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TRANSFORMING AP OPERATIONS: MORE THAN ADDING AUTOMATION, IT REQUIRES CONTENT INTELLIGENCE

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Introduction

The pandemic put a spotlight on manual invoice processing and paper plagued workflows. Shared Services teams found themselves thrust into remote work with operations that still relied on paper-based processes executed with manual workflows and handoffs. When office doors started to close, documents remained locked inside and new deliveries stacked up in mail collection areas of unattended offices. Working from home became mainstream overnight. Laptops were fired up and so were a host of concerns about how documents and data would be captured, stored, and shared. The future of work includes remote work as a key component to renewed organisational design and workflows. The question lies, how has work been redesigned as a result of accounting teams learned from the pandemic?

What is changing most as a result of FOW adoption? [Multiple Choice]



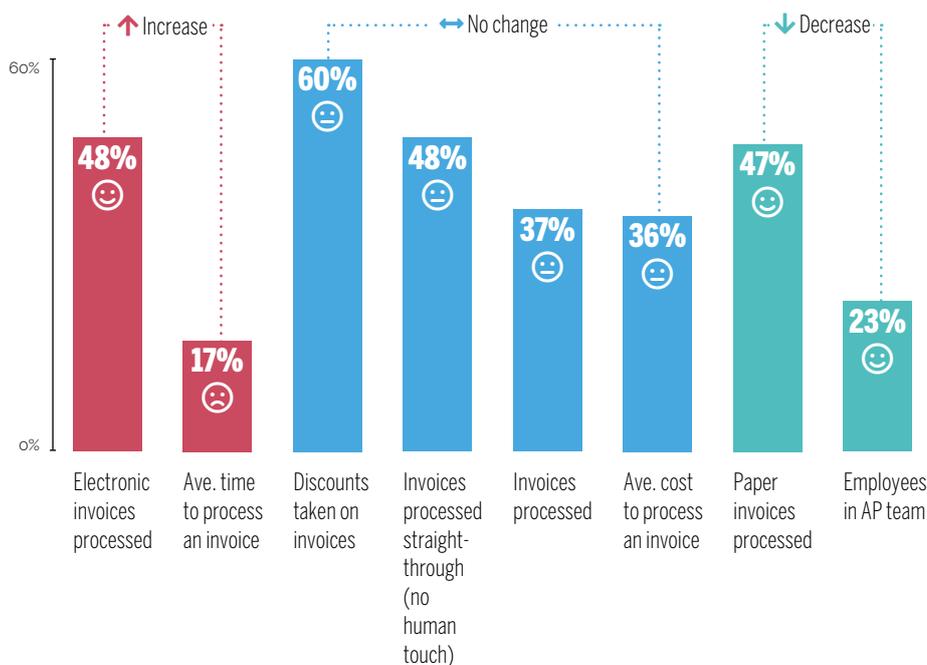
Shared Service organisations, accounting and finance teams are emerging from the pandemic with heightened empathy from their stakeholders regarding the gap that still exists between the vision of a paperless environment and the current reality. Transaction volumes, document types, data regulatory requirements, and exception queues continue to rise while human resources to support these needs rarely increase proportionately. The accounting environment has become more complex and the powerful opportunity for practitioners to enable the business with financial insights has never been greater.

Companies around the world became increasingly dependent on financial insights to manage cash flow, pivot operations, secure working capital and respond to vastly changing market conditions. Automation adoption has increased for many accounting teams, however, two conditions remained the same and stand in the way of teams seizing the opportunity to enable the businesses. Paper still exists and more time is being consumed to digitise and organise documents than is being spent on interpreting, analysing, and acting on the outcomes.

This report reflects the key findings from **SSON's Global State of AP Automation Survey in partnership with ABBYY**. Industry case studies and subject matter expert interviews are also included to provide a reference on how to apply learnings from the results.



As a result of the COVID-19 pandemic, how has the total number for each of the following changed?



