This paper looks at current order-to-pay challenges and trends; what organizations should consider in an order-to-pay solution; and the benefits a fully content-integrated, order-to-pay solution can deliver to organizations running SAP® business platforms.
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Introduction

The order-to-pay process is becoming increasingly critical to procurement success. As global supply chains lengthen and become more complex, companies deal with more suppliers and a growing volume of documentation and invoicing procedures. Many companies lag in taking up advanced order-to-pay solutions, despite the fact that paper-based processes, out-of-date procedures and lack of access to the complete information story can significantly derail order-to-pay processes.

Notably, automating, integrating and synchronizing order-to-pay with strategic sourcing and contracting processes—and with the critical documents and data those processes rely on—can significantly limit, and sometimes eliminate, the impact of these issues. Suppliers, partners and manufacturers can work together, while reducing purchasing and finance department workloads, as well as the overall cost and time associated with the procurement process. Effective collaboration with the finance department can also maximize the benefits of all terms and conditions and reward good supplier relationships with predictable payments.

Efficient Order-to-Pay Processes Can Solve Multiple Issues

In many organizations, the substantial time and effort expended by the sourcing function does not deliver the intended results. Typical issues include wrong or late payments, price disputes, quality, terms and conditions, and missing documentation. Once a supplier believes that doing business with a given customer is overly complicated or unreliable, the probability of incomplete or late deliveries grows. In worse case scenarios, the relationship can end abruptly and unsatisfactorily, forcing the sourcing team to scramble to find alternative suppliers. An efficient order-to-pay model helps bring the right documents and accurate data into the workflow at the right time, creating a smooth, information-inclusive process.
**Integrated ECM for Order-to-pay Process**

- **PROCESS/REVIEW REQUISITIONS**
  - Corporate policy & procedures for procuring goods/services
  - Published list of preferred vendors

- **SOLICIT/TRACK SUPPLIER QUOTES**
  - Match with budget
  - Review additional documentation and justification

- **CREATE/DISTRIBUTE POS**
  - Match against contracts
  - Manage exceptions

- **EXPEDITE ORDERS & SATISFY INQUIRES**
  - Send correct orders (multiple channels)
  - Manage advanced shipment notifications

- **RECORD RECEIPT OF GOODS**
  - Link delivery notes
  - Manage additional documentation (quality inspection, ...)

- **PROCESS INVOICE AND EXCEPTIONS**
  - Automatic routing
  - Communicate with suppliers
  - Approvals
  - Statistics
  - Buyer scoring

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**Trends and Challenges**

Leveraging ECM to improve order-to-pay processes—and reaping the potential business benefits—isn’t as simple as purchasing software. It also means taking a number of current trends and challenges into consideration, such as:

**Centralize purchasing activities**

Ensuring that all procurement activities, including order-to-pay, are managed through a centralized, integrated information repository leads to better internal collaboration, task coordination and knowledge transfer. The order-to-pay process can benefit significantly from automating and standardizing these processes wherever possible.

**Eliminate maverick buying**

Maverick buying—where purchasers go outside normal decision-making processes to procure goods or services—is a major problem for many companies, leading to inappropriate supplier selection and wasted time and resources. Implementing an effective order-to-pay system can help reduce this issue by delivering all the data required to improve supplier portfolio optimization.

**Enhance supplier collaboration and innovation**

Increasingly, companies see value in helping suppliers maximize their success through collaboration. When order-to-pay processes serve to simplify supplier tasks and activities, supplier relationships can improve dramatically. This starts with sending orders containing all details (“perfect orders”), allows electronic invoice submission and grants self-service access to invoice status.
Integrate procurement and finance
On one hand, finance-driven innovation in the order-to-pay process can adversely affect supplier relationships. On the other, excessive creativity on the procurement side in developing contracts can create big challenges for the finance team. In an ideal organization, procurement and finance specialists jointly define innovations in areas such as e-procurement, e-invoicing, e-payables, and dynamic discounting. Given the tools and streamlined, integrated processes available in advanced, end-to-end procurement solutions, some even suggest that procurement significantly increase its order-to-pay role, “either as a close working partner with a dotted line relationship or to take over the function entirely.”

What Kind of Order-to-Pay Solution is Right for Your Organization?

Designed to improve efficiencies in invoice processing for goods and services procured, order-to-pay is essentially the “settle” aspect of “source-to-settle.” Order-to-pay—like its preceding procurement processes strategic sourcing and supplier and contract management—often suffers from poor organizational design, disconnected processes, inefficient technology and a lack of insight and control. For example, companies are often unable to integrate documents with related SAP procurement transactions, leading to higher costs for storage, copying and retrieval. On the technology side, many organizations deal with multiple, customized IT systems, again wasting resources and leading to confusion and information retrieval issues. The resulting lack of visibility into process status can result in poor supplier and customer relations or even decreased revenue due to lost contractual disputes.

Once implemented, however, an effective order-to-pay process should increase the number of invoices processed per FTE (full-time equivalent) and the percentage of discounts taken advantage of, while reducing the total cost of the process per purchase order as well as the cycle time from invoice receipt through approval and payment scheduling.

