OpenText Accounts Payable for Oracle® Applications

Optimizing accounts payable processes in Oracle E-Business Suite, PeopleSoft Enterprise, and JD Edwards EnterpriseOne

November 2009

Abstract

For most accounting departments, core business operations revolve around optimizing working capital by managing payables and dealing with the inevitable volume of related paperwork that this entails. In Accounts Payable (AP), inefficiency leads to neglected due dates, late fees, and missed cash discounts on invoices.

OpenText Accounts Payable for Oracle Applications optimizes your organization's financial value chain, enabling it to more efficiently process invoices and realize cash discounts on early invoice payments. Accounts Payable for Oracle Applications works with your existing Oracle E-Business Suite, PeopleSoft Enterprise, or JD Edwards EnterpriseOne Enterprise Resource Planning (ERP) financial infrastructure to optimize overall accounting processes without requiring additional training investments. Accounts Payable for Oracle Applications integrates seamlessly at the process level with your organization's ERP financials.

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The Accounting Challenge

For most accounting departments, core business operations revolve around optimizing working capital by managing payables and dealing with the inevitable volume of related paperwork that this entails. But accounting department operations use resource-intensive and error-prone manual processes that increase costs, create employee inaccuracies, and decrease efficiency. In Accounts Payable (AP), inefficiency leads to neglected due dates, late fees, and missed cash discounts on invoices.

In addition, you have to securely manage all related documents for future reference. Otherwise, you stand to lose substantial capital if you do not store documents according to government mandates. Paper files may help you comply with mandates, but they also introduce more errors, inefficiencies, storage expenses, and facility management issues. Despite these efforts, you stand a considerable risk of loss if litigation forces you to retrieve a specific document quickly, and, in many cases, you must deploy massive resources to do so.

Your accounting department must eliminate inefficiency, control spending, and reduce risk to maximize cash flow and enhance profitability. The bottom line is that accounting needs to increase productivity by processing more invoices and making payments faster. Therefore, you must reduce anomalies, errors, and variances in financial data. You also need to leverage information from your existing financial Oracle Enterprise Resource Planning (ERP) system (Oracle E-Business Suite, PeopleSoft Enterprise, or JD Edwards EnterpriseOne).

The OpenText Solution

OpenText Accounts Payable for Oracle Applications optimizes your organization's financial value chain, enabling it to more efficiently process invoices and realize cash discounts on early invoice payments.

In addition, AP optimization and automation also completes the supply chain picture. No matter what procurement improvements you make, you still have to pay for items procured. Companies that focus only on the procure side of the procure-to-pay process leave the opportunity to make valuable gains on the table. Accounts Payable for Oracle Applications optimizes the pay side of the procure-to-pay process.

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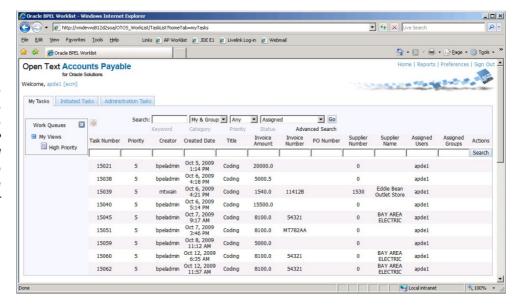
Accounts Payable

Maximum efficiency and productivity

Streamline invoice processing to reduce costs

Most organizations find it increasingly difficult to manage their AP process since it involves numerous transactions with paper documents tied to each part of each transaction. Each invoice passes through several people, who review it, attach data, and sign off on it before it can be paid. This lengthy process has become counter-productive. Initially designed to ensure accurate appropriation and accounting, the AP process now causes prolonged payment delays and introduces the possibility of error every time someone touches and alters the invoice.

Figure 1: OpenText Account Payable Worklist for Oracle Solutions: Enables AP supervisors to monitor all invoices from receipt to payment, giving them complete control over their company's liabilities.

Accounts Payable for Oracle Applications streamlines invoice processing dramatically. In the initial step, paper documents are scanned upon receipt in their original form and stored in a central repository. Invoice data is recognized automatically and transferred to the ERP, where the processing workflow is triggered.

Also, electronic invoices in Electronic Data Interchange (EDI) format can be locked directly into the process. Accounts Payable for Oracle Applications operates in the background to automate AP processes as much as possible. Invoices matching exactly their respective purchase order can be posted completely in the background without human intervention. Duplicate invoices are detected automatically.

Accounts Payable for Oracle Applications offers sophisticated and comprehensive exception-handling based on best practices business rules. Problem invoices are automatically classified for further action and routed to all necessary approvers in the process according to established business rules and policies. The workflow informs each appropriate agent of the invoice's status, tracks the agent's activity, and, when resolved, automatically sends it to the next agent down the line until the process is completed and the final agent sends out the payment.

