opentext™

5 tech trends shaping P2P.

Gaining the strategic value of your Procure-to-Pay (P2P) process.

opentext™

Contents

The power of P2P	3
A fresh perspective on P2P	3
5 technology trends shaping the P2P process	5
Using P2P to drive strategic value	6
Build an enterprise supplier network	7
Improve supplier management	7
Increase procurement and AP automation	8
Ensure vendor compliance	9
Deliver supply chain visibility	10
Working with the P2P leader	11
How OpenText solutions help optimize your P2P process	11

opentext™

A fully digitized P2P process improves

- Strategic business and financial decision
- Cashflow and free up working capital
- Operational and supply chain performance
- Inventory control and reduce costs
- Response to customer demand signals
- Supplier collaboration and communication
- Business resilience, agility and innovation
- Supplier compliance and reduce supply chain risk
- Gain full visibility into procurement, supply chain and accounts payable processes

In recent years, the P2P process has moved from being seen as a cost center to becoming a strategic driver. Get it right and organizations benefit from higher process efficiencies, larger cost savings, better inventory control, improved supply chain visibility and faster order cycle times. Highly effective P2P operations build supplier relationships that facilitate the levels of resilience, agility and innovation required to meet challenges such as the coronavirus pandemic. This white paper examines the digital tools helping to optimize your P2P performance.

The power of P2P

The common view of Procure-to-Pay (P2P) is a process that covers pretty much everything from the identification of need, the purchasing of products or services through to invoice processing and supplier payment. In the past, it's been complex, spanned different departments and added time and costs into business operations. However, a well-designed, digital P2P process overcomes these issues and gives you the levers to gain much more from your supplier relationships.

Here are some scenarios that every procurement or finance professional will be familiar with: Supplier deliveries are late or inaccurate. Many invoices contain errors and some you can't find at all. Delayed payments mean suppliers are threatening to stop supply. Spend planning is based as much on gut feel as meaningful date. The potential for maverick spending or invoice fraud is a constant thorn in the side.

It is estimated that the average business wastes 1000's of hours each year on inefficient payment practices alone – such as chasing PO numbers, processing paper invoices and responding to supplier enquiries[1].

There's a paradox in the fact that the supplier relationship was the first to begin to digitally transform. Electronic Data Interchange (EDI) has been available for over four decades allowing partners to exchange business documents electronically. Yet, a 2019 study from Billentis showed that 70% of all invoices processed globally are still paper-based. Other research suggests 80% of organizations still use manual or semi-digital tools to manage their P2P cycle.

While most organizations have made significant progress in digitally enabling their trading partner communities, it's still not enough to be able to optimize the P2P process. Even where 80% of suppliers are trading digitally, the same cost, errors and lack of visibility remain within a process that still retains inefficient manual components.

A fresh perspective on P2P

Previously, it has been all too easy to see P2P as a series of inter-related tasks that were necessary to fulfill the supply side of operations. The focus could be placed on driven up efficiencies and driving down cost. Increasingly, today, a new perspective is taking root that sees P2P as the cornerstone of a value chain encompassing research, production, supply chain and finance. If the P2P process is not functioning optimally, the business itself is suffering and not just through poor supplier relationships.

The COVID-19 pandemic shone a spotlight on procurement and the supply chain. It exposed many fault lines with organizations thrown into reactive mode and often unable to maintain the supply levels they needed. The ability to quickly identify and onboard new sources as well as automate as much of the P2P process as possible distinguished leaders from the rest.

1 https://www.sourcetoday.com/supply-chain/article/21866901/inefficient-purchasetopay-processes-cost-businesses-6500-manhours-annually

The need to build business resilience in response to the coronavirus has accelerated trends towards digital transformation and automation. Industry research points to the belief that most companies' existing procurement challenges were exasperated by the pandemic, and that the effects of the pandemic have made automation more appealing.

With employees working remotely dealing with potentially a completely new range of suppliers, manual processes are not just inefficient but hugely detriment to business. This has accelerated the adoption of digital tools to enable companies to easily shift their P2P activities to a fully remote environment in which employees can communicate with suppliers, receive documents, approve purchasing, track goods and pay invoices online.

Increasing the integration and collaboration between the procurement and AP teams helps better manage the P2P process and speed sourcing and supply activities. The supplier that goes through the tendering and sourcing process is the same one that creates and delivers the goods and the same one who'd like to get paid on time and take advantage of any supply chain financing opportunities available.

Being able to establish an end-to-end, digital P2P process provides the basis for the resilience, agility and innovation that organizations are looking to achieve. This remains a major challenge and motivates companies to increase supply chain visibility and automation, as well as address poor communication between procurement and AP.