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When you add automation to a manual process, you can get incremental gains in productivity, but that is the best you can do. The processes underneath the technology are still broken processes. They need to be redesigned as digital processes”

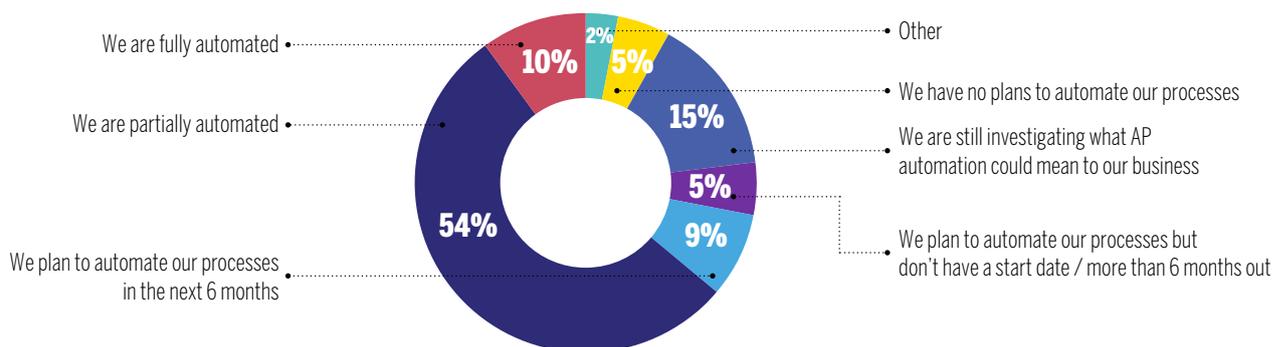




Document Types and Sources Continue to Expand

The landscape of document types, formats, and delivery channels continue to magnify. More than 70% of the survey respondents routinely receive PDF documents and paper invoices requiring manual keying into accounting systems. While 53% of the survey participants indicated their Accounts Payable processes are at least partially automated, only 10% indicated their end to end process is fully automated. The balance of the Accounts Payable teams continue to face the chaos of invoices and supporting documentation being received by email, eFax, postal mail, supplier portals, chat bots, service ticket systems, and the list goes on.

What best describes your organisation's approach to Accounts Payable (AP) automation?





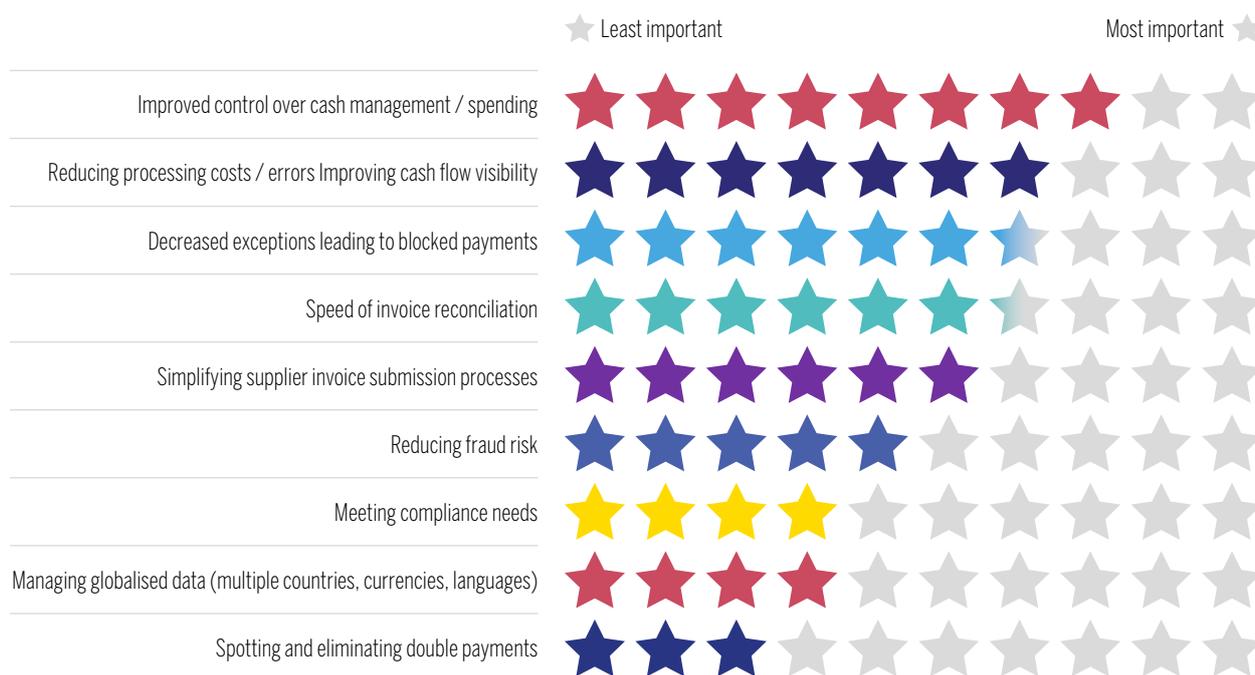
The Business Case for Change

One of the many lessons from the pandemic is the reliance of leaders on their accounting teams to arm them with timely financial insights required in a rapidly changing business environment. Survey respondents ranked improved controls over cash management/spending as the most important driver for automation. Cash flow forecasting relies on nimble reporting and real time transparency into accounts payable process flows.

