Integrating Emerging Technologies with Accounts Payable

GLOC
Great Lakes Oracle Conference

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Canon
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CLEVELAND PUBLIC AUDITORIUM, CLEVELAND, OHIO

WWW.NEOOUG.ORG/GLOC

Canon
SEE IMPOSSIBLE

| Founded in 1937 | $37+Bn Revenue | 197+K Employees |
| 1963 Canon Americas | NYSE (CAJ), TYO | Recognized for Imaging Technology |

2019

4th Most Admired Company, Computer Category*

One of the world's most ethical companies**

Top 5 US patent earner for the past 33 years***

// LOOK FORWARD

Canon

CANON INFORMATION & IMAGING SOLUTIONS

Transforming organizations through Digitization, Leading Technology, and Experience.

Expertise in BOTH

Digital Imaging and Business Process Automation.

The Changing Role of Accounts Payable

What Sets AP Departments Apart

Efficiency and effectiveness
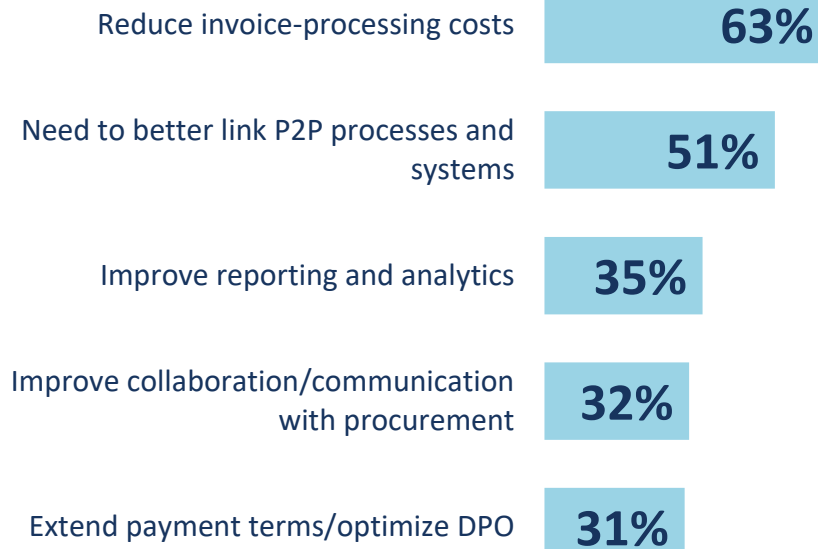
Cash and spend management

Automation

AP Pain Points

Top AP pressures

- Need for real time availability of data

- High cost associated with invoice processing

- High percentage of exceptions

- Losing/difficult finding paper invoices
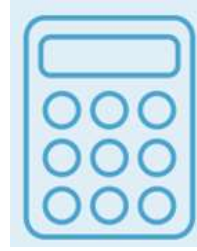
- Missing out on vendor discounts

Top priorities for AP invoicing

Priority	Percentage
Reduce invoice-processing costs	**63%**
Need to better link P2P processes and systems	**51%**
Improve reporting and analytics	**35%**
Improve collaboration/communication with procurement	**32%**
Extend payment terms/optimize DPO	**31%**