At any time, all processed invoices together with their current status, their workflow history, and all related data and documents are readily accessible to the authorized user in the interface. In seconds, an agent or the head of the AP department can spot problem invoices, validate the invoice electronically against order documents, or assess the process by examining the audit trail of related activities that is recorded for each invoice. The ERP or OpenText Accounts Payable Worklist for Oracle Applications provides complete process transparency and control.

AP employees no longer have to chase down paper files, manually search databases to access the information they need, or send it to multiple people via fax, email, or physical delivery, wait for approval, and then send it to the final representative to write the check and mail the payment.

Reduce costs by reducing resources

Traditionally, AP workers have to manually input all invoices into their electronic accounting system or write billing information into ledgers and file the original documents. Accounts Payable for Oracle Applications eliminates these time-consuming and tedious tasks by taking the scanned images and making them available throughout the enterprise, regardless of geographic location. Accounts Payable for Oracle Applications can also automate document entry into your ERP financial application and access Oracle E-Business Suite, PeopleSoft Enterprise, or JD Edwards EnterpriseOne financial information, which further minimizes data entry. By replacing manual procedures, Accounts Payable for Oracle Applications decreases the time and human resources needed to process invoices.

In addition, Accounts Payable for Oracle Applications represents an ideal complement to Shared Service Centers designed to streamline processing by supporting the centralized information resource and allowing it to be accessed across the organization. Shared Service Centers centralize accounting activity in one location to support the entire organization, eliminating the need to distribute accounting staff at various locations. Accounts Payable for Oracle Applications facilitates these fundamental objectives by securely storing all invoices and related financial documents in the centralized system, which provides a single point of access. Authorized users can access all of the information that they need electronically by retrieving the invoice and all related

documents directly from their Oracle or OpenText user interfaces. To ensure security, the solution can be configured to provide users with different access levels depending on their job functions, clearance level, and so on.

According to industry surveys and experts, average paper-based invoice processing costs can exceed $20 per invoice depending on the level of organization automation and systems. Accounts Payable for Oracle Applications has been proven to reduce total processing costs by $4 to $10 per invoice, depending on the specific process, number of invoices processed daily, and local legal requirements.

Consider a company that receives and processes 1,000 invoices each day, spending up to 15 minutes to manually index, verify, and post the sum for each invoice. Each employee involved works 8 hours a day with an 85 percent productivity rate (excluding time for meetings, organizational tasks, rest, and so on), making the average labor costs equal to $40 per hour. Overall process costs could reach $2.6 million per year just in labor.
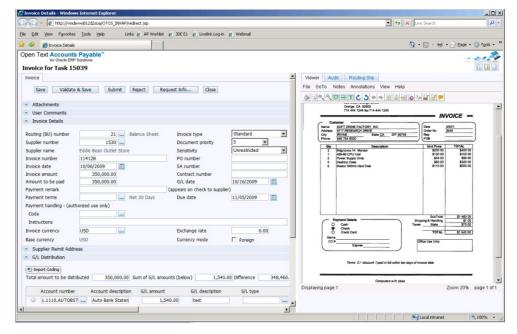
Figure 2:
OpenText Accounts Payable for Oracle Applications: Approval and Coding screens

Improve processing accuracy

Inaccurate processing drives up operating costs while increasing the likelihood of late fees and overpayments. In fact, 5-10 percent of all manually processed invoices contain inaccuracies. Accounts Payable for Oracle Applications closes the gaps on these errors by eliminating the manual processes that trigger them. Accounts Payable for Oracle Applications eliminates data entry errors by imaging and storing every invoice in its

original form without introducing any changes to the documents. In addition, Accounts Payable for Oracle Applications provides background plausibility checks to help you identify and rectify potential problems, which consequently reduces processing time.

Shorten processing time: Leverage cash discounts

Time-intensive invoice verification prevents many companies from paying on time. Accounts Payable for Oracle Applications accelerates this process and ensures payment dates are met so that you receive available vendor discounts and rebates on your invoices. Not only does on-time payment enable existing discounts to be captured, but it also creates the opportunity and leverage to negotiate new discounts and terms with vendors based on consistent on-time performance.

Invoice processing generally involves multiple people and information residing in different departments and locations, requiring employees search multiple files and contact several people to get all the information they need to accurately process each invoice.

Accounts Payable for Oracle Applications puts all the information the accounting staff needs at their fingertips, alleviating time-consuming search, transportation, and retrieval procedures by letting users easily access invoices and related documents from any location.

Lower risk and reduce liability

Reduce liability with process control and overview

Accounts Payable for Oracle Applications helps you maintain a good credit rating with suppliers by reducing the number of missed payments stemming from problems introduced during invoice verification. Accounts Payable for Oracle Applications uses dedicated monitoring tools and audit capabilities to present an overview of the accounting processes so that you can identify problems and work to resolve them. The overview minimizes the risk of overlooked payment dates, subsequent late fees, and missed discounts.