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This leads us to recognise that the problem in AP organisations is not by itself an automation problem, the problem is a process problem.”

What are the key drivers for automating POs / invoices?



CASE STUDY



Problem Faced: 1.8 Million Documents per Annum and 80 Global Sites

ABBYY helps Rhenus Assets & Services automate their invoice and document processing. The Shared Services Centre (SSC) of the global logistics service company Rhenus is currently using the ABBYY solution to process up to 1.8 million documents annually in the form of incoming invoices, delivery notes, and many other paper documents. Following central processing and classification, data from incoming invoices are read using a rules-based process and passed on for the workflow-based approval in SAP®.

Challenge

Involved in the fields of contract logistics, freight logistics, port logistics and public transport, the Rhenus Group operates more than 460 sites, in more than 40 countries worldwide. The company developed its own Shared Services Centre (SSC) to support their complex supply chain processes: Rhenus Assets & Services.

This unit processes a vast number of documents for 80 sites in the Rhenus Group's global network, including purchase invoices, clearing documents, delivery notes, loading records and order-picking notes. Up to 1.8 million essential documents have to be processed each year, the majority of which are time-critical due to the strict deadlines entailed in logistics processes and also demand a high level of control and transparency. Furthermore, incoming invoices have to be balanced on time in order to benefit from discounts and avoid any arrears fees. The SSC has extensive IT systems in place to overcome this challenge. One key aspect of this process is ensuring that data is recorded efficiently.

Solution

Using ABBYY FlexiCapture, Rhenus Assets & Services has been able to implement a new component for automated data capture. This tool processes documents as efficiently as possible and centrally by means of the corporate IT solution.

In replacing the previous solution, ABBYY was selected for its high-quality data capture, its flexible and transparent architecture, scalability, and fast implementation options. This means that established processes, including existing automation, could be retained in their entirety.

“ABBYY won us over from the very start with an outstanding capture rate and a very good price performance ratio. In addition, the expert support made fast implementation possible. Overall, we are extremely satisfied.”

Thomas Schreiber, Head of Shared Services, Corporate IT, **Rhenus Assets & Services**



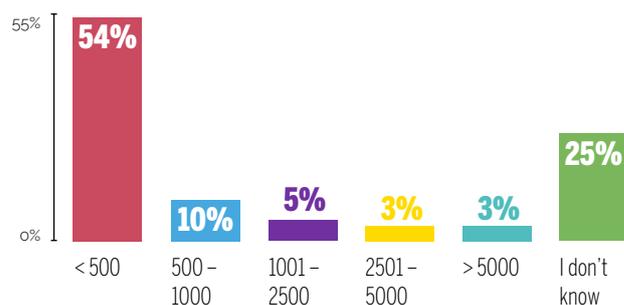
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It is a good output from automating your accounts payable operation, but it is not the outcome. The outcome is cash flow, compliance assurance and the ability to implement strategic initiatives.”