Moving forward, the need is greater than ever for enterprise supplier networks that enable organizations to digitally enable their entire trading partner community with automating as many P2P activities and workflows as possible. The emergence of cloud-based enterprise platforms, such as OpenText Business Network, facilitate the exchange of key business documents – including orders, invoices and other key supply chain documentation – while providing the digital foundation for effective supplier collaboration and communication.

opentext™

5 technology trends shaping the P2P process

The focus on procurement and the supply chain during the COVID-19 pandemic has demonstrated the need for well-implemented digital solutions to ensure flexibility and agility of business operations. In particular, five key technology areas are becoming essential to rapidly evolve the P2P process.

Digitization

Moving from manual to digital process and workflows has the potential to deliver new and disruptive business models, increase supplier collaboration and enhance innovation. However, many organizations believe that their procurement and finance functions are prepared for the impact of digitization and that they are amongst the top three business areas to benefit from digital transformation.

Within P2P, digitization of internal processes has to be integrated with the digitization of the organization's trading partner community. For example, businesses using OpenText Active Orders have demonstrated improvements in buyer and supplier productivity by up to 25% by removing paper from communications and minimizing the use of costly and error-prone manual interactions. Beyond cost and efficiency, digitizing supplier relationships speeds up reaction times and deepens collaboration.

Cloud

Cloud is rapidly becoming the major technology platform for every type of business. Within P2P, the move to the cloud has been consistent but patchy. Both the eProcurement and eInvoicing sectors are well established and growing but cloud-based AP solutions are relatively new. In addition, some early eProcurement and eInvoicing adopters have relied on their own on-premise technology that is now becoming outdated.

Deploying a cloud-based P2P solution offers more than the ability to automate the exchange of purchase, supply chain and finance documents. It provides the opportunity to develop a cloud platform that facilitates efficient, secure and compliant data integration and management across digital business ecosystems—connecting people, systems, and things. It allows organizations to break down the departmental information silos and increasingly integrate the entire P2P process.

Automation

With the drive to digitization, organizations are looking to automate as much of the P2P process as possible, where manual intervention for high-volume repeatable tasks – such as purchase requisition to purchase order conversion and invoice processing - is removed. Organizations have started to realize that automation of various finance and procurement processes will have the biggest impact on their organization, with automation of payments topping the list.

As well as freeing employees from mundane tasks, automation of key business processes and workflows gives more time to strategic activities such as negotiating price and terms, undertaking spend analysis, and supplier selection. As productivity and quality increases, automation helps speed the entire P2P process and strengthen supplier and customer relationships.

Data and analytics

Smarter processes backed by data and powered by automation are the future for P2P operations. When data quality improves, automation becomes all the more effective. Organizations are faced with a growing amount of information from both internal and external sources and harnessing the value of the data is becoming key for business success.

While data and analytics were originally used to reactively drill down into operations, capabilities are changing quickly. Using advanced analytics combined with AI and machine learning, organizations can use P2P data to not just look at your current state of operations but make a proactive and informed plan for the future. Organizations are now turning the information held within their procurement, supply chain and AP functions to drive actionable insight and improve decision-making.

Integrated P2P ecosystems

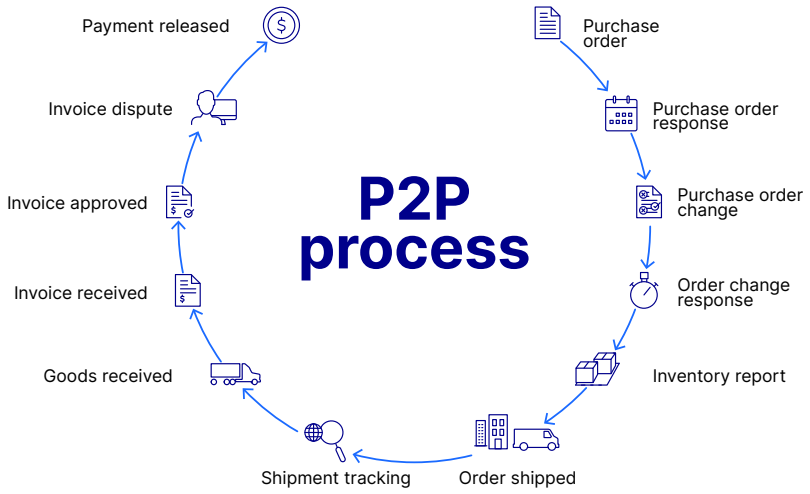
The COVID-19 pandemic has highlighted the need for agility, resilience and adaptability within your trading partner community. At its height, the pandemic saw major disruption to global supply chains. The companies that succeed were the ones that were able to adapt their supplier networks or create entirely new ones. The supply chain has been reframed as a digital ecosystem of suppliers, customers and partners.

