



PALETTE  
SOFTWARE

Whitepaper

# A Buyer's Guide: Moving towards 100% digital P2P



## Business transformation with digitised purchase-to-pay

A smooth and efficient accounts payable process is crucial to any business's bottom line. Time delays and inaccuracies can result in wasted time, missed payment deadlines and higher costs overall. Little wonder, then, that many organisations choose to automate their accounts payable processes. In doing so, businesses become, on average, 50% to 80% more productive.

The absence of an automated solution creates unnecessarily cumbersome and tedious work for the accounts department, which could otherwise be focusing on more strategic, long-term and innovative work. For those using outdated systems or manual processes, maintaining control over indirect spending can be difficult and time consuming.

Imagine, then, if you could extend the accounts payable automation to cover purchasing too. You could manage relationships with suppliers easily, analyse spend data to negotiate pricing, assess your compliance posture quickly, while eliminating rogue spending – and generating far greater time and cost savings than via automated accounts payable alone.

This end-to-end model is 100% digitised purchase-to-pay (P2P) – and the solutions are now available to make it a reality.

But how can you accurately assess your needs and select the P2P automation solution that best suits you? This guide is here to help.

## Identifying your needs

There are two broad drivers for organisations seeking an automated P2P solution, as outlined above:

### Invoice management

Every business, no matter what its scope or sector, needs an effective process to manage incoming supplier invoices in order to maintain oversight and smooth management of all its operations.

### Procurement

Not all businesses have strong control over their purchasing culture. Service-led organisations, for example, may have a minimal procurement function, whereas for retail and manufacturing organisations it is huge. There are often disparate ways of managing procurement within the same organisation, requiring lengthy assistance from the procurement department. Palette automates indirect purchasing to empower staff to make these purchases unassisted.



Automate your accounts payable processes and become, on average, 50% – 80% more productive.



If some or all of these invoice management and procurement processes are currently managed manually, then organisations typically experience more and more associated problems as they grow. Such problems might include:

### **Inaccuracies**

Any manual process is prone to human error, but manual invoice management and procurement processes, which involve a great many numbers and a great deal of copying data from one document to another, are particularly error-prone. Documents and invoices may be lost and payments missed. It can all add up to big problems for the business' bottom line, and even damage supplier relationships if they are not paid on time.

### **Stress**

The inaccuracies outlined above can rapidly translate into stress and overwork for accounts staff. Even the tedium of repetitive manual processes can lower morale and make for a poorer office culture.

### **Lack of visibility**

It is not uncommon for larger organisations to have several different approaches and systems for managing these processes, particularly for procurement. This means that there is no single pane of glass view of all suppliers, partners or customers, which can lead to costly duplication, and poorer business strategy.

### **Poor use of time**

It is estimated that manual accounts payable and procurement processes are between 50% and 80% more time-consuming than digitised, automated ones. That's 50% to 80% more time that staff are spending on work that could be automated – and not on strategic or innovative work that genuinely requires human input.

### **Poor use of money**

It is costly to create and manage suppliers using manual processes, and the lack of overall visibility often translates into poor supplier terms of less strategic purchasing.

The ultimate drivers to adopting a modern, automated P2P system are generally a desire to mitigate one or more of these problems. An end-to-end, digital solution generates single-pane-of-glass visibility into all aspects of invoice management and procurement, which in turn allows the business a far more comprehensive and granular understanding of its financial data. Overlong supplier lists can be cut down and more favourable terms agreed.

A large number of paper-based invoices, whether on the procurement or the customer side, affects everyone's workload from the most junior member of the accounts team right up to the level of the CEO.



# Understanding P2P and why it matters to your business

What, then, does a digitised purchase-to-pay solution look like? Essentially, it is a single common platform which guides you through the entire process from purchase to payment and provides a centralised mechanism for the entire organisation to work from. In particular, it works to alleviate the bottlenecks that result from manual or partially automated processes, generating speed and efficiency throughout.