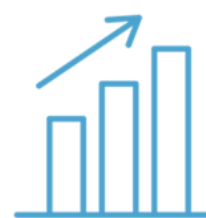Source: Ardent Partners

The Problem with Slow Cycle Times

Backlog of past invoices

Rectifying cash flow

Strained vendor relationships

Missing out on early payment discounts

Cost per Invoice

$8.78

$6.92

$5.81

$4.76

$3.41

$2.87

$2.44

$1.77

Level of automation

Low ———————————→ **High**
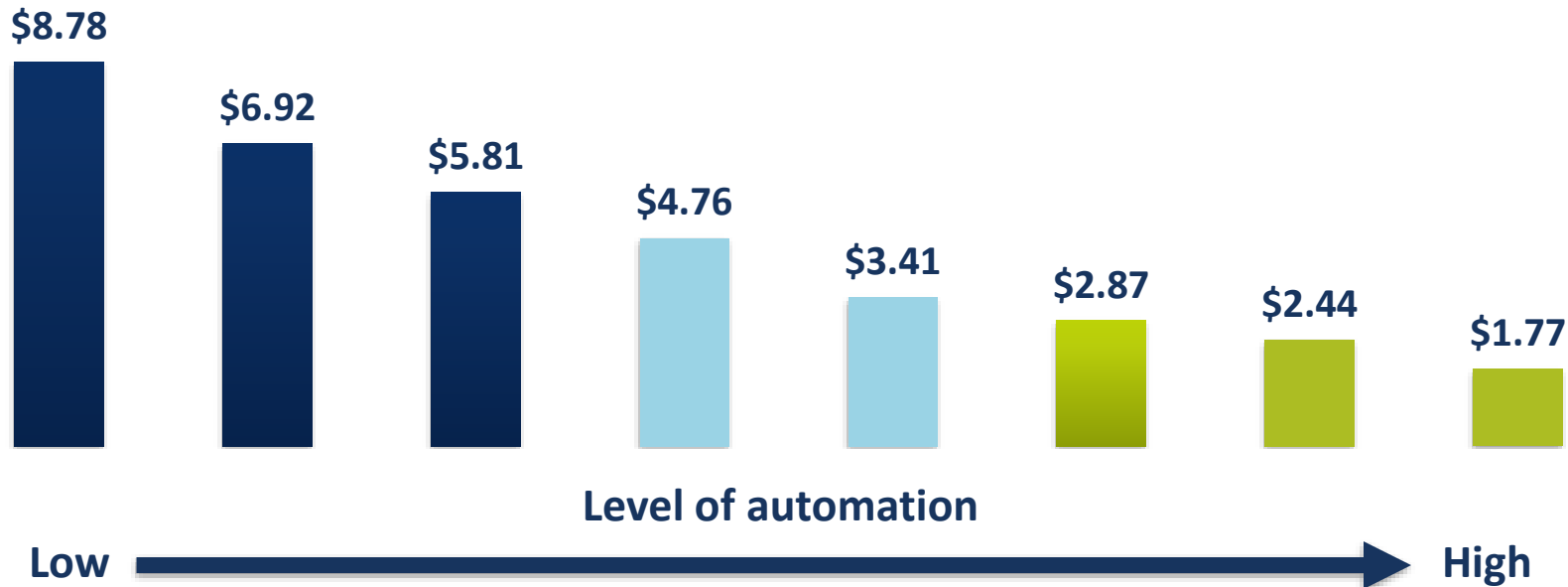
AP Benchmarks

Efficiency Metrics

- Pay on Time Rate: >90%
- Process nearly 23,000 invoices annually per FTE
- At an internal cost of $1.77 per invoice
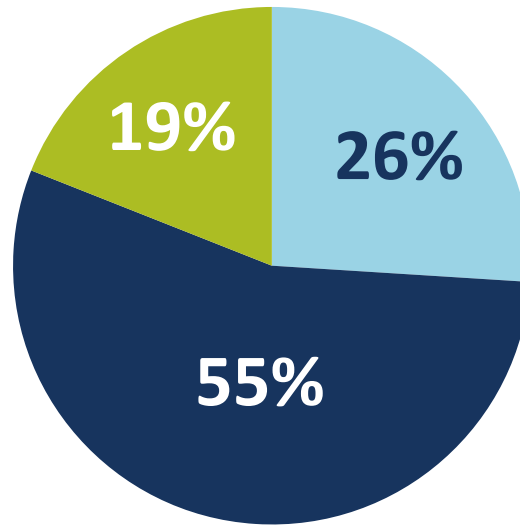- Capture 97% of early-payment discounts

Effectiveness Metrics

- PO First-Pass Match: 90%
- Share of Invoices Requiring Correction: 1%
- Frequency of Duplicate Payments: <1%

Data is Critical to Financial Operations!
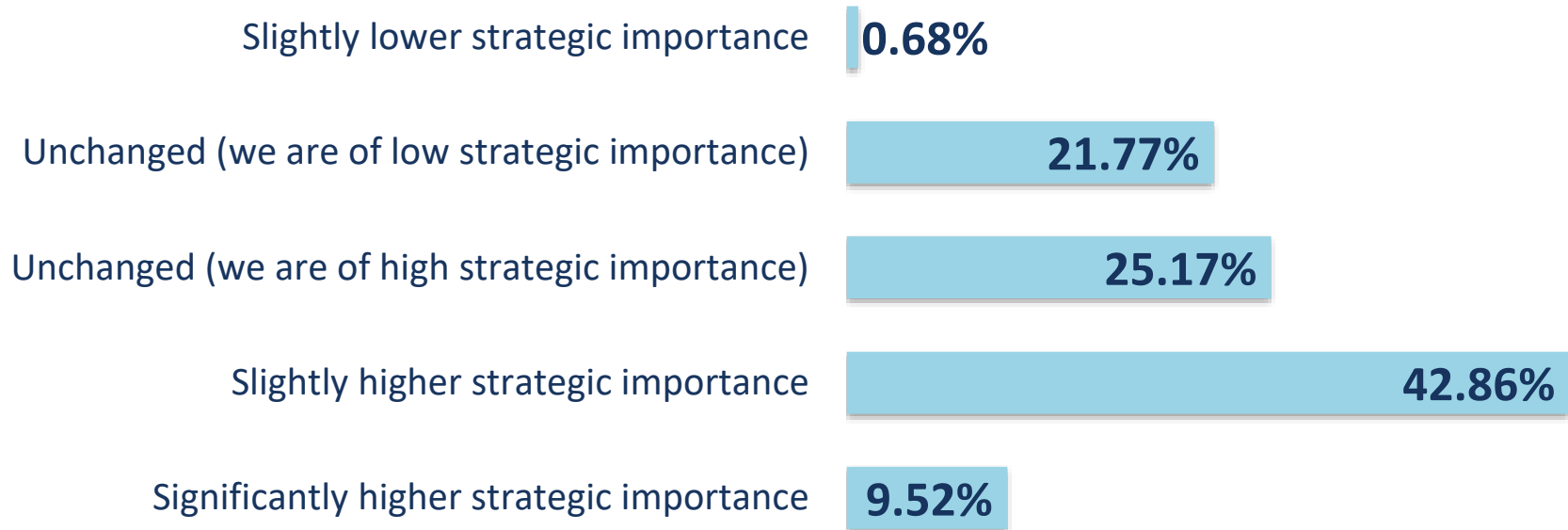
How Important is Data to your Financial Operations?