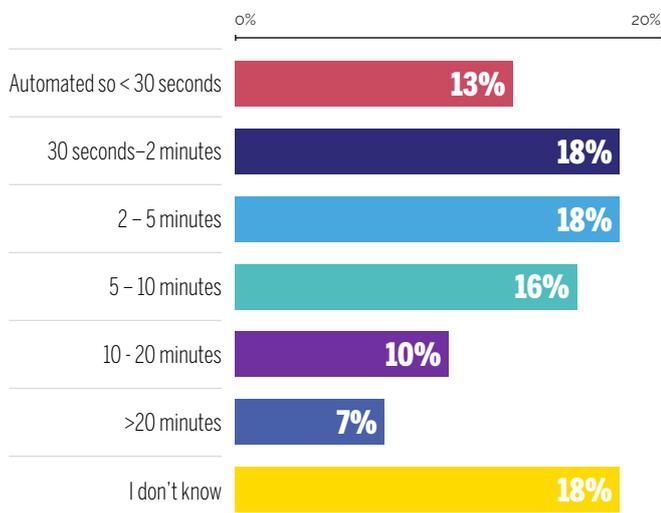
The Phone Continues to Ring

Supplier inquiries ranging from 500 to greater than 5,000 per month continue to stream in from email, chat and phone calls. More than 26% of the inquiries take from 30 minutes to half a day to resolve. Couple these numbers with the amplified volume of exceptions and you can paint a picture of where accounting teams are spending the majority of their time and mental capacity. The result is missed payment discounts, late payments, and penalties. A more taxing outcome is the toll this effort can take on team members hired for their expertise and business knowledge.

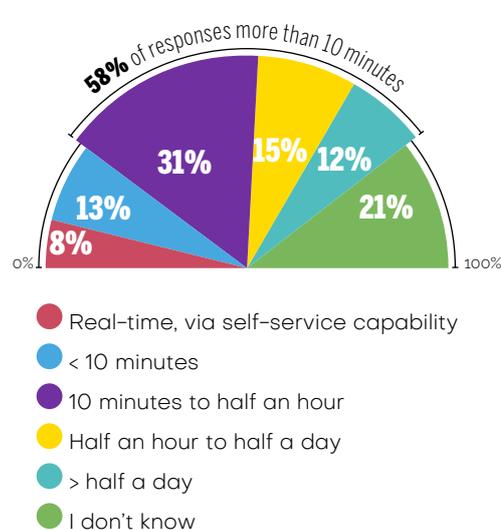
On average, how many supplier inquiries (via email or phone) do you receive each month?



On average, how long does it take your team to process an invoice? (Including sorting, data capture, filing, matching, compliance, etc.)



On average, how long does it take to resolve a supplier inquiry?



CASE STUDY

ABBYY® +

COSTAIN

Problem Faced: Time and Human Resources Required to Open and Print Invoices for Hours at the Start of Each Day

Costain is a leading smart infrastructure solutions company serving the UK's energy, water, transportation and defense markets. As part of its digital transformation strategy, it wanted to transform its procure-to-pay operation and upskill its finance team.

Challenge

- Highly manual invoice processes strained limited internal resources.
- Daily process started with employees printing invoices as they came in. They organised invoices into piles based on the person responsible for each vendor.
- Back office systems needed to be updated to attract and retain top talent and meet customer demands to get the best results for the business.
- Needed a robust Content Intelligence solution that integrated with and enhanced its existing RPA solution to deliver a higher level of accuracy when extracting unstructured data from invoices.

Solution

- ABBYY Intelligent Document Processing platform, FlexiCapture, integrated with UiPath to create a seamlessly automated processing system that captures line items on the face of invoices and delivers meaningful analytics.
- FlexiCapture ingests the invoices as they arrive from the vendor, does the recognition with a high level of accuracy, and processes them straight through.
- 80% of all invoices are processed by FlexiCapture without any human touch. Seamless content intelligence and process automation powers a digital workflow and compliance-ready audit trails.

Value



ABBYY Content Intelligence skills transformed the finance department to be more agile and empower staff to focus on higher value tasks.



400K invoices are processed through ABBYY FlexiCapture, speeding up processing time, and reducing employee and customer pain points.



9-minute reduction in invoice processing time, generating significant cost savings for the company.



80% straight through processing of invoices, with the introduction of ABBYY.



Employees are freed up to add value in ways they could never have imagined.

“We’re looking at processing 400,000 invoices through ABBYY FlexiCapture. 400,000 invoices, times 9 minutes saved (per invoice processed), is a huge, huge savings for the business, and it is generating an enormous capacity so that our people can add value.”

