Tech
Mahindra
BUSINESS PROCESS SERVICES

Finance **&** Accounting

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Abstract

Finance & Accounting (F&A) functions and SSCs (Shared Service Centers) are predominantly supported by various technologies that vary in life, level of automation, integration, and usability. These inconsistencies create automation gaps. There are several business processes that are executed manually or offline through semi-manual processes, including email and spreadsheets, resulting in a lack of business insight, low quality user experience, and potentially costly errors.

CFOs are constantly challenged with ensuring optimal resource utilization and cost reduction. Globally F&A functions are under substantial pressure across all industries. The vital challenge is to reduce costs and support narrow margins, optimize cash flow, provide quick turnaround and optimal quality, and focus on delivering valuable business insights.

This paper discusses how technology is creating a perfect environment for a comprehensive platform-based e-invoicing tool with strong P2P operations to unlock significant business value.
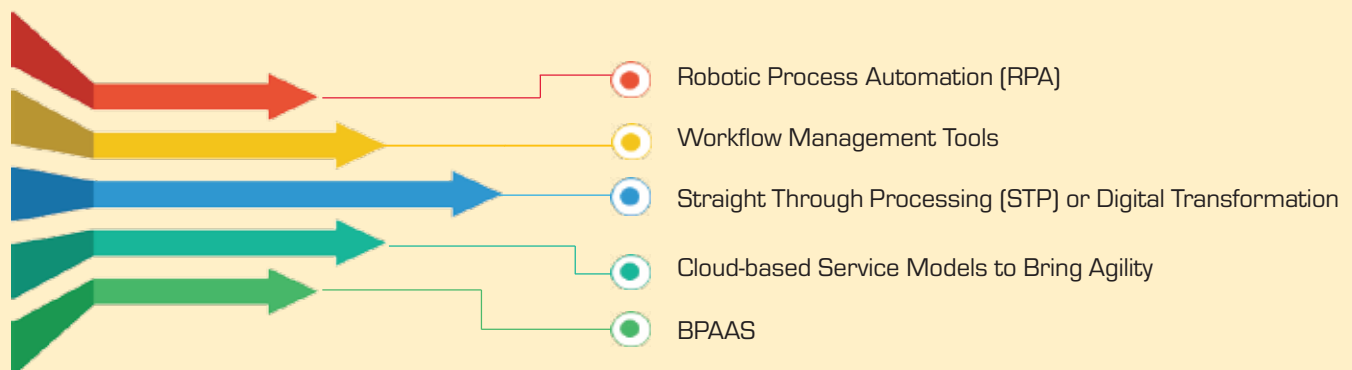
Current State

- Paper-based operations
- Judgment-based decisions
- Broken processes with multiple hand-offs
- Discrete outsourcing is still the king
- Organizations largely retain Risk & Compliance function in-house
- Ineffective automation

Future State

- Digitized and paper-less outsourcing
- Turning discretionary processing to rule based
- Provide analytics for strategic planning
- Support the Risk and Compliance functions – higher degree of outsourcing
- E2E responsibility of supplier and customer adoption – best of processes
- CXO dashboards
- Integrate financial data from multiple processes (eg. DPO and DSO available on single report)

Engines of Business Growth

- Robotic Process Automation (RPA)
- Workflow Management Tools
- Straight Through Processing (STP) or Digital Transformation
- Cloud-based Service Models to Bring Agility
- BPAAS

Automating Accounts Payable - Leaving the Paper Jam Behind
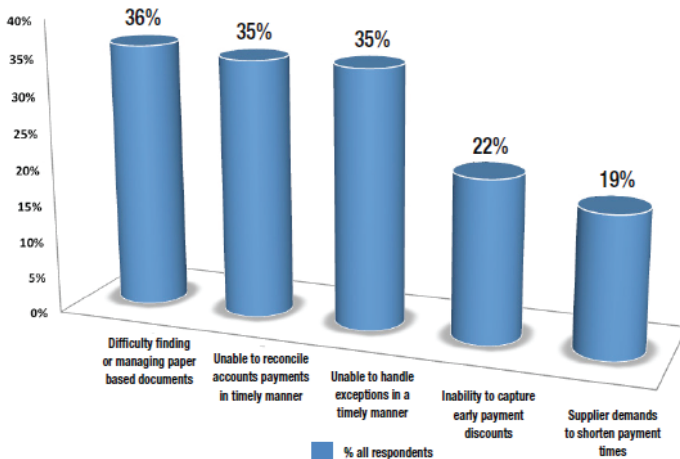
FROM PAPER TO ELECTRONIC

