

Invoice Stream Overview



A better way to process an invoice

For less than the cost of a postage stamp, you can receive & process an invoice electronically

Industry Landscape

According to the Institute for Finance & Management (IOFM), the average organization receives at least 1,200 invoices each month at a processing cost of \$11.76 per invoice. Nearly 70% of invoice handling costs are related to document handling and manual data entry alone

-- www.iofm.com

Almost one-quarter of companies (24 percent) cite too many competing projects as the primary obstacle to automating the P2P process. Other top barriers include a lack of capital funding (17 percent) and limited IT resources (12 percent)

-- *Institute of Finance & Management (IOFM)'s 2015 Accounts Payable Survey*

On average, 58% of invoices are still manually keyed into financial systems, according to a report from the Open Standards Benchmarking Survey on Accounts Payable and Expense Reimbursement

-- *American Productivity and Quality Center (APQC), a non-profit business benchmarking and research firm.*

Nearly one-third of businesses plan to adopt P2P technology that runs on cloud-based, Software-as-a-Service (SaaS) platforms, according to IOFM's research. The benefits of cloud-based P2P processing include reduced capital investment, less IT involvement, no hardware requirements, low or zero up-front costs, faster deployment, & reduced risk

-- *American Productivity and Quality Center (APQC), a non-profit business benchmarking and research firm.*

The average time to process an invoice is 17.1 days by worst performing companies, 12.2 days by average performing companies, and 3.9 days by best performing companies.

"Companies using paper take almost 4 times more to process and in invoice"

-- *According to a survey report by Ardent Partners*

Companies that switch from paper to digital invoices save \$5.46 per invoice and invoice handling costs are reduced by 50%

-- www.iofm.com

The average cost to process an invoice is \$15.96 by worst performing companies, \$10.04 by average performing companies, and \$2.94 by best performing companies

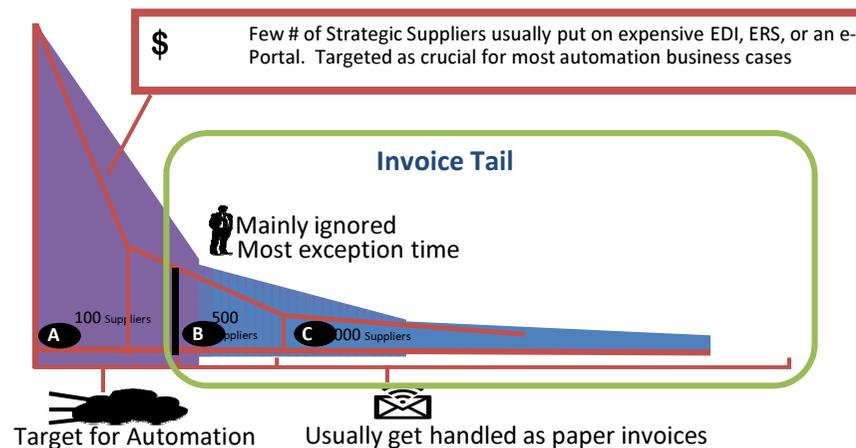
-- *According to a survey by Ardent Partners*

40 % of businesses identified improving AP and reporting as their top priority

-- *According to a survey by Ardent Partners*

It's Time to Address the Invoice Tail

- ❑ Tail management is a concept based on the Pareto principle, referred to as the 80/20 rule. According to the Pareto principle, approximately 80% of the effects come from 20% of the causes for many events. This rule is applied to many business practices such as:
 - ❑ 80% of profits come from 20% of customers
 - ❑ 80% of sales come from 20% of products
- ❑ **Accounts Payable application...**
 - ❑ 80% of exceptions come from 20% of volume
 - ❑ 80% of suppliers will account for 20% percent of spend
 - ❑ 20% of spend known as 'tail spend' or 'long tail'
 - ❑ Tail management is managing tail spend to optimize Accounts Payable operations
 - ❑ Because of a focus on large spend & volume suppliers, many companies have failed to address 'non critical' tail spend yielding only partial automation or touchless results. Companies must address the tail spend to reach touchless Utopia or Nirvana



Addressing invoice tail processing can deliver the following benefits:

- Create a bridge to 100% touchless
- Drive significant cost savings and improve important metrics like cost per invoice, invoices per FTE, time to post, # of supplier inquiries
- Free up processing resources for other more important tasks
- Enable future rationalization of tail suppliers to leverage purchasing power

Simplify and Automate

No more...