Steven Still, Head of Automation at **Costain Group PLC**

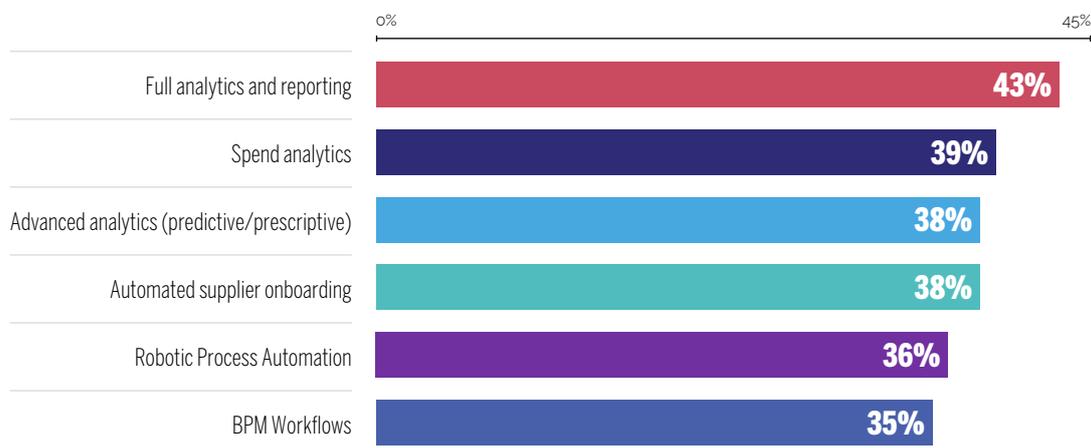
From Content to Data to Knowledge

Content Intelligence is the embodiment of extracting valuable insights from documents through use of technology and an understanding of how the content impacts participants in the accounting process. Digital workers support trained accountants by converting unstructured data into actionable information and freeing up their time to focus on solving business problems. The full potential of automation is only attained once human intelligence is harnessed to learn from the outcomes, analyse the trends and decipher the value to customers and stakeholders. Analytics, Robotics Process Automation (RPA) and Business Process Management workflows were rated as the highest investment priorities for the next 1-3 years by the survey respondents. This investment will build a bridge from content to data. Crossing the bridge requires human decision making and insights. Process exceptions are only a number unless human knowledge is applied to tell the story that cannot be told by the data alone.

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It is a good *output* from automating your accounts payable operation, but it is not the *outcome*. The outcome is cash flow, compliance assurance and the ability to implement strategic initiatives.”

Which of these processes are already automated or considered operational priorities for your finance team going forward?



CASE STUDY

ABBYY® + scena

Problem Faced: Insurmountable volume of invoices and credit notes, lost invoices, no visibility into invoice status

Scena, a UK creative construction and protective solutions company, leveraged ABBYY's Digital Intelligence solution to automate their invoice & credit notes process. The combined ABBYY and Engenium invoice processing solution removed the need for time consuming manual entry. This saved Scena 60% of the time it took to process invoices and provided the finance team with more time to concentrate on managing the data and exploit direct Sage™ Link.

Challenge

- Scena dealt with a huge volume of incoming invoices, and the paperwork was becoming unmanageable. It took an average of 3 days per week to process, let alone interpret the inbound invoices.
- The invoice processing was costly in terms of labour and disruption.
- Pain points for the finance team and overall business included paperwork bottlenecks, inconsistent delivery of approved invoices, and no real control over lost invoices lost, or ones held by managers while waiting approval.

Solution

- Scena transformed their accounts payable processes and removed the need for time consuming manual entry by implementing Engenium's Invoice Processing solution with ABBYY Digital Intelligence.
- Scena now receives, processes, and approves invoices in a fraction of the time. The results are improved operational efficiency and cost savings.