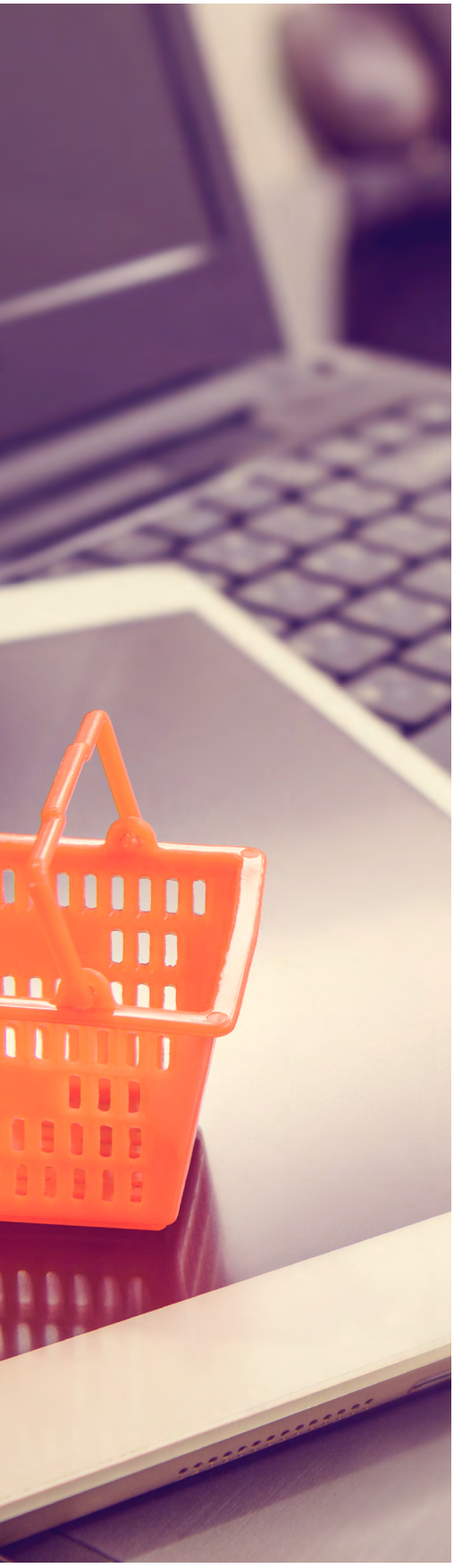
Creating and integrated a P2P ecosystem means finding new ways of securely sharing information to encourage collaboration and innovation with your suppliers. In the coming years, there will be a focus on organizations to move towards touch-less procurement by effectivelylinking P2P data across internal departments and with the supplier ecosystem.

Using P2P to drive strategic value

There are many moving parts to an end-to-end P2P process (see Figure 1) and, traditionally, it has been split between different departments that have implemented their own systems and applications to address their own business need. While this ‘best of breed’ approach allowed the teams to benefit from high degrees of functionality, it created silos of information and didn’t enable transparency or visibility across the entire process.

This full suite approach allows you to gain maximum value from your P2P process by holistically addressing a number of strategic areas within your business.





Build an enterprise supplier network

Increasingly, the procurement function within organizations is becoming the central hub connecting commercial, financial and supply chain operations. This is causing a re-assessment of supply chain relationships and how a supplier network s developed and managed. The requirement for a flexible and scalable supplier ecosystem is built on digital platforms that enable fast and effective information exchange.

This begins with the ability to digitize your entire trading partner community. It's no longer sufficient to be trading digital with 50% or even 80% of your suppliers. Digital onboarding allows you to digitize business transactions with suppliers, regardless of their size or technical capabilities. It helps connect 100% of your trading partners so you can fully optimize operations and increase customer satisfaction with greater speed, less manual processing and fewer errors.

As well as quickly onboarding new suppliers, the enterprise supplier network allows for the effective exchange of business and supply chain documentation. It provides tools to drive community management and collaboration as well as measuring supplier performance. By delivering 360-degree insight into digitized transactions across the community, the enterprise supplier network helps boost productivity and reduce risk within the P2P process.