- Manual handling of paper based invoices
- Scanning Invoice Images
- Redundant work (Printing, Rekeying, Scanning)
- Chasing approvals
- Chasing coding
- Complex vendor onboarding projects
- Costly network fees
- Inconsistent Supplier Data

Invoice Stream Overview

Available now (Launched April 2018)

- A B2B invoice solution in the Cloud for invoices & timesheets
- Approaches invoicing from the Buyer's perspective
- Facebook/LinkedIn like concepts for establishing connectivity between buyers and sellers
- Enables central AP submission of Seller/Supplier Non-PO e-invoices
- Enforces Buyer-centric rules for invoice submission
- Facilitates invoice coding and approval prior to payment processing
- Facilitates Push or Pull posting of e-invoice data in industry standards formats and with or without images
- Mobile Features for Sellers

Planned platform Features in the pipeline

- Enhanced workflow engine
- Quoting Module -- Quote to Invoice with Quote validations
- Catalog Creation
- PO & POD integration
- Project Invoices and Tracking
- Fully functional Portal dedicated to providing small vendors with cash management options

Invoice Stream System Benefits

DIGITIZE TAIL SPEND INVOICES

- Get electronic invoicing even if all suppliers haven't adopted the e-invoicing portal from day one

STANDARDIZE DATA

- Get all your invoices in the format that you need for both internal and external compliance requirements
- Free your suppliers from the sudden jolt of electronic invoicing even as you go 100% electronic
- ROI & other reporting at your fingertips

REPURPOSE PROCESSING RESOURCES

- Shift invoice processing time elsewhere by letting Invoice Stream leverage its OCR & hand keying services all at the cost of a stamp

SMART WORK

- Remove paper, minimize errors, & automate approvals
- Improve key metrics like cost per invoice, time to post, # of supplier inquiries

COLLABORATION & WORKING CAPITAL

- Collaborate with suppliers to execute mutually beneficial payment terms & capture discounts previously out of reach
- Great way to increase Corp Card Programs and gain new rebates
- Convert check payments to ACH

PROCESS IMPROVEMENT

- Focus on analytics
- Find time for strategy
- Help reduce carbon footprint



Why Invoice Stream as your AP Solution

Buyer Benefits

- Inexpensive electronic invoice data (can't process cheaper than \$.49)
- Improve vendor master data quality
- Increase EFT/ACH payments & enable early pay discount capture
- Accruals are made easy, improving financial accuracy
- Flexible approval options
- Apply negative assurance
- Facilitate electronic approval
- Adopt workflow options
- Flexible posting options
- Electronic upload options like EDI, CXV, cXML, Direct ERP integration

Seller Benefits

- Inexpensive submission method (can't present cheaper than \$.49)
- Flexible submission methods
- Drop in PDF invoice for Invoice Stream 3-point key entry
- Complete Invoice Web form
- Create from past invoices
- Get paid faster via EFT/ACH payments & improve cash forecasting
- Erase AR collection costs from chasing paper invoices & payments
- Get closed loop notifications so payment is assured and collection attempts go away



Accounts Payable Figured Out

- Invoice processing gets completed in 1/5 of the time (80% time savings)
- AP gets to work with the digits, not the paper
- No big IT implementation project
- No huge capital investment like with EDI or other SaaS solutions
- Process costs are buyer & seller shared pegged to the cost of a US stamp
- Extremely favorable ROI and fast payback for Accounts Payable
- Accounts Payable finally solves invoice tail reaching 100% touchless
- Unlimited users ready for real collaboration
- Improves compliance & controls with features like duplicate detection
- Eliminate late payments
- New opportunities for early pay discounts & credit card rebates *(included)*
- Convert check payments to ACH payments *(included)*
- Use supplier enrollment data to improve the Vendor Master *(included)*
- Non-PO approval options *(included)*
- File posting options *(included)*
- Finally makes “going paperless” a reality.

Other Invoice Stream Benefits

- ❑ **Turn-Key Set-up** – Invoice Stream is so easy to set up and can be tailored based on Buyer needs and internal processes.
- ❑ **Document Retention** - Documents can be retained based on your industry rules & regulations and your company's needs.
- ❑ **Get Time Back** - Increased automation should mean more time for the work you and your team wants to do
- ❑ **Online User Support** - Answers at your fingertips - Whether it's a customer question, a dispute, "how to" question or internal reporting – the information (and answer) awaits.
- ❑ **Supplier Options** – Utilizing a single stream cloud based portal, invoices are created online or by dropping in electronic documents (PDF, HTML, JPEG, EDI). Electronic documents are converted to digits after going through our 3-point quality assurance process to ensure 99% pre-ERP accuracy.
- ❑ **Reporting & Dashboards** - On-demand access to the reports and dashboards you need to successfully run your business . Reports are readily displayed and yield actionable at-a-glance information. The reports you want will be waiting for you and past queries are automatically saved (along with your time).