Value

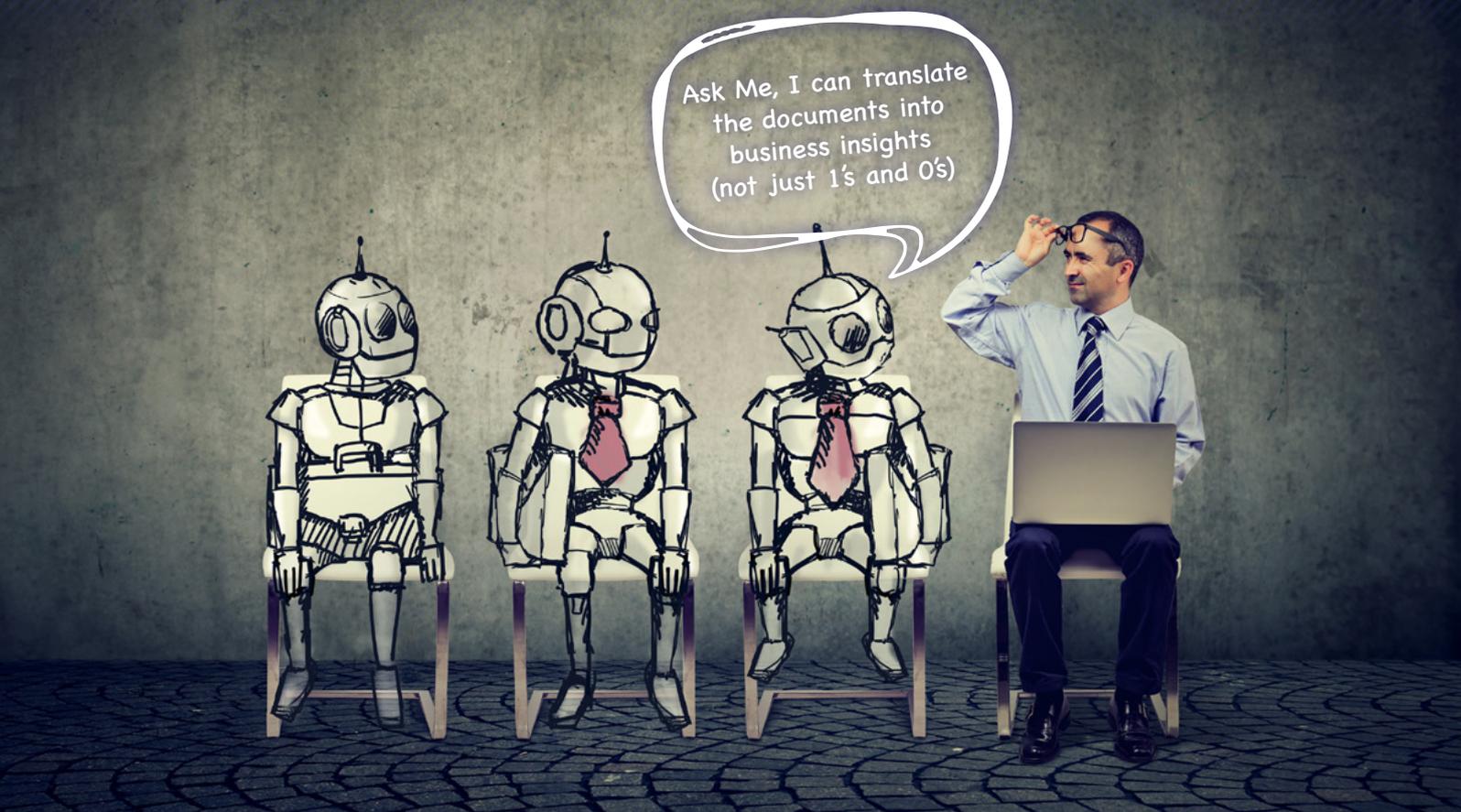
A key benefit of adopting the Engenium solution with ABBYY's Digital Intelligence platform is that Scena reduced invoice processing time by 60% so that staff had the resources to focus on the skilled task of producing accounts.

The solution lets Scena:

- Significantly reduce accounts payable processing costs by improving operational efficiency, reducing errors, and automating error handling.
- Remove the need to store paper copies of invoice documents.
- Managers can access invoices from anywhere in the world and view electronically to see pricing when providing quotes for new business.

“Engenium & ABBYY provided us with a processing solution that has saved 60% of the previously manual process on invoice entry, freeing up our accountants' time to focus on the results, the job costings, and other KPIs. In terms of client value, this was huge.”

John Bradney, Accountant at **Scena**



“

The underlying problem is that the processes and workflows must interact with the dynamic world of suppliers, staff, and customers who use content to make decisions.”

Facing the Challenge

To assess the potential application of content intelligence in your organisation let us examine the VAT recovery process as a test case.

Organisations whose business travellers are charged VAT or GST may be entitled to a refund by the visited country's authorities. This sounds straightforward however most accounting teams would proclaim VAT compliance is a complex, constantly changing and error ridden process. VAT claims start with content (receipts, expense documents, credit card statements). Claiming a VAT refund means Euros / GBP back to the bottom line, yet many organisations elect not to file claims. The volume of expense invoices and related documents can be large and the format of VAT details on documents varies. Regulations change regularly on what is considered an allowed type of expense. Next come the exceptions, audits, and anomalies. Documents need to be interpreted, exceptions researched, and root cause determined. This is a prime example of a process ripe for Content Intelligence. Information from all the documents can be captured digitally, anomalies detected, and results delivered in a report. Skilled team members can then interpret the results and devote their energy to identifying process improvements and deepening their understanding of the regulations. The benefits only get better when it's time for VAT audits as the digitised documents make reconciliation, reporting and research dramatically easier.