Typical steps in the P2P process include:

## Contract management

Supplier contracts are fundamental to the purchasing process and the most important documents for the purchasing department. By archiving contracts digitally, we get better order and at the same time easily make content visible directly to buyers in the organization. This automates daily purchases and reduces the need for support from a central purchasing department. Palette offers a secure storage solution that provides reminders of contracts renewals and cancellations, alerting users to recurring costs.

## E-purchasing

Here, the P2P solution provides a complete platform where staff can purchase supplies

and services via any approved supplier. The solution enforces procurement policies and approval flows, while automating the processes of completing and placing orders, increasing both accuracy and speed.

## E-invoicing

Electronic invoicing is often one of the first elements of the accounts department to be automated and digitised. It is far more than simply replacing paper invoices with digital ones.

## Supplier Management

A P2P platform can provide organizations with full visibility over their suppliers, the terms that have been negotiated and order history. This enables them to assess which suppliers provide the best value for money so that they can negotiate discounts, consolidate supplier lists and make significant savings.

Outdoor advertising corporation JCDecaux Finland Oy implemented Palette's end-to-end P2P automation suite, to replace its previous outdated solution:



Updates to the old P2P system would not deliver the scalable and agile solution we needed to support our growth. Instead, we chose to deploy Palette's end-to-end P2P system. Palette has streamlined our processes and routines remarkably. We now have full, real time visibility and control over purchases, invoices and contracts thanks to Palette.

**Tuula Laukkarinen, CFO**  
JCDecaux Finland Oy

### Invoice matching

Here, the P2P platform automates 3-way matching: the matching of vendor invoices, purchase orders and receipts, providing complete P2P reporting on one single line, from purchasing to delivery, to match, to payment.

### Functionality

With Palette's unique matching functionality, invoices are matched against purchase orders on line item or header level or can be matched against contracts.

### Invoice processing

This automates the entire process of handling a supplier invoice, from initial receipt through to being logged in the ERP system and approved for payment. It therefore enhances the efficiency of paying suppliers, and keeps relationships on the best possible terms.

### Expenses management

This element of P2P automation handles the expenses associated with suppliers or customers, ensuring they are accurately calculated and integrated with the full financial record for each organisation.

### Spend control

P2P solutions can have spend control functions built into them to prevent overordering from particular suppliers. Alerts can be set to escalate to the appropriate staff member when particular controls are triggered.

### Reports and dashboards

All digitised P2P solutions include a range of report and dashboard functions, enabling granular visibility and deep drill-downs into the full purchase-to-pay process, over any timescale. This allows trends to be tracked over time and integrated carefully with business strategy.

### ERP integration

Integration towards ERP usually happens in accordance with the ERP suppliers. Palette offers packaged solutions for a variety of ERP systems.



## Taking automation further

Procurement and accounts payable are inter-linked processes. While there are significant gains to be had from automating invoice management, many organizations stop there, missing out on the many benefits that an end-to-end P2P system can deliver.

Many organizations start their automation journey by implementing an invoice management solution. This is a great place to start; we have observed how automated invoice management has enabled businesses to

reduce invoice administration time by 50%–80%. This brings lead times down significantly, and can translate into significant cost savings. However, in the right conditions, you can take these savings even further by automating other areas of the P2P cycle.

By upgrading purchasing functions such as buying and supplier management, organizations can achieve significant gains to efficiency. A flexible P2P system, such as Palette's, will encompass any buying system a company uses – from simple catalogues to online portals, providing access to all services and supplies through a central platform. Meanwhile, the system will automate compliance with purchasing policies, eliminating rogue spending and streamlining approvals.

### Questions to ask before selecting a P2P solution

A flexible, end-to-end system that supports the entire P2P solution can provide significant savings and add value to the business. Still, all organizations' needs will differ. To ensure that your organization gets the best out of its P2P solution, you should assess your unique needs first.

