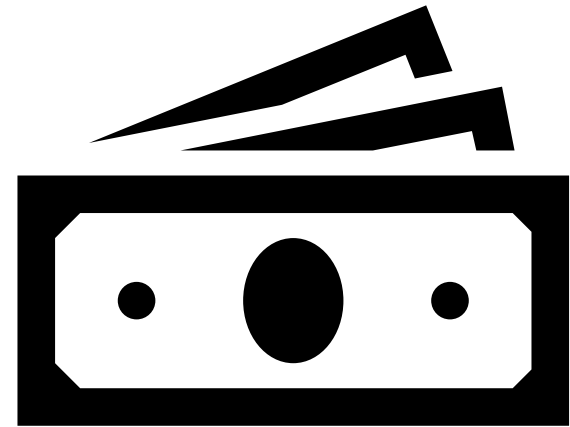


Businesses around the world experience P2P friction at almost the same rate^{ric}, with U.S. businesses reporting slightly more friction.

P2P Friction is **Expensive**

\$171,340

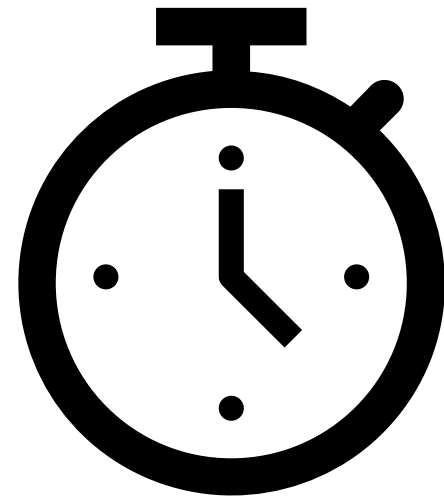
average annual cost per
U.S. business to deal
with P2P friction issues.



P2P Friction **Wastes Time**

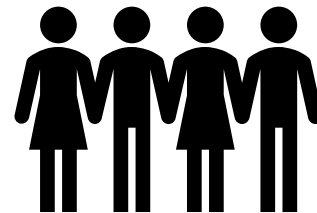
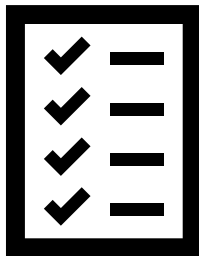
125 hours

is wasted on P2P issues
per week, per business



A Top Priority

- 36% of businesses say that removing friction from the procure-to-pay process is a top priority.
- Of those who identified removing friction as a top priority, 71% were large businesses with over 1,000 employees.



Top 5 Causes of P2P Friction

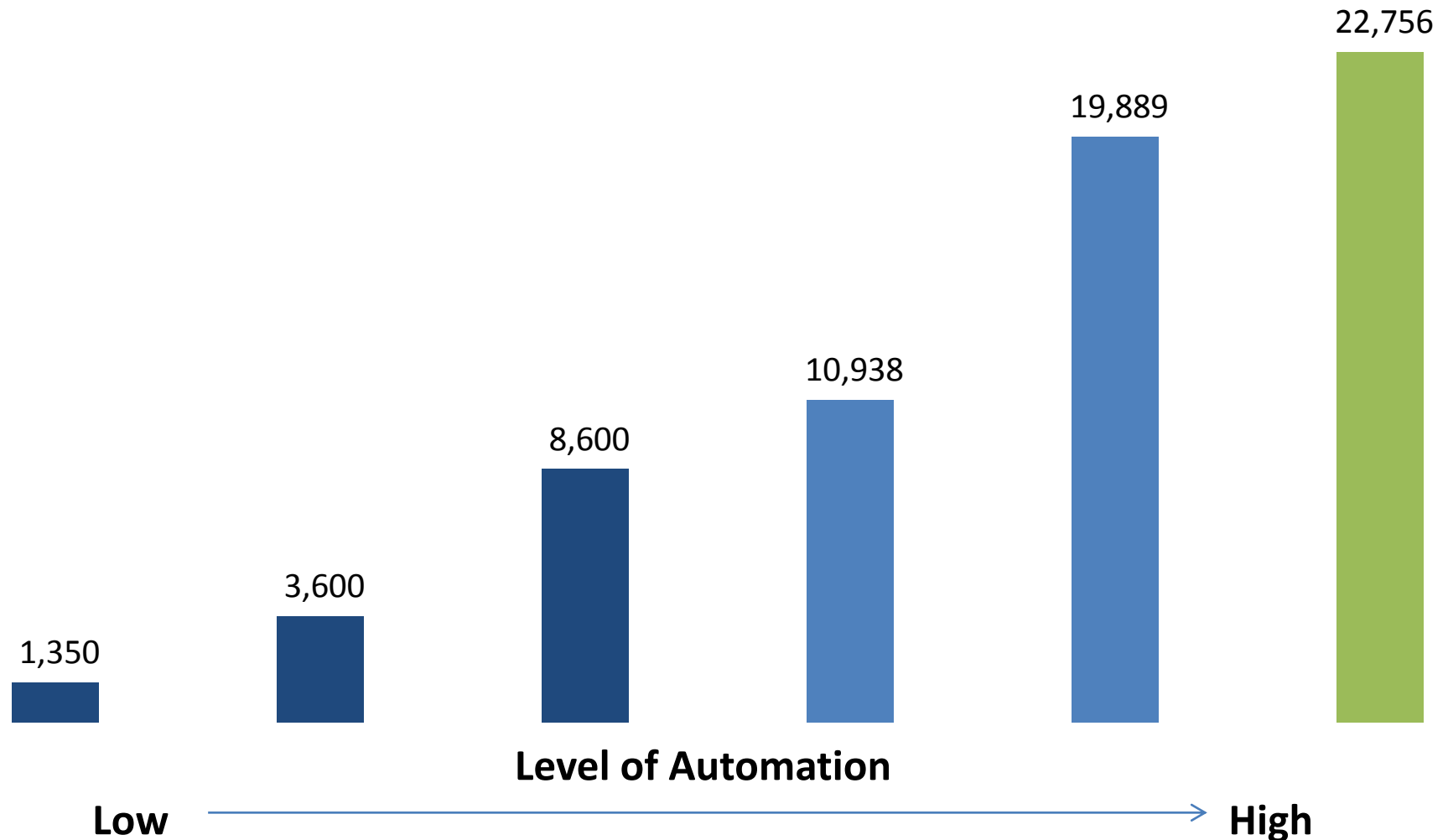
1. High proportion of paper invoices received
2. Too many non-PO invoices received
3. High volume of supplier inquiries
4. Lack of automated exceptions
5. Lack of automated approval