Improve supplier management

The P2P functions within an organization are moving from tactical cost control to a more strategic activity addressing the entire value chain to drive business direction and competitive advantage. Supplier management is a core activity to meet this approach. Over the years, the meaning of supplier management has evolved to become not just about cost and efficiency but include elements such as supplier vetting and qualification, supplier performance, supplier development and risk management.

At the same time, supply chains have become global, complex and multi-layered. Large organizations today may have hundreds or thousands of suppliers spread across the world making the effective management of the supply chain highly challenging. Organizations need digital connectivity and visibility into supplier activities all the way down the supply chain tiers. It's essential that your organization can monitor the performance of every supplier to ensure KPIs are met and to deepen the supplier relationship by offering financial incentives and discounts based on performance.

To further enhance improvement throughout the supply chain, there is real value in working in close collaboration and building stronger relationships with suppliers. When it comes to realizing product improvement, accessing new markets and incorporating sustainability initiatives, suppliers are playing an increasingly pivotal role. For many organizations, suppliers have transformed from simple providers to strategic partners intimately involved in operations and product development.

Effective collaboration requires continuous information sharing. Most enterprise platforms offer a range of tools to manage supplier performance and facilitate collaboration across trading part communities. For instance, OpenText Active Community lets you centralize trading partner profile data in a single, shared directory of information that can be securely accessed across the organization and extended community. With up-to-date partner information and the ability to connect and share information at all levels within your ecosystem, B2B community management solutions provide the platform to drive collaboration and improved relationships.

opentext™

Increase procurement and AP automation

The coronavirus pandemic demonstrated the need to digitize and automate as many key business processes as possible. With more people working from home, manual, paper-based processes proved difficult and inefficient when faced with serious disruption. While eProcurement and procurement automation are well established, AP automation has been growing rapidly in recent years.

Procurement and AP Automation solutions enable companies to seamlessly execute processes to speed and improve everything from initiation to approval to archiving.

Tasks, such as processing supplier invoices, use a digital workflow to manage steps previously handled by a procurement or AP staff member. This reduces the time and cost in the process while enabling personnel to concentrate on higher value, more strategic activities such as negotiating price and terms, undertaking spend analysis, and supplier selection.

However, separating the procurement and AP automation solutions leads to information silos and an inability to improve the P2P process end-to-end. Today, there are cloud-based enterprise platforms – such as OpenText Active Orders – that facilitate automation across your P2P operations. These solutions integrate a wide range of P2P processes, including:

- Purchase order and acknowledgement
- Shipment tracking with logistics visibility
- Supplier performance and KPIs

These data integration platforms provide the necessary digital foundation for automating and optimizing processes both internally and with your trading partner community. With sophisticated integration capabilities, the solution allows P2P automation to integrated with your ERP systems enabling P2P data to be seamlessly and securely exchanges between your ERP and that of your suppliers.

By eliminating a significant percentage of the manual work required to manage, approve validate and match invoices, human error is significantly reduced and productivity increases. The system performs comprehensive data quality checks to ensure the accuracy of documents that are delivered to ERP and other business systems.

Beyond time, cost and productivity gains, P2P automation offers significant business benefits for buyers and suppliers. Disputes are reduced and orders and invoices are processed quickly so cash flow for both parties improves. More effective payments opens the door for a wide range of discounting and supply chain finance options. In addition, you have the opportunity to optimize your portfolio of vendors and suppliers, tackle fraud, and avoid duplicate or erroneous payments.

Ensure vendor compliance

Managing supplier risk is becoming an increasingly complex task. As global supply chains grow, the relationship isn't just about money but ensuring that your suppliers stay in compliance with your policies and procedures that allow for the most efficient shipment handling. Without the correct systems, time and money are wasted in while your team manually collects all the information they need to produce accurate reports for auditing or compliance. This means spending hours auditing shipments, combing through supplier shipment data, order receipts and other supply chain documents.

Today, your suppliers are a direct extension of your brand and sustainability, ethical business and social responsibility have become important issues when managing a supplier network. Understanding your suppliers' behavior and being able to monitor their performance and work practices are features that customers now expect. Some enterprise supplier networks – Such as OpenText Business Network – include capabilities to quickly identify and manage suppliers based on your policies. For example, the OpenText Global Partner Directory allows supply chain and procurement leaders to search for new trading partners using comprehensive filters, from product and industry to ethical practices, to maintain continuity and ensuring ethical practices.

Today, the adoption of e-invoicing is growing rapidly across the globe and more governments are beginning to mandate its use for business-to-government (B2G) and business-to-business (B2B) transactions[2]. However, there are a large number of e-invoicing standards in operation in different regions and countries. Each standard uses its own data formats, standards and protocols. Solutions such as OpenText Active Invoices with Compliance (AIC) ensure that you and your suppliers comply with e-invoicing tax regulations in the markets and geographies where you trade.

