Tough times don't last; intelligent measures do.

Optimizing working capital for the enterprise with intelligent automation

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When the economic weather is rough, efficient cash management assumes even more importance in an organization's business strategy. Though the Accounts Payable functions in most enterprises have adopted automation to bring efficiency to cash management, complexity and manual effort remain a challenge. That is not the goal of automation! The capability to achieve straight-through processing brings in enormous value in the context of Accounts Payable as it is significantly cheaper and faster than any other invoice-approval workflow process.

This white paper highlights how intelligent automation platforms that leverage the powers of Artificial Intelligence (AI) and Machine Learning (ML) can be the true enablers of straight through invoice processing, and thereby help to optimize working capital for the enterprise.

Even while enterprises across the globe continue to focus on keeping their employees safe and businesses running, they have invoices to process, payments to be made, and supplier inquiries to respond to. Business leaders need to ensure tighter cash control and healthy supplier relationships, and safeguard business reputation at all costs. At this crucial point in time, Accounts Payable (AP) teams have a critical role to play in supporting the business — by managing supplier payments efficiently so that essential business supplies are not affected.

By driving organizational growth, optimizing working capital, streamlining processes and mitigating risks, today's AP team is going far beyond its traditional responsibilities, and ensuring its efficiency is paramount for every organization.

One of the key hallmarks of efficiency in the AP function is the ability to leverage technology to achieve Straight Through Processing (STP) of invoices.

What is straight through processing?

In the context of AP, straight through – or 'touchless' – processing is defined as an invoice being received, approved, and paid without any manual intervention. With automated STP capability, the AP team can process a vastly higher number of invoices quicker and with far lesser effort.

STP brings in enormous value as it is significantly cheaper and faster than any other invoice-approval workflow process. It results in greater visibility into invoice and payment data, as well as increased accountability for the AP process because the automated invoice approval system "talks" to the relevant databases for POs, contracts, etc.

Why can't every company achieve straight through processing?

Though most organizations realize the need to achieve true straight through processing of invoices, many find it tough to choose the right technology that can help them address all the perceived challenges involved. Here are the major challenges across various stages of invoice processing:

1. Receiving invoices

If processing of invoices has to be truly touchless, suppliers have to submit invoices electronically, and then the invoice data needs to be automatically populated directly into the AP system for matching, routing, and ready-for-pay approval status. But that is far from true today. Most suppliers tend to submit invoices in various formats, paper and digital, some with hand-written notes, and some in multiple languages. Providing suppliers with the means to submit their invoices electronically is the first step towards achieving STP.

2. Indexing invoices

The next challenge is identifying and consolidating all the various formats and types of invoices, and segregating them based on Purchase Orders (PO) and supplier relationships. Indexing involves the arduous task of ensuring all invoice data is present and correct, and then prioritizing them for downstream action in a centralized system. When the data in the invoices fail to meet the requirements in the PO, the time taken to index each invoice rises.

3. Data extraction

The next step is to gather all the necessary information spread across invoices in multiple formats. Line item pairing, data cleansing and handling exceptions are done at this stage. Most companies employ Optical Character Recognition (OCR) based solutions to extract data from invoices, but even the best of these still have an error rate. OCR systems usually try to turn images into data. AP team members must review the data to make sure there are no discrepancies. Transforming invoice data exceptions to meet the prerequisites of the AP system forces AP personnel to spend hours or days tracking down information.

4. Validating invoices

This is an important stage when the AP team cross-checks whether the extracted invoice data conforms with the PO requirements and business rules. Errors and mismatches could spring up anywhere in price, quantity, dates, etc. There could be multiple invoices generated against a single PO and the data has to match with the Goods Received Note (GRN). Custom validations may be necessary for each data element. Expensive AP suite solutions may not help as they are far too inflexible to accommodate specific business rules and exceptions on-the-fly.

5. Approvals/Workflows

Collecting invoice approvals is widely cited by AP team members as another tedious task in the entire process. Even though functional heads/budget owners and invoice approvers have minimal involvement in invoice processing, the workflow needs their consent to process payments. Approvals are mostly sought through manual intervention by AP team members. When approvers become a bottleneck in the process, payment schedules get thrown off-track and invoices go unpaid. As a result, vendor relationships go sour.

Intelligent automation helps to achieve straight through processing

Almost seven in ten AP teams (as many as 72%) spend up to 10 people-hours per week, or 520 hours per year on tasks that could be automated — such as invoice processing, supplier inquiries, supplier payments execution, PO matching, new supplier registration, and payment reconciliation. According to APQC, the cost of processing an invoice manually varies between $2 and $10 –

and these are conservative numbers. In order to avoid these cost and effort overheads, future-oriented AP teams are adopting intelligent automation to achieve STP for invoices. Robotic process automation (RPA) solutions and point solutions can process only structured documents, and they lack the cognitive edge to understand, learn and remember exceptions. Intelligent automation platforms that leverage the powers of Artificial Intelligence (AI) and Machine Learning (ML) are the true enablers of STP in invoice processing, as they ensure end-to-end automatic handling of what would otherwise become exceptions.

Why OCR and RPA 'bots' are not intelligent enough

Gathering all the necessary information spread across invoices in multiple formats, item description matching, data cleansing and handling exceptions are the most important tasks of invoice processing.