Manual, paper-based processes are responsible

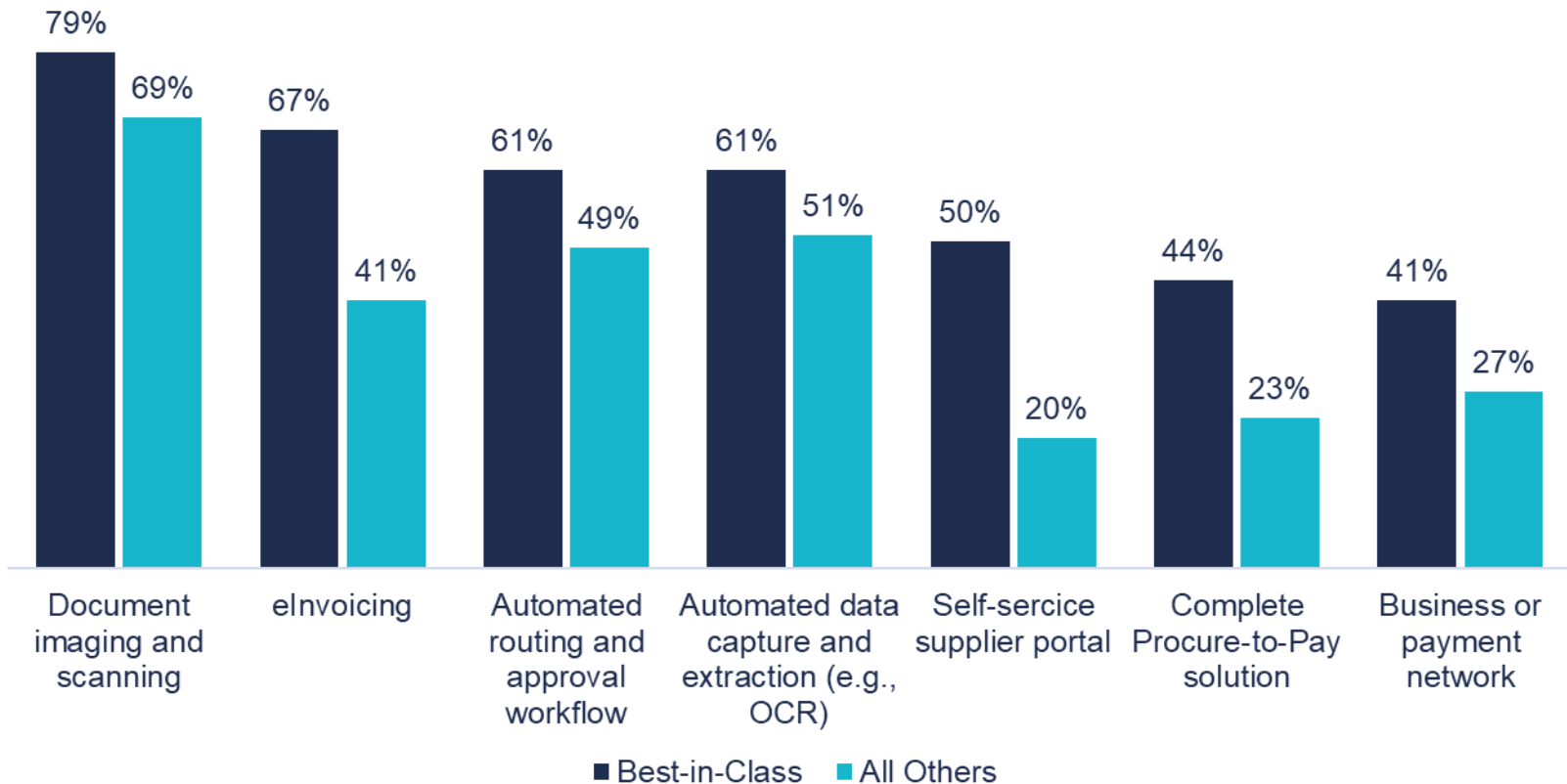
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HIGH % OF PAPER INVOICES