Non-PO Approval Options

Customize approval solution based on the way you run your business. Options are as follows:

- ❑ **Negative Assurance** – Use “Negative Assurance”, post invoices straight away based on AP account determination and notify requestors invoices have been coded & posted and ask for reply/action only if incorrect
- ❑ **Central AP Approval & Coding** – Email will be sent to provide approvers with information on how to provide central AP operations with needed approval & GL account selection
- ❑ **In-Line Email Approval** – “In-line” email can capture approval & GL accounts from the email for secure digitization that gets provided with other invoice field attributes electronically
- ❑ **Workflow** – Routing and approvals are based on your business matrix and rules. Invoices get coded to match your ERP’s general ledger avoiding duplication and confusion **COMING SOON!**

On-Boarding Options

Onboarding methods will vary based on the Buyer's organization, culture, vendor master condition, and other variables. See onboarding options below:

- Vendor Master Blast** – Use vendor master data to send out a blast notification to active vendors of the requirement to use Invoice Stream for all non purchase order invoices going forward
- Requestor Drive** – Notify non-PO requestors that all non-PO paper invoices will no longer be accepted and must be submitted by the vendor directly to Invoice Stream. Arm them with an email they can supply to suppliers explaining next steps.
- Invoice Intercept** - As non-PO paper invoices come into AP, the AP team will contact suppliers about Invoice Stream requirement and assist with next steps
- Other** – Perhaps a combination of all of the above will be required or the Buyer can utilize other more effective methods for their organization.

Invoice Stream Notifications

Buyer Notifications

- New supplier relationships created
- Credit card or ACH payment acceptance
- Discount term acceptance
- Supplier information changes
- Invoice approval & coding is needed
- Requestors reminded (time set by Buyer) invoice approval & coding is required

Seller Notifications

- Invoice Stream invoice submission requirement
- Relationship request
- Enrollment/renewal payment needed
- Invoice posted or paid (contingent upon Buyer to close the loop by marking invoices posted and or paid)
- Pre-fund invoice transaction fee account

Buyer Business Case for Invoice Stream

(See Example Below)

<u>Buyer Non-PO Attributes</u>	<u>Per Unit Costs</u>	<u>Invoice Volume Assumption</u>	<u>Extended Amount</u>
Count of Paper Non-PO Invoices	\$5.00	10,000	\$50,000
Count of Suppliers		1,000	
Paper Check Payments	\$3.50	1,000	\$3,500
Cost to process the invoice tail			\$53,500
 <u>After Migration to Invoice Stream</u>			
Invoice Stream Annual Fee			\$5,000
Invoice Stream Cost to Process an Invoice	\$0.50	10,000	\$5,000
Central AP Approval & Coding Email Instruction	\$0.10	10,000	\$1,000
Cost to process the invoice tail with Invoice Stream	\$0.60		\$11,000
 <u>Other Invoice Stream Created Savings</u>			
New Discounts (assumes 1% disc, 20% invoices, \$500 average)			(\$10,000)
Converted ACH savings (assumes 50% conversion)			(\$1,700)
Other Savings			(\$11,700)
Total Costs or Savings () of Converting to Invoice Stream			(\$700)
Total Cost Savings Generated by Moving to Invoice Stream			(\$54,200)



Seller Impact of Invoicing via Invoice Stream

(See Example Below)

Seller Invoice Attributes	Per Unit Costs	Invoice Volume Assumption	Extended Amount
Non-PO Invoices Presented Each Month to Buyer (Assumes Postage & Handling)	\$2.00	12	\$24.00
After Migration to Invoice Stream			
Invoice Stream Annual Fee			\$19.99
Invoice Stream Cost to Present an Invoice to Buyer	Free	12	\$0.00
Cost to process the invoice tail with Invoice Stream	Free		\$19.99
Other Invoice Stream Created Savings			
Collections Elimination (Assumes need to follow-up on 25% of invoices @ \$16/hr)	(\$1.00)	6	(\$6.00)
Check Payment Receiving, Handling, & Depositing Elimination	(\$1.00)	12	(\$12.00)
Other Savings			(\$18.00)
Total Costs or Savings () of Converting to Invoice Stream			\$1.99
Total Cost Savings Generated by Moving to Invoice Stream			(\$22.01)