81% of businesses say that data is critical or important to their financial operations.

26%

19%
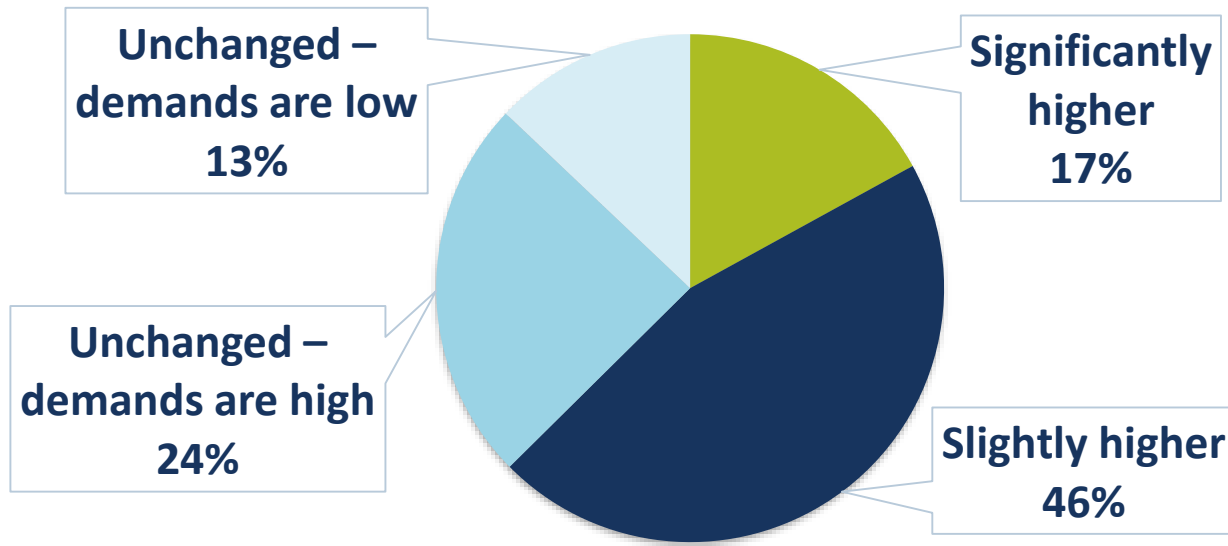
55%

- Critical
- Important
- Not Important

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AP is becoming more strategic

How will your AP department's strategic importance change?

Slightly lower strategic importance — **0.68%**

Unchanged (we are of low strategic importance) — **21.77%**

Unchanged (we are of high strategic importance) — **25.17%**

Slightly higher strategic importance — **42.86%**

Significantly higher strategic importance — **9.52%**

Source: IOFM

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Demand for visibility and business analytics is increasing

How do you expect demand for real-time visibility into AP data will change?

Unchanged – demands are low
13%

Significantly higher
17%

Unchanged – demands are high
24%

Slightly higher
46%

Businesses Face Compliance Risks

62%

of CFOs in best-in-class firms identify compliance and risk mitigation as top priorities

How Manual Processing Increases Risk

- No tracking of document history and approvals
- No way to ensure that employees adhere to approval policies and separation of duties rules
- No chain of custody assurances
- Audit information not readily available
- Poor PCI Compliance controls
- No way to prevent documents from being discarded or destroyed ahead of deadlines

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How Technologies Affect AP Operations

3 Key Technology Capabilities