Answering the following questions will help you present a business case for a P2P solution, select a system that works for you, and provide the right information to your provider on implementation:

#### What are the steps for each individual process?

Honestly and rigorously break down each of your finance processes. How many steps are necessary in each of these? Those with the most manual touch points should be your top priority for automation – the P2P system you choose must address these.

#### From the moment of receipt, how long does it take for an invoice to be paid?

A single invoice can take a long journey through an organization before payment is made. From data entry, to gaining spend approvals and releasing funds. If your suppliers aren't getting paid on time, you'll need to assess where the bottlenecks are and ensure these will be covered by your P2P solution.



### **How many suppliers do you work with?**

The more difficult it is to assess how many suppliers are providing your business with products and services, the more urgent it will be to install a system that helps you gain visibility – so you can start managing suppliers effectively and enjoying the subsequent savings.

### **How often does the procurement team help with purchases?**

If your procurement team's time is taken up addressing maverick spending, answering purchasing enquiries and coaching staff through processes, it may be time to implement a system that will address this.

### **Is your IT environment in the cloud, on-premise, or mixed between these?**

It is important that every organisation chooses a solution that meets their needs. For some organizations, flexibility in terms of possible customizations and integrations is a top priority. For others, security constraints are strict, so all software and data must be hosted on-premise. Whatever your needs, organizations who choose either a cloudbased solution or on-premise installation can enable staff to access their data and web-based interface on the move.

## **Selecting a P2P solution**

While every business' needs will differ, there are certain features that will benefit all organisations, particularly given the opportunities and challenges that ongoing digital transformation presents.

Every organization will benefit when their P2P solution vendor provides:

### **Flexibility**

When you grow, your P2P solution should grow with you. Look for a vendor that can adapt to changes in technology and scale up or down to suit your needs.

### **A customisable approach**

Choose a vendor that can be sensitive to any business' requirements.

### **Easy implementation**

Select a vendor that can guide you through the implementation process and transform your P2P

### **Maximum automation**

If it's possible to automate it, your P2P system should handle it. Choose the vendor that will remove the greatest number of manual touch points, saving you the most time.

### **Support**

How important is local support to your organization? Preferably select a vendor that offers support in your local language and in preferred time zone?

## Implementing a P2P solution

Implementing new systems can be challenging. Adapting new solutions around existing IT and processes can be fraught with bottlenecks, issues and delays. With the right supplier, however, it doesn't have to be this way.

Palette provides its customers a dedicated team experienced in guiding organizations through their implementation project. They will ask the right questions to help you get the very best from your P2P solution from day one.

Configuration can be managed by you, and to ensure an efficient integration of the new solution, Palette can assist at any stage of the process. The solution will fit into all into all your existing systems so there's no need to remove or replace your ERP system, or any other software that supports your business and financial processes.

For more information on how to achieve a smooth implementation, read our **implementation guide**.

## Palette's Solutions

Palette can ease many different tasks with one single system, covering the full P2P cycle and providing full visibility across all processes.

Our flexible solutions integrate with any system or supplier, providing a vendor agnostic approach.

Our system changes with our customers. Palette is a fast moving and innovative organization with a research and development team that ensures its technology remains cutting edge. Customer feedback is important to us. We actively encourage users to tell us what works for them and what needs to change. We use this feedback to

continuously update and upgrade our solutions so they suit all of our users, whatever changes.

For more detail on Palette's solutions, and to get in touch with Palette's experts to see how Palette can transform P2P in your organization, visit **[www.palettesoftware.com](http://www.palettesoftware.com)**

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*Palette is a market leading provider of financial process automation software with over 3 500 customers across the world. We help companies transform and automate their Purchase to Payment Processes utilising their existing ERP and finance system investment.*

*For more details on Palette's solutions, and to get in touch with Palette's experts to see how Palette can help you redefine your P2P processes globally, visit: **[palettesoftware.com](http://palettesoftware.com)***