Reduce risk of loss of paper documents

Retaining physical paper invoices and filing them away puts your company at serious risk since paper documents often get damaged, lost, or destroyed as paper filing is error prone and expensive. You lose time and money every time someone misfiles an invoice, forcing others to dig through filing cabinets looking for it. In addition, filing cabinets consume a lot of premium office space, while paying for off-site storage wastes even more money and makes the documents more difficult to retrieve when needed. In addition, paper files incur additional costs and limit immediate accessibility for geographically distributed organizations.

Accounts Payable for Oracle Applications optimizes office space by eliminating filing cabinets and off-site storage since it securely stores all documents in their original form for extended periods. The Accounts Payable for Oracle Applications central repository serves as a limitless electronic filing cabinet that stores as many documents as necessary in a virtual folder, to which authorized Oracle or OpenText users have instant access at any time, from anywhere in the world.

Lower risk of compliance-related losses

Companies worldwide must comply with a growing number of legal accounting provisions to avoid fines and prosecution. Organizations are required to store financial documentations, such as invoices, contracts, and others to satisfy legal requirements. For example, the Sarbanes-Oxley Act in the United States and the GOB in Germany demand public companies retain paperwork and email for several years and require accountants to report on the internal controls established to maintain these records.

Accounts Payable for Oracle Applications enables your organization to archive data so it complies with legal regulations defining how long data must be retained and then retrieve it when and where you need it. Accounts Payable for Oracle Applications automatically archives all relevant documents without altering their original form, making them available for ongoing access and supporting long-term storage requirements, helping your organization maintain compliance.

Conclusion

For most companies, invoice processing requires too much manual effort, causing a drain on resources internally and for the vendor involved. Manual processing and resolution efforts involve time-consuming historical research, communication with the vendor, process documentation, requests for additional information from multiple parties, manual routing, and the labor-intensive process of monitoring and providing update reports on the status of unpaid invoices. With Accounts Payable for Oracle Applications, AP staff and resources can spend less of their time addressing these typical problems, and vendors and buyers will experience a wide range of advantages and significantly less frustration.
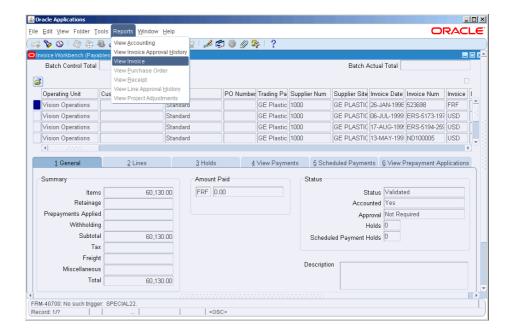
Figure 3:
OpenText Accounts Payable
for E-Business Suite
Seamless Integration

Figure 4: OpenText Accounts Payable for PeopleSoft Enterprise Seamless Integration
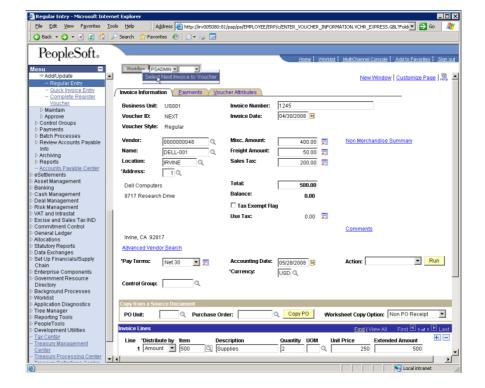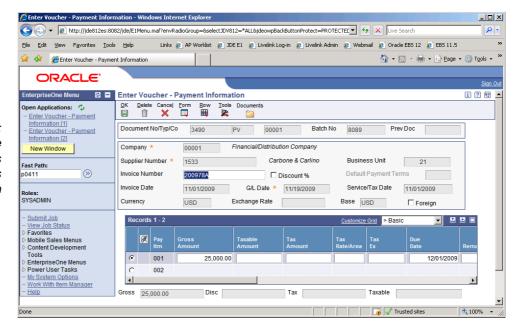

Figure 5: OpenText Accounts Payable for JD Edwards EnterpriseOne Seamless Integration

About OpenText

OpenText is the world's largest independent provider of Enterprise Content Management (ECM) software. The Company's solutions manage information for all types of business, compliance and industry requirements in the world's largest companies, government agencies and professional service firms. OpenText supports approximately 46,000 customers and millions of users in 114 countries and 12 languages. For more information about OpenText, visit www.opentext.com.

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North America	United States	Germany	United Kingdom	Australia
+800 304 2727	+1 847 267 9330	+49 89 4629 0	+44 0 1189 848 000	+61 2 9026 3400