Let's take the common example of lengthy tables running into several pages for a single invoice. Human eyes and brains are trained to understand where the table starts or ends. But the machines need 'learning' to understand this – or the fact that even if multiple lines exist in a row, it still means the data corresponds to that single row.

Industry-favorite solutions fail at this point. As they scrape data from the screen, errors are bound to happen and invariably your AP team members must spend hours or even days reviewing the data and tracking down the missing pieces. They might also have to cross-check whether the extracted invoice data conforms with the PO requirements and business rules. Frequent errors can occur in price, quantity, dates, conversion of currencies, etc.

When custom validation rules are applied at supplier, template or geo level to overcome this, it requires custom implementation for each supplier, huge maintenance efforts, and deeper dependency on your IT team.

For the same reason, over and above the alarming volume of implementation failures, RPA 'bots' have simply not been able to scale. Most organizations that have implemented RPA have not made it beyond a handful of business processes even after several years of work. According to a recent Deloitte survey, organizations that have implemented RPA at a substantial scale (50 or more automated tasks) went from 3% to just 4% in a year.

RPA brings in an additional layer of architecture into the technology stack – or technical debt – which requires additional governance efforts. Once configured, RPA 'bots' aren't flexible enough to keep up with changes in the platforms on which they interact (typically referred to as "bot fragility"). Even a minor change made to the UI, APIs or data transposition could potentially interrupt the bots' functionality. Such breakdowns in automation can cause downtime and lost business value with the potential need for additional technical resources.

Intelligent invoice processing automation with JIFFY.ai HyperApp

JIFFY.ai's Invoice Processing HyperApp is a low-code application that helps your AP team to achieve end-to-end straight through processing. Its automated workflows connect seamlessly with third-party business systems such as ERPs. Intelligent automation powered by AI and ML enable your AP team to handle disruptions in the receipt of invoices, including fluctuations in invoice volumes, and suppliers requesting partial or early payments.

With intelligent document processing capabilities, it can handle structured (e.g., invoices, loan applications etc.) and semi-structured (e.g., financial reports) data from many types of documents, and 'learn' these variances continuously. It can extract complex data from OCR, handwritten notes, and even from tables within PDF documents (deep document processing) thus enabling completely 'touchless' processing. By helping your AP team to set up a supplier portal, it enables suppliers to submit invoices electronically, and also to speed up the approval processes with minimal manual intervention.

How does the Invoice Processing HyperApp make a difference?

JIFFY.ai's Invoice Processing HyperApp eliminates the complexities and limitations that come with RPA or point Hyperautomation solutions.

It ensures complete touchless processing even in scenarios where Machine Learning cannot predict all the fields in the invoice. Instead of values, the system predicts a set of rules that has to be applied to the document to extract the data. This means that even if the model changes as it receives data, the old documents will continue to be processed the same way. The HyperApp uses both attention-based OCR and standard OCR, and can be customized to leverage the strength of both to capture changing values like numbers and dates. It enables easy and fast validation of the extracted data as cross-system validations and workflow approvals can be embedded. Your AP team members can either approve each document format or set them up for auto approval. Either way, the final call is made by the user and not by the Machine Learning model.

In cases where your AP team does have to step in and make corrections manually, the HyperApp learns the corrections and ensures that the next time such a document comes in, it gets processed straight through. So, over a few iterations, STP increases. Automated query resolution, data validation and dynamic workflow enable even manual invoices to be processed faster and thus your AP team can enjoy the true benefits of lower and lower Average Handle Time (AHT).

A customizable interface allows your AP team to extend and manage the platform for other similar processes as well and evolve them for future scale. With true usage-based SaaS pricing (you pay only for the volume of invoices processed), the HyperApps are changing the paradigm of enterprise automation, optimizing working capital for enterprises, and accelerating innovation for the world's leading brands.

Straight through invoice processing for a global manufacturer

A top global automobile manufacturer used JIFFY.ai's Invoice Processing HyperApp to automate their process. Over a 12-week period, it ensured 85% straight-through processing on 150,000 invoices per month from 5,000 suppliers across multiple countries.

Legacy RPA was struggling to meet processing timelines due to the huge volumes and varying formats. The HyperApp slashed processing time for an invoice from 24 hours to just 3 minutes!
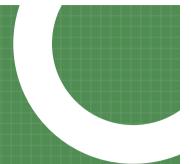
HyperApp automations: Build once, deploy anywhere

Automate beyond tasks and integrate automation with native document processing, workflow, ML, and analytics with just a few clicks.

- High processing throughput volume: 300 documents in 5 minutes. (Leading competitor takes 5 minutes for 5 documents)
- Highest straight through 'touchless' processing (80-85%)

Lower cost per invoice and make accurate, on-time payments. Liberate your AP team members from repetitive tasks. Drop an email to marketing@jiffy.ai and our HyperApps experts can help you accelerate invoice processing, straight through!

JIFFY.ai

Founded with the mission to radically change how enterprises automate complex business processes, JIFFY.ai is a global, enterprise-grade process automation company that puts the power of real-time innovation in business users' hands. JIFFY.ai delivers HyperApps to help them accelerate business transformation and drive end-to-end automation on a single, cloud-native cognitive automation platform that includes capabilities ranging from intelligent document processing and natural language processing to robotic process automation and low code and no code development. JIFFY.ai are pioneers in web-based automation solutions and believe that Automation Accelerates Innovation, empowering enterprises with AI-powered intelligent automation solutions. Visit us online at www.jiffy.ai.

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