THE NEW GENERATION ACCOUNTS PAYABLE PROCESS

For years now, accounts payable departments have been hampered by a manual payables process that has become increasingly dependent on people and paper. The traditional dilemma faced by AP executives has been to gain better visibility and control of key financial data while holding down the line on operational costs. A manual system, bogged down by paper invoices and payments, makes that a daunting task. Accounts Payable automation streamlines the process and makes important data more visible.
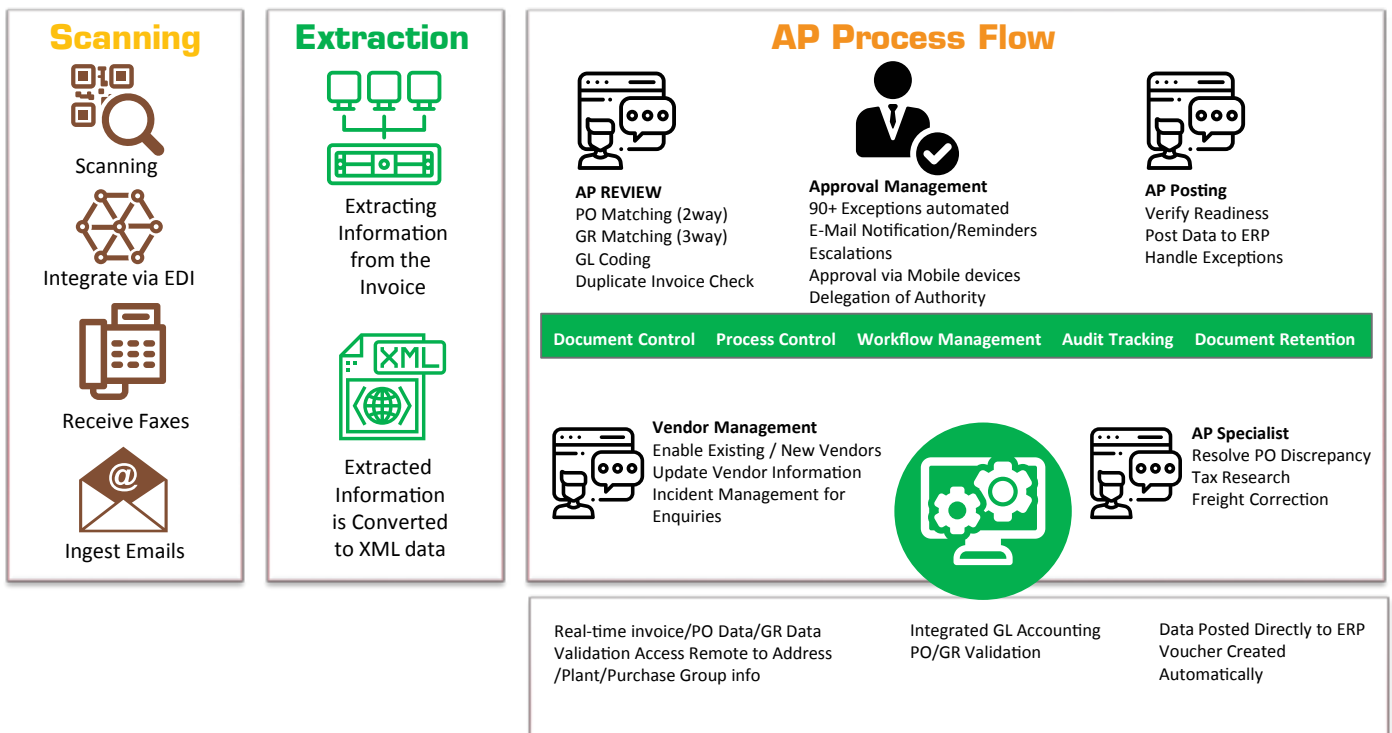
- Paper-bound processes are clumsy and hard to track
- Keeping an accurate paper trail or even finding key documents becomes a major task, slowing down processing and increasing the risk of errors
- The inability to reliably reconcile accounts with payments or to quickly handle exceptions can have a negative impact on customer and vendor relations and can affect your ability to accurately project and manage cash outflow
- Cost of labor to accommodate mounting volumes, especially in companies that are growing, adding offices, or doing business internationally
- Low productivity, high invoice processing costs, lack of in-house international banking expertise
- Added risk of losses due to currency fluctuation or uncaptured early payment discounts are convincing reasons for automating as much of the AP process as possible

Key AP Automation Market Drivers

Chart values: Difficulty finding or managing paper based documents 36%; Unable to reconcile accounts payments in timely manner 35%; Unable to handle exceptions in a timely manner 35%; Inability to capture early payment discounts 22%; Supplier demands to shorten payment times 19%

Legend: % all respondents

Technology Solution for Auto Invoice Processing

Scanning
- Scanning
- Integrate via EDI
- Receive Faxes
- Ingest Emails

Extraction
Extracting Information from the Invoice

Extracted Information is Converted to XML data

AP Process Flow

AP REVIEW
PO Matching (2way)
GR Matching (3way)
GL Coding
Duplicate Invoice Check

Approval Management
90+ Exceptions automated
E-Mail Notification/Reminders
Escalations
Approval via Mobile devices
Delegation of Authority

AP Posting
Verify Readiness
Post Data to ERP
Handle Exceptions

Document Control | Process Control | Workflow Management | Audit Tracking | Document Retention

Vendor Management
Enable Existing / New Vendors
Update Vendor Information
Incident Management for Enquiries