**ECM-SAP Integration for Order-to-pay**

**How it works**

**SAP SRM AND/OR SAP ERP**

- **Process, Review, Approve Requisitions**
- **Solicit, Track Supplier Quotes**
- **Collaborate on Contract**
- **Manage Delivery**

**SAP ERP MM, FI**

- **Process Invoice Entry**
- **Pay**

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**INTRANET**

**Supplier Insight & History**

**Collaborate on Contract**

**Manage Delivery**

**ECM-SAP Integration for Order-to-pay**

**How it works**

What should an organization specifically look for in an ECM solution? An advanced order-to-pay solution should enable:

**A 360 degree view of the supplier and contract folder**

- Easy access to complete supplier information and all related POs and invoices
- Increased transparency and traceability

**Automated content processing**

- Faster processing with workflow (exception handling) and electronic documents (delivered and received)
- Increased savings through discounts, deal size, volume, price, etc.

**Long-term content preservation**

- Proof (e.g., reception, signing) that supports disputes with suppliers or business partners or in case of litigation
- Reduced paper storage, printing and copying costs
Records management and legal discovery
- Improved legal and regulatory compliance
- Fewer fines and lost court cases
- Elimination of microfiche and paper archive costs

A New Model of Efficiency
ECM significantly simplifies and optimizes the order-to-pay process. With an ECM-SAP-based solution in place, companies should be able to:

Reduce cost per invoice
- Ensure accurate purchase orders and minimize manual data entry
- Minimize human error and labor intensive problem resolution for invoices received

Improve cycle times
- Leverage automated business rules and mobile approvals to minimize waiting times and to expedite processing times while increasing the volume of invoices/POs processed

Reduce spend
- Plan more effectively around making payments, leveraging cash discounts and controlling liabilities
- Increase annual procurement savings by empowering the supply base with self-service processes
- Improve supplier relationships, increasing the ability to negotiate for better terms and conditions

Mitigate regulatory risk
- Follow predefined business rules and manage all corporate documents in accordance with official retention schedules

Improve supplier relationships
- Instantly reply to inquiries; process and pay invoices accurately and promptly; reduce supplier complaints

Achieve easy adoption across the organization
- Users benefit from 360-degree transparency
- Full search capability helps to locate missing information

Manage change effectively
- The ability to trace and monitor results and progress drives continuous improvement and the replication of methods and learnings
- Solution-embedded educational materials can help employees learn and adapt more effectively to a new procurement culture

Best run companies save an average of $126 per purchase order.

Best run procurement teams on average save 53% when streamlining supplier-related processes (cost of procurement as % of revenue).^{2}

^{2} APQC OSBCSM Benchmarking Data, 2012.
Bring Your Data Into Line With Your Processes

Today’s organizations are overwhelmed by a flood of external data and an overflow of internal data. Those that don’t take steps to align their information resources with key processes like order-to-pay—and procurement in general—may find themselves losing the battle. To learn more about how OpenText ECM solutions can help your organization streamline and optimize your SAP order-to-pay capabilities, please go to: www.opentext.com/sap

OpenText and SAP

An SAP partner since 1992, OpenText continues to be a leader in the Enterprise Information Management market across all major functional areas and industries. Thousands of customers of all sizes deploy solutions from OpenText, resold as solution extensions by SAP, to seamlessly connect unstructured information to SAP business processes. Our integrated solutions enable customers to realize the full value of digital data, as information is easily discovered, captured, managed, governed, secured, and leveraged.

Designed and built to deliver seamless integration from the outset, OpenText and SAP solutions have helped clients dramatically improve relationships with their customers, employees, partners, suppliers and regulatory agencies. The following solutions are available to extend the procurement features and capabilities of your SAP platform and integrate ECM with key SAP business processes:

OpenText Extended ECM for SAP Solutions

Leverage ECM within your SAP Business Suite (i.e., ERP, SRM) solutions to reduce the risks and costs of document mismanagement, minimize redundancy, increase information worker productivity and collaboration and enhance regulatory compliance. Harness the power of integrating SAP data with content from across the enterprise to support the business process.

OpenText Vendor Invoice Management for SAP Solutions

Optimize and simplify the process of receiving, managing, monitoring and routing invoices and related documentation. The right people collaborate through a secure, easy to use interface to resolve problems, obtain invoice status, check purchase order numbers, submit invoices and more. The optional invoice recognition software uses the most advanced document and character recognition capabilities available and virtually eliminates human intervention in the invoice capture stage for invoices received as paper or attached to emails.
OpenText Portal Content Management for SAP Solutions

Provides the document management and collaboration capabilities tightly integrated into the SAP NetWeaver® Portal. Portal users can add, change, view and share documents in a structured collaborative manner. Using Portal Content Management integrated into SAP NetWeaver Portal leads to cost savings due to process efficiencies, higher employee or supplier satisfaction and better work results due to better collaboration.

OpenText Document Presentment and Live Add-On for SAP Solutions

Automate the creation and multi-channel distribution of highly personalized documents and communications, i.e. contracts, purchase orders, supplier onboarding packages. SAP Business users can compile, edit, review and approve, print or email documents directly in their native SAP UI and process, without relying on scarce IT resources. Direct archive and business workspace integration ensures 360-degree view of all documents throughout their lifecycle.