Average Number of Invoices Per FTE



How the Best-in-Class Capture Invoices



The Benefits of E-Invoicing

Reduced data
entry

Less paper
handling

Automated
matching of
invoices to POs

No need to track
down purchasers

No handoffs or
physical document
routing

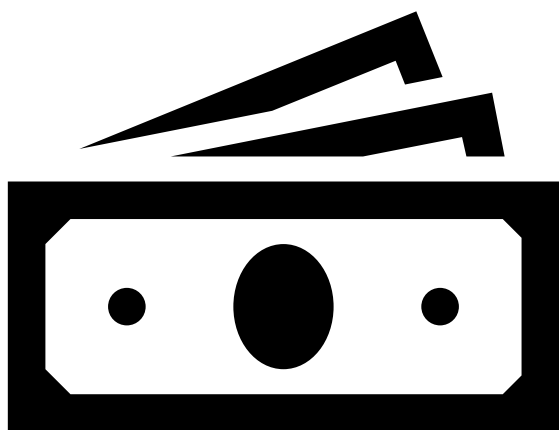
No chance of
invoices becoming
“stuck” or lost

Online
collaboration

Real-time
identification of
bottlenecks

Reporting on staff
productivity

E-Invoicing Saves Money



E-invoicing dramatically reduces
invoice processing costs

\$6.73 vs **\$2.16**

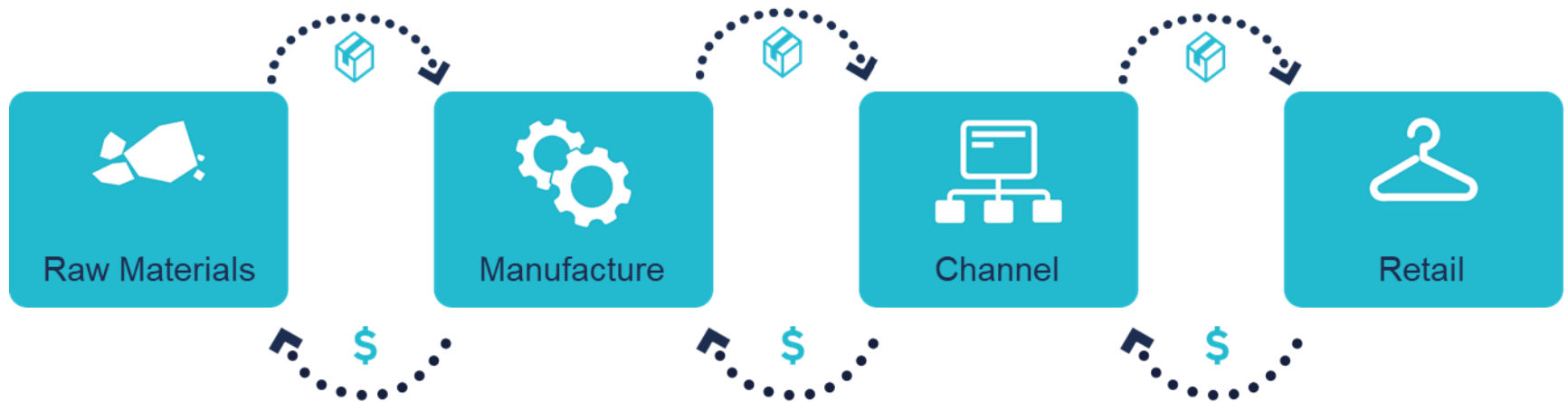
paper invoice average
processing cost*

e-invoice average
processing cost

for non-top performing companies
Source: 2015 Hackett P2P Study

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TOO MANY NON-PO INVOICES



Supplier issues result in supply chain and cash problems.