Rethinking and Redesigning Processes for a New Digital World

Interview with **Reggie Twigg**, Director of Product Marketing, **ABBYY**

What can we learn from the pandemic and the spotlight it placed on the current Accounts Payable (AP) processes and level of automation?

The pandemic really was a one-year hit the pause button on business as usual. It forced the issue in accounts payable and throughout supply chains of whether automation was effective in making contactless, paperless business work. Forced into remote work and going touchless overnight, many AP organisations found that manual paper-based processes were crippling. Often in the form of paper invoices being mailed in and ending up on the desk of the accounting staff for keying, reconciliation, and payment, these processes did not adapt to new working conditions. When mailrooms were still operating staff would open all the envelopes, scan and employ the use of Optical Character Recognition (OCR) for invoice capture. These processes using central scanning and OCR suddenly broke during the pandemic as mailrooms were closed.

While AP organisations have been trying for years to automate with such tools recently this has combined with RPA or AI enhanced new generation OCR technologies. Both approaches completely missed the mark for AP organisations. The feedback we consistently receive is that those approaches fail to achieve the results accounting teams anticipated. What's the reason for that? It's quite simple. Their processes, the way they work, and their work practices are designed to behave around manual processing.

When you add automation to a manual process, you can get incremental gains in productivity, but that is the best you can do. The processes underneath the technology are still broken processes. They need to be redesigned as digital processes. This pain is seen from the perspective of user experience, the customers, the vendors, and the staff. The pandemic shutdown forced the issue for technology priorities around user experience, and removing points of friction experienced from manual, paper-based processes. Removing friction by adding automation is not enough. Smart organisations rethink their processes and redesign them for a new digital world. Automation is not the first solution to the challenge. Understanding how to make the processes work better for a digital world, where user and customer experience have become a driving force, tops the list.

When I interview accounts payable and shared service leaders they will often say, 'we have some OCR, some RPA, and we have over 25-100 bots working in our AP operation, but we are not quite satisfied with the results.' The number one reason they cite as the difference between a successful implementation that transforms their business and gets them the desired results compared to one that does not is thorough process discovery with the right tools.

The single biggest payoff for a new digital initiative is in the process discovery not in the automation. **This leads us to recognise that the problem in AP organisations is not by itself an automation problem, the problem is a process problem. Are your processes aligned with the experience of your customers, users and supply chain, or are they aligned with your automation tools?**



What do you see as the barriers to having information found in documents be translated and delivered into knowledge that AP teams can leverage in their accounting processes in a more insightful manner?

If your processes are set up for paper, then information will flow accordingly. Processes designed based on paper being digitised to create a single version of the truth produced from data extraction and validation will follow a different path. It's not enough simply to change the paper-based process. Accounting teams need to work with their vendors, for example, to change how payments and purchases work instead of merely getting a better OCR tool.

Insights are directly dependent on content being digitised to support real time monitoring and alerting. **CFOs and senior leaders in accounting routinely reflect that what is most important to them is visibility and control.** Those closer to the processes need a view into the bottlenecks. Identifying how much time is being spent on resolving issues with vendors and the root cause of those issues are the key insights that become actionable in transforming an accounting organisation. But they are often overlooked when jumping too quickly to looking at this as an automation problem and plugging RPA and OCR tools into it. The pause button stemming from the pandemic has caused organisations to rethink their approach.



How do you define Content Intelligence? What does it mean in terms of the visibility and efficiency of exceptions management?

Let me start by stating the problem that content intelligence addresses. Accounting organisations need visibility, agility, and speed to control cash flow. Taking advantage of vendor discounts, avoiding late payments, alleviating duplicate payments, and spotting fraud are all downstream benefits of getting your house in order so to speak. Process discovery typically uncovers that the biggest obstruction is the content and human actions on it; the invoices, the purchase orders, and all the documents that flow through the process. First off good data, which we want to get out of the invoices is necessary, but it's not sufficient. **It is a good output from automating your accounts payable operation, but it is not the outcome. The outcome is cash flow, compliance assurance and the ability to implement strategic initiatives.** Content intelligence recognises your process are an important part of the solution. Content is aligned with sound processes and practices.