2 https://www.markit.eu/ww/en/b-gbfq/impacts-of-automation-and-digitisation-on-finance-and

opentext™

Deliver supply chain visibility

Supply chain complexity has grown from simple domestic supply chains to more complex and global supply chains vulnerable to disruption, interruption and other third-party risks. At its heart, supply chain visibility is about knowing where inventory is at a particular time, tracking their movement and delivery, and understanding who you're doing business with. It provides the link between procurement and accounts payable to provide an end-to-end P2P process.

Complete visibility into your P2P process helps you evaluate and manage suppliers, reduce risk within your supplier ecosystem and keep control of spend in inventory and logistics. However, very few organizations have this supply chain visibility.

Poor visibility makes it difficult for organizations to measure their performance in P2P. Without the ability to easily measure the impact of procurement policies and spend control measures, their full impact and potential will not be realized. Equally, lack the visibility reduces your ability to quickly see when things are going wrong across your supply chain and P2P process.

An end-to-end P2P solution – such as OpenText Active Orders - is the best way to have visibility into products and assets across an extended supply chain network. It delivers the automated tools necessary for you to see exactly what's happening in your supply chain and how each supplier is preforming. The right P2P solution records and reports data automatically, giving a single point of access for the processing of all invoices, purchase orders and business documents.

For example, OpenText Active Orders provides supply chain visibility and enablement of digital and non-digital suppliers. Its key features include:

Features	
Business document exchange	Send EDI/XML documents to all of your suppliers and give suppliers the option to respond via their chosen format including EDI, XML or web portal.
Order tracking	Search for a specific purchase order (PO) and view all of its associated documents, such as acknowledgements, PO changes, advanced shipment notices and invoices.
Data quality management	Automated updates to supplier and logistics information lead to higher data quality with fewer errors and lower exposure. Self-service portals allow suppliers to self-manage their information.
Supply chain alerting	Configure email alerts to advise of potential issues such as an unacknowledged order, delayed shipment or past due invoice.
Supplier performance management	Use B2B scorecards and dashboards to measure supplier performance on metrics such as order-fill-rates, delivery punctuality and invoice accuracy.

Today, disruptive technologies such as the Internet of Things (IOT) are enabling a much more granular and real-time view of supply chain operations. Solutions like OpenText Active Orders enable the transformation of logistics to improve inbound lead time reliability, reduced inventory carrying costs, improved warehouse labor utilization and reduced retail stock-outs.

opentext™

Learn more

Working with the P2P leader

OpenText is the leader in creating and empowering trading partner and supply chain communities. The company has developed a cloud-based platform focused on maximizing your P2P investment, though complete channel management and full partner community digitization and enablement, complete channel management and P2P automation. You have the capabilities to manage the end-to-end digital communication lifecycle with your suppliers to deliver the highest level of P2P quality and compliance, as well as full supply chain visibility.

How OpenText solutions help optimize your P2P process

OpenText provides the digital foundation for automating and obtaining insight of procurement, supply chain and AP processes across a global ecosystem of suppliers to deliver complete, end-to-end management of your P2P processes.

OpenText Community Onboarding

Delivered as a managed service, Community Onboarding helps connect companies of all sizes quickly and easily so they can optimize operations through effective collaboration and information sharing.

OpenText Active Orders

Active Orders is a cloud-based solution that provides buying organizations with the technology and services to optimize transaction management. It offers 360-degree supply chain visibility with all suppliers, including those not digitally enabled with their own order management software solution.

OpenText Active Invoices with Compliance

Active Invoices with Compliance is an e-invoicing compliance solution, which provides capabilities for automating e-invoicing and compliance in over 45 countries. Active Invoices with Compliance supports data validation, digital signatures, archiving and delivery based on country-specific requirements.

OpenText Freeway Cloud

Freeway Cloud quickly enables B2B connectivity between buyers and vendors. Designed for small to medium sized businesses, it is a sophisticated, yet affordable, EDI solution that is easy to use, even without prior EDI knowledge.

OpenText Integration Managed Services

OpenText Integration Managed Services helps to shield organizations from the complexities of managing B2B integration environments, allowing them to focus on core business activities.

opentext.com/contact

Copyright © 2023 Open Text. All Rights Reserved. Trademarks owned by Open Text.
For more information, visit: https://www.opentext.com/about/copyright-information • 03.23 | 21995.EN