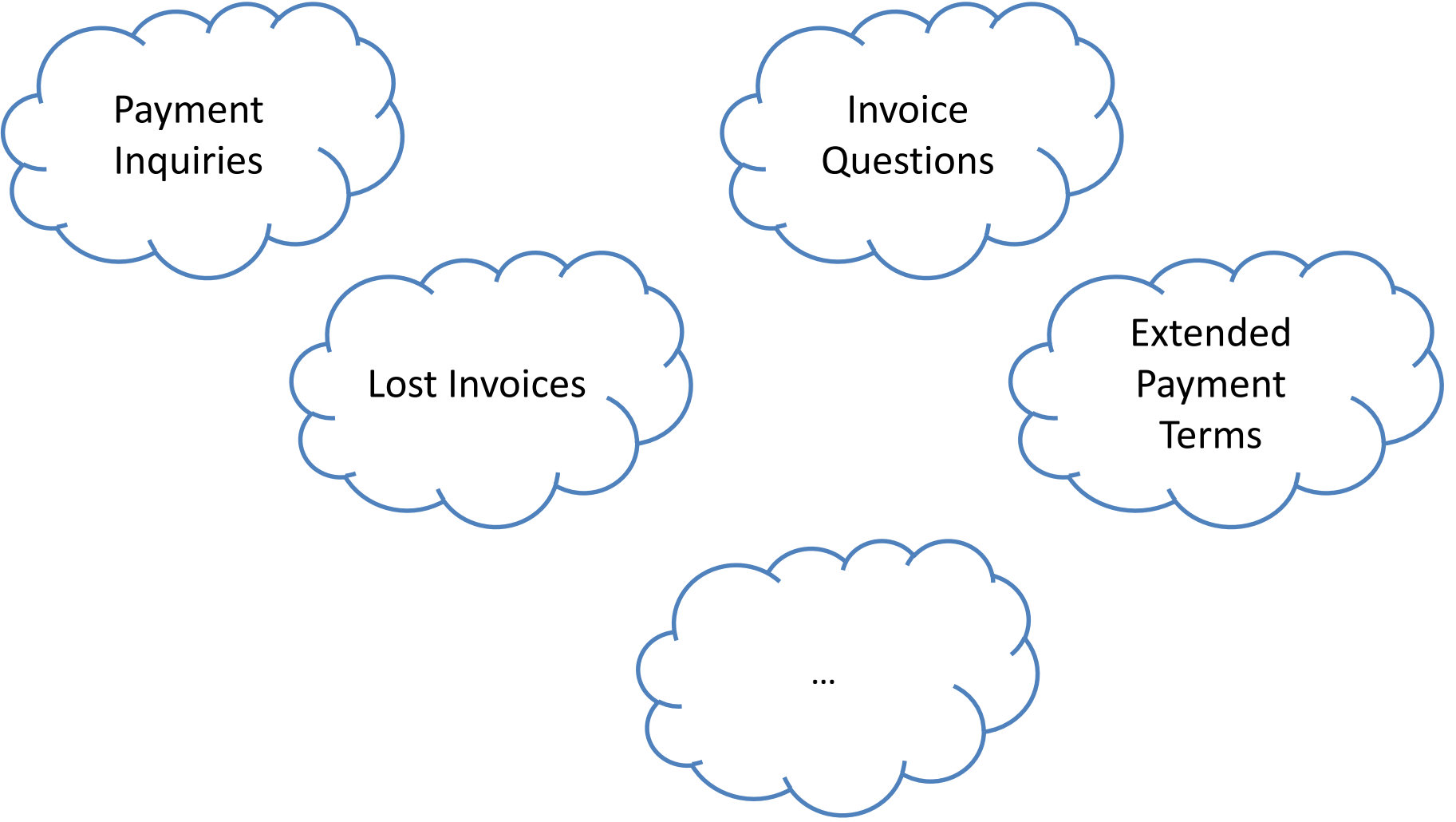
Non PO Process



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LOTS OF SUPPLIER INQUIRIES

Supplier Friction



The diagram consists of five blue-outlined cloud shapes arranged in a circular pattern around a central cloud. Each cloud contains text representing a source of supplier friction. The clouds are connected by thin, faint lines, suggesting a cycle or interconnectedness of these issues.

Payment
Inquiries

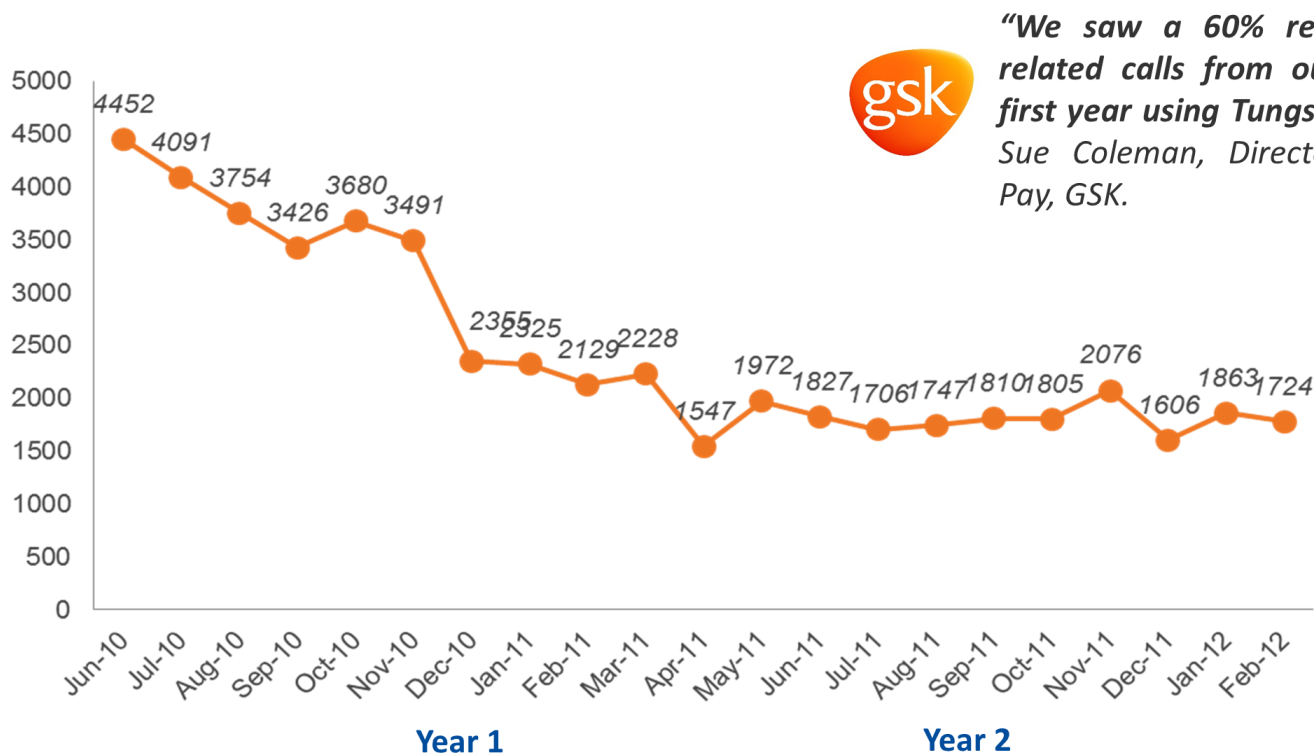
Invoice
Questions

Lost Invoices

Extended
Payment
Terms

...