AP Specialist
Resolve PO Discrepancy
Tax Research
Freight Correction

Real-time invoice/PO Data/GR Data Validation Access Remote to Address /Plant/Purchase Group info

Integrated GL Accounting
PO/GR Validation

Data Posted Directly to ERP
Voucher Created Automatically

| Faster | Cheaper | Accurate | Risk Free | Deliver ROI |

Increased visibility to help manage priorities, accelerate recognition of liabilities, and focus on positive cash impact

Reduced processing and labor costs and hence optimize days payable outstanding (DPO) and cost

Better spend management and capture of early payment discounts

AP automation is a good investment. In a recent study (by) , they showed the difference in cost/invoice between the best-in-class solutions ($4) and others ($9.6 - $23.3). This means you can save $56,000 or more when processing 10,000 invoices. From this statistic alone, the business case practically builds itself, if you are still not convinced there are other benefits such as:

Built-in internal controls and compliance with regulations

Increased operational flexibility and reduction in paper usage on a large scale basis

Reduction in duplicates, errors, and time to process, optimizing DPO

Capitalizing on most favorable exchange rates for international payments
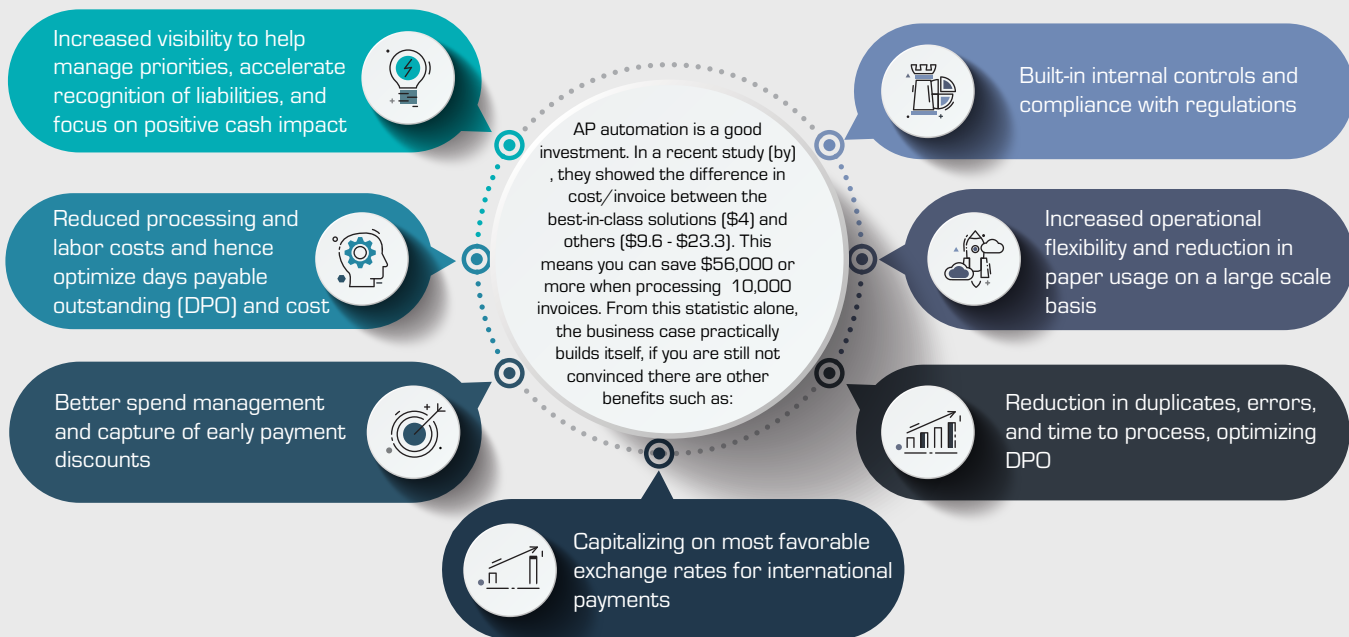
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Narayan has over 12+ years of experience in F&A Operations & Delivery in various industries. He is specialized in Process Automation and Digital Transformation projects, supports Business Process Re-engineering, sales & solution design within TechM Business Process. Experienced in process designing, mapping and process improvement through optimization and standardization. He holds Masters Degree in Accounting and Finance from Ravenshaw.
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About Tech Mahindra BPS

Tech Mahindra Business Process Services (TechM BPS) is the BPO or BPM arm of Tech Mahindra – a USD $4.5 Billion company with 115,850+ professionals across 90 countries, helping over 864 global customers including fortune 500 companies. Tech Mahindra is amongst the Fab 50 companies in Asia (Forbes 2016 list) & in India's Top 50 Super Companies of 2016.

Entering a new era of transformations, TechM BPS has re-focussed energies towards 'Creating memorable digital experiences everyday' for customers. We are part of the USD 19 Billion Mahindra Group that employs more than 200,000 people across 100 countries. The Mahindra Group operates in key industries that drive economic growth, enjoying a leadership position in tractors, utility vehicles, information technology, financial services and vacation ownership.

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