Let me draw attention to another factor in this equation. Invoices and other documents are human generated and human readable. People overlook that humans speak and think analog and we express that thought as content. Because of that, **there is a lot of experience and human skill that is needed to understand and act upon that content.** Historically, we have relied on a simple data extraction interfaces between humans and their content, and machines and their data. Those historical interfaces have been OCR, traditional capture, and more recently RPA. Content intelligence really is a different approach that attempts to bring the human experience and the human's skill into the processing of the content, so that not only do you get better data, but you get better insight and the ability to make better decisions with the technology helping your experience and skill to scale up.

Content intelligence works as the digital assistant for the trained, skilled staff who are necessary for making the right decisions on that content.

Readers of this report will be in many different places on their AP optimisation and automation journey. What advice can you offer to the organisations, early on their journey, who are creating their transformation roadmaps with the aspiration of becoming a leading practices team?

It is simple advice, start with good process discovery with good tools. What those tools should do for you is discover the process in the most holistic way possible. This includes the traditional notion of computer automated process, which we often call workflow, used in many enterprise applications from ERP to BPM to specialised applications. Systems of record are built on structured data. From structured data you can create repeatable workflows and assemble them into processes. Add RPA and you get a second level of task automation. **The underlying problem is that the processes and workflows must interact with the dynamic world of suppliers, staff, and customers who use content to make decisions.** Process discovery tools need to see the interaction between the humans, the content, and the process. Secondly, they need to understand and show the behaviours inside of those interactions.

It's one thing to show how a process flows or should flow through schematic diagrams. But it is quite another thing to see those processes as interactive behaviours; that is where the real value lies. Exceptions and bottlenecks don't always occur in the systems of automation, but in the human interactions with them. Many of the exceptions that occur require a skilled member of the team to read, apply experience and make a judgement on it.

What survey findings did you find to be the most intriguing?

I find it interesting to see how the findings align with describing the current state of AP as an automation problem. Beneath that is the message that too much human intervention is required to resolve exceptions and make decisions because data extraction, which runs automation systems, while important, is often not sufficient in aiding that. The greatest contribution of artificial intelligence technologies, specifically natural language processing, has been to bring a bit of that human skill into understanding and contextualising the information as it is being interpreted. This gives you more decision-making power. **Often AI is approached as simply turbocharging automation, and not adding to the human skill in the way that it is interacting with the digital environment.** When you see that connection, you get much more transformative results.

What one piece of advice can you offer to organisations ready to embark on a journey of turning the content into intelligence?

Start by gaining visibility into your operation; the people, the content, the processes. Use that insight to gain control over the outcomes including cash flow.

More Questions about intelligent invoice processing?

Reach out to our point of contact:

Reggie Twig

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intelligence@abby.com



ABOUT ABBYY

ABBYY®

ABBYY is a global provider of content intelligence solutions and services. We offer a complete range of AI-based technologies and solutions transforming business documents and content into business value. By providing digital transformation solutions to financial services, insurance, transportation, healthcare and other industries, ABBYY helps organisations achieve the next wave of growth. ABBYY technologies are used and licensed by thousands of international enterprises and government organisations, as well as SMBs and more than 50 million individuals.

ABBYY has a worldwide presence with global offices in Europe (Munich, Germany), Russia (Moscow) and North America (Milpitas, California). ABBYY also has regional offices in Australia, UK, France, Spain, Ukraine, Japan, Taiwan and Cyprus. More than 1000 regular employees worldwide develop and promote our technologies and solutions.

www.abbyy.com

ABOUT THE SHARED SERVICES & OUTSOURCING NETWORK (SSON)

SSON | THE WORLD'S LARGEST SHARED SERVICES & OUTSOURCING NETWORK

The [Shared Services & Outsourcing Network \(SSON\)](#) is the largest and most established community of shared services and outsourcing professionals in the world, with over 180,000 members. Established in 1999, SSON recognised the revolution in support services as it was happening, and realised that a forum was needed through which practitioners could connect with each other on a regional and global basis. SSON is a one-stop shop for shared services professionals, offering industry-leading events, training and certification, market studies, reports, benchmarking, research and analytics, surveys, and more.