Invoice Status Service

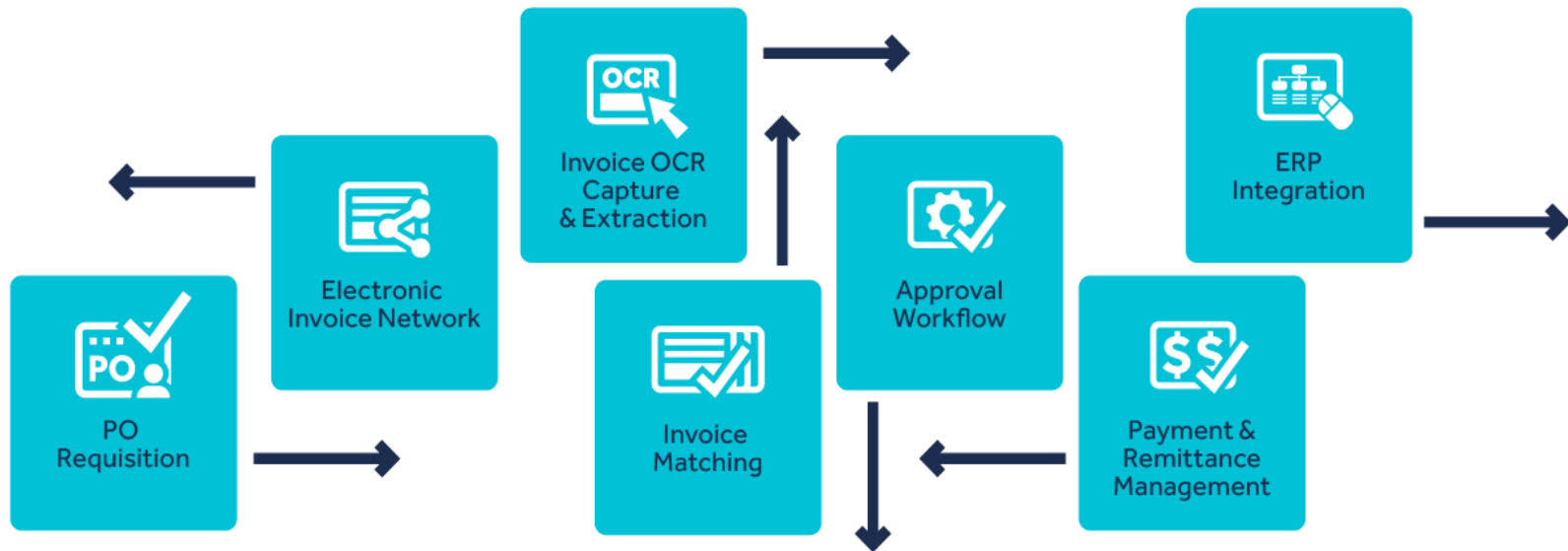


"We saw a 60% reduction of invoice related calls from our suppliers in the first year using Tungsten Invoice Status".
Sue Coleman, Director Procurement to Pay, GSK.

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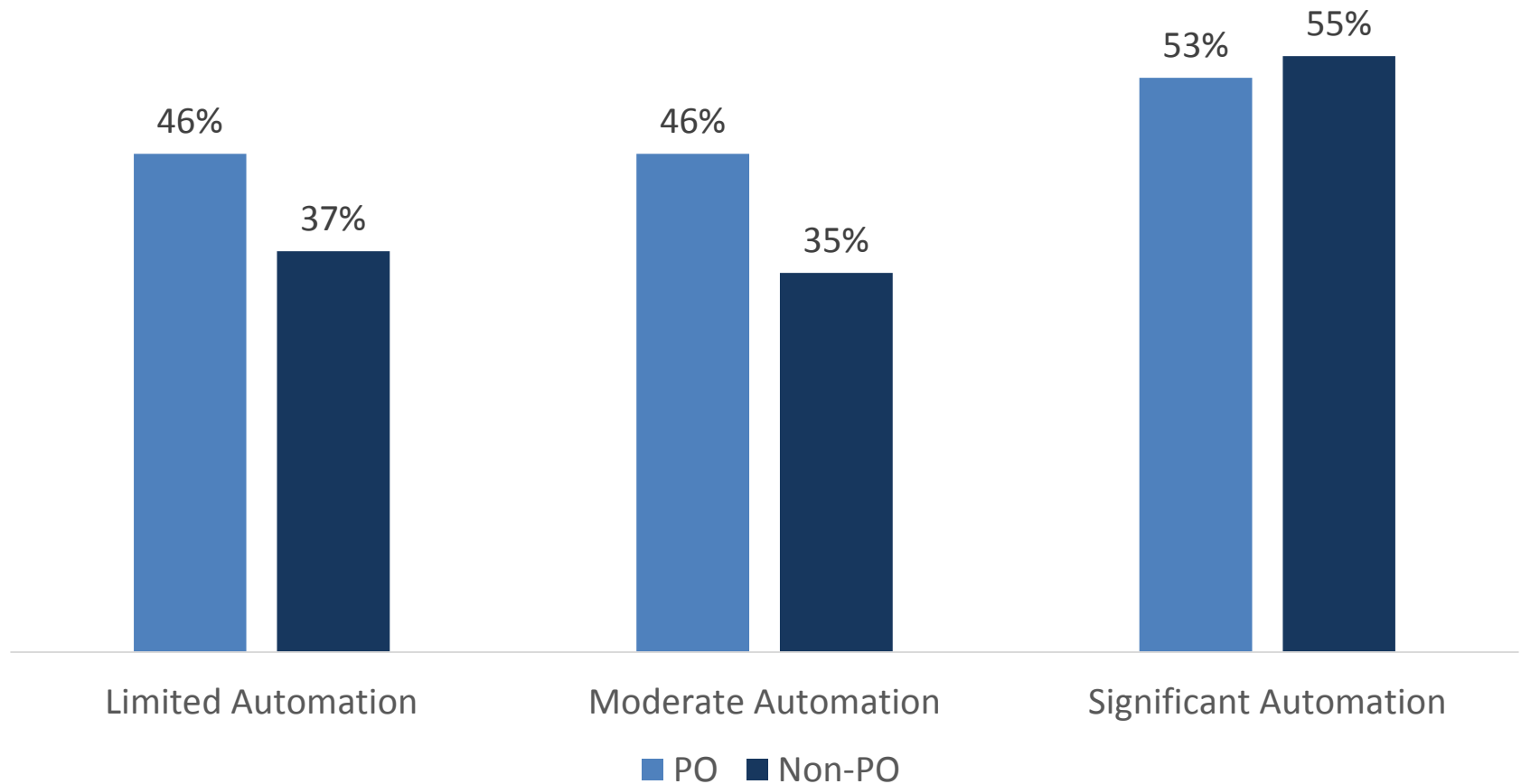
LACK OF AUTOMATED APPROVAL

Look Familiar?



Invoices Paid On-Time

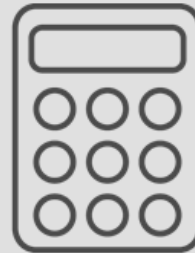
SHARE WHO PAY > 90% OF THEIR INVOICES ON TIME



The Impact of Slow Cycle Times



Backlog of
past
invoices



Rectifying
cash flow



Strained
vendor
relationships



Missing out on
early payment
discounts

The Power of Automated Approvals

Electronic routing based on pre-defined business rules

Automated delegation of authority approval

Straight-Through Processing (STP)

Automated exceptions handling

Notifications, alerts and escalation

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LACK OF AUTOMATED EXCEPTIONS

16% of Invoices Result in an Exception

Wrong price

Wrong quantity

No requester
name

No contract
and/or purchase
order

Wrong purchase
order number

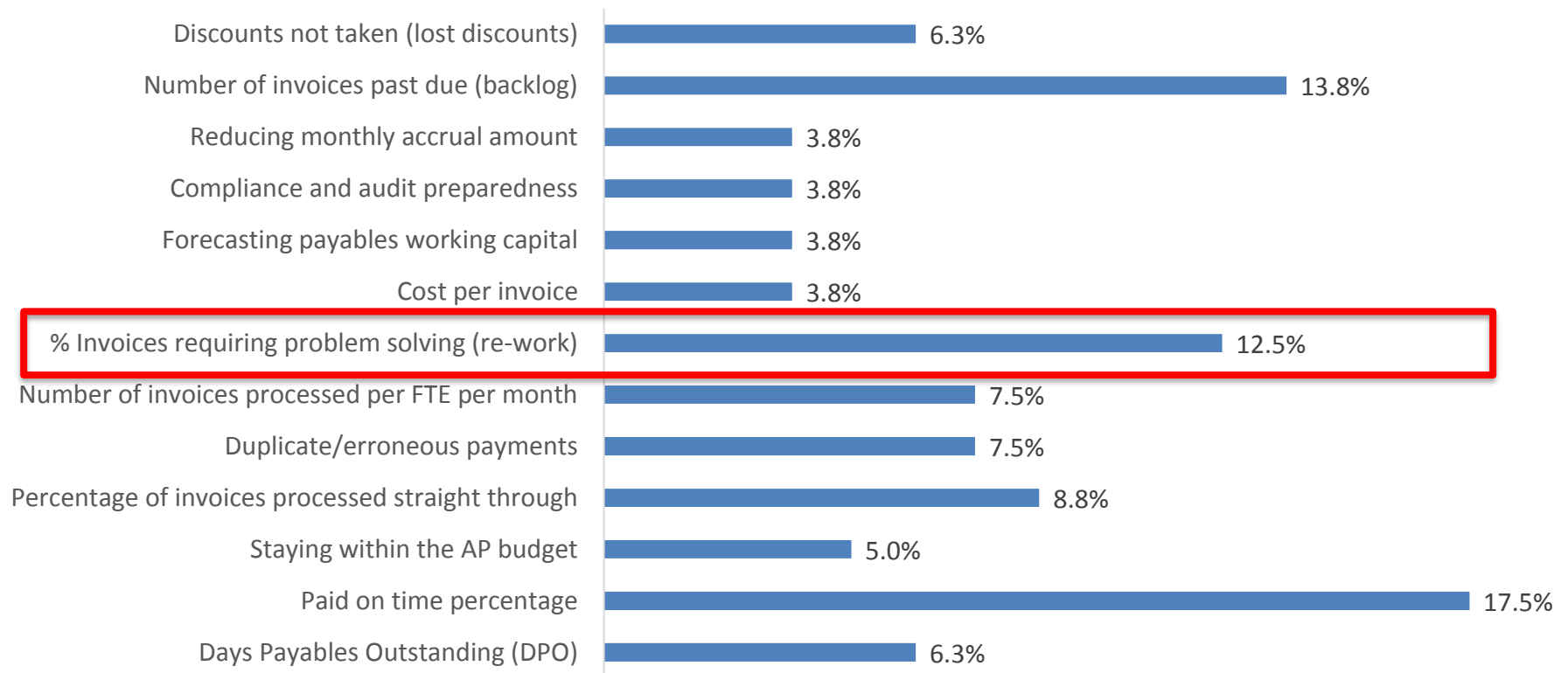
No tax ID

No order
confirmation

Net amount
exceeds sub-
total

Invoice total
exceeds contract
amount

Top P2P Metrics



The Hidden Costs of Exceptions

Profit leakage

More paper
handling and
manual keying

Late payment
penalties

Missed early-
payment
discounts

More supplier
inquiries

Strained
supplier
relationships

Loss of
internal
credibility

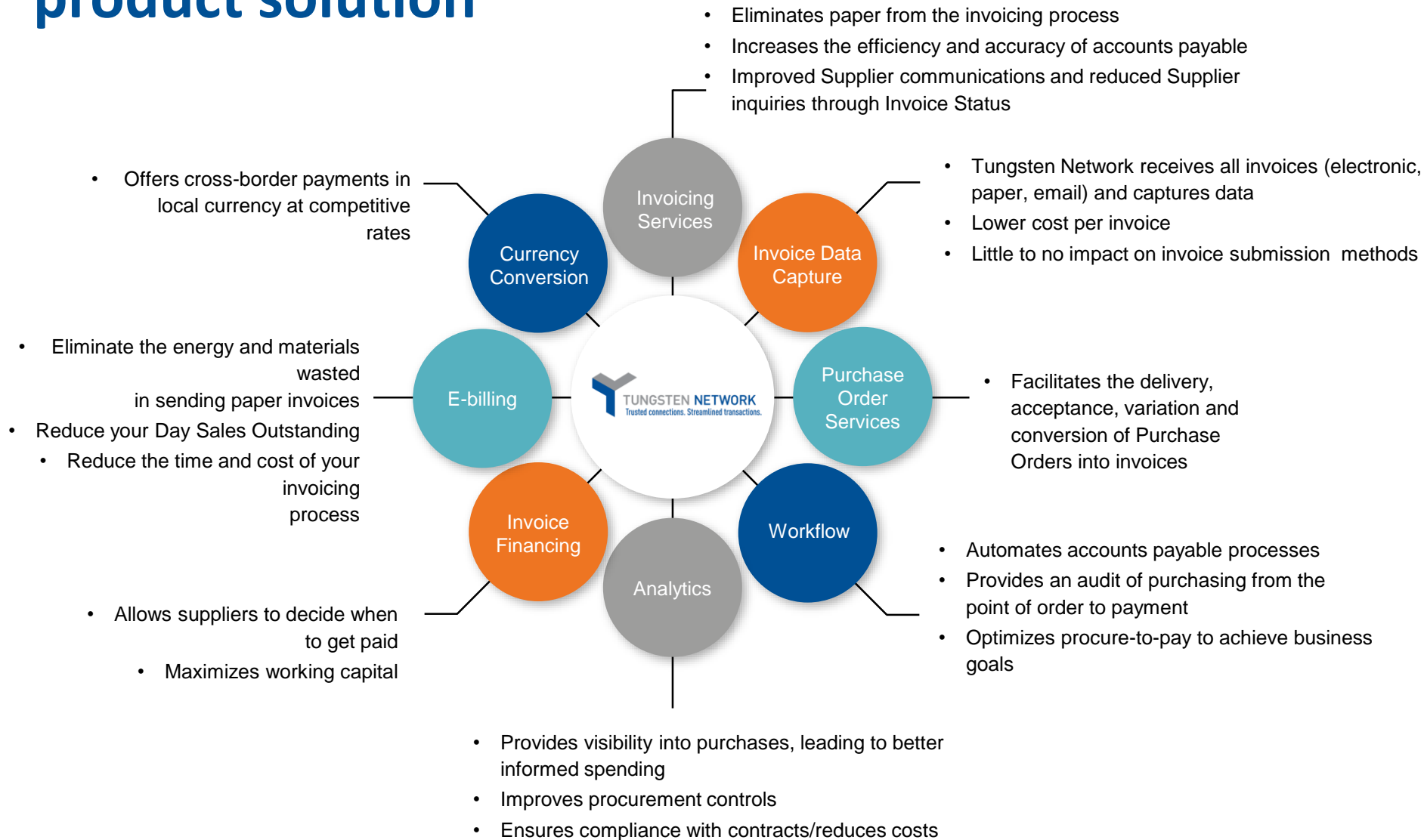
Inaccurate
forecasting

Audit recovery
service fees

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AN ACTION PLAN

A complete product solution



Real Results

60%

Reduction of
invoice-related calls
from supplier

17%

Reduction in
AP headcount

1000x

Error rate reduction

25%

Improved annual AP
operating cost

3x

Increased output
per FTE

75%

Improvement in
invoice processing

25%

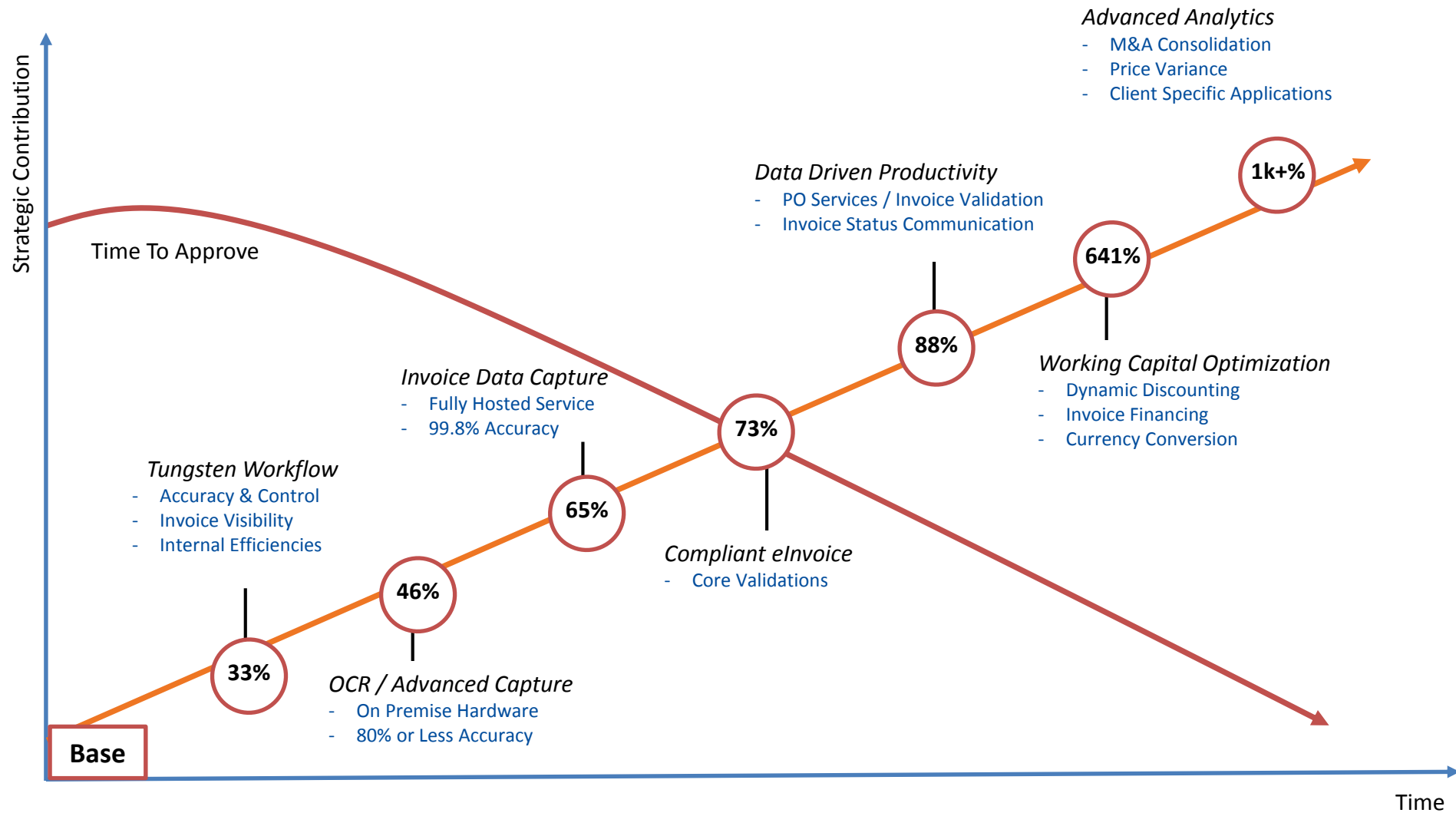
Increase in on-time
payments

90%

first time match

100% of PO's
delivered
electronically

The Journey to Eliminating Friction



RESOURCES

Friction is everywhere, but it doesn't have to be. Read the latest news, advice and musings about removing friction from the global supply chain.



Selected content from the blog of Tungsten Network, a leading global supply chain enabler.



Articles published by IOFM, a leading provider of training, education and certification programs for P2P professionals.

CASH FLOW OPTIMIZATION SAVES MILLIONS OF DOLLARS, STRENGTHENS SUPPLIER RELATIONSHIPS

As part of its ongoing efforts to better utilize its working capital, Walgreens is using a collaborative cash flow optimization solution that is a win-win for the retail giant and its worldwide suppliers.

In exchange for paying invoices early (on average, 29 days early), Walgreens receives a discount from its suppliers. Since launching a pilot program in September 2011, the company has saved more than \$2 million via supplier discounts by using C2FD, a collaborative cash flow optimization solution from Pollenware.

[> READ MORE](#)



KEEPING PACE WITH SUPPLY CHAIN EVOLUTION

March 23, 2017 | By Andrew Nichols

Supply chain management is one of the areas where Big Data is being used to proactively forecast business demand.

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First Name

Last Name

Company Name

Job Title

Email Address

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Find more
information
and
opportunities
to begin your
journey!

ACCOUNTS PAYABLE & PROCURE-TO-PAY

APP2PConference
& Expo

May 20-22, 2018
Orlando, FL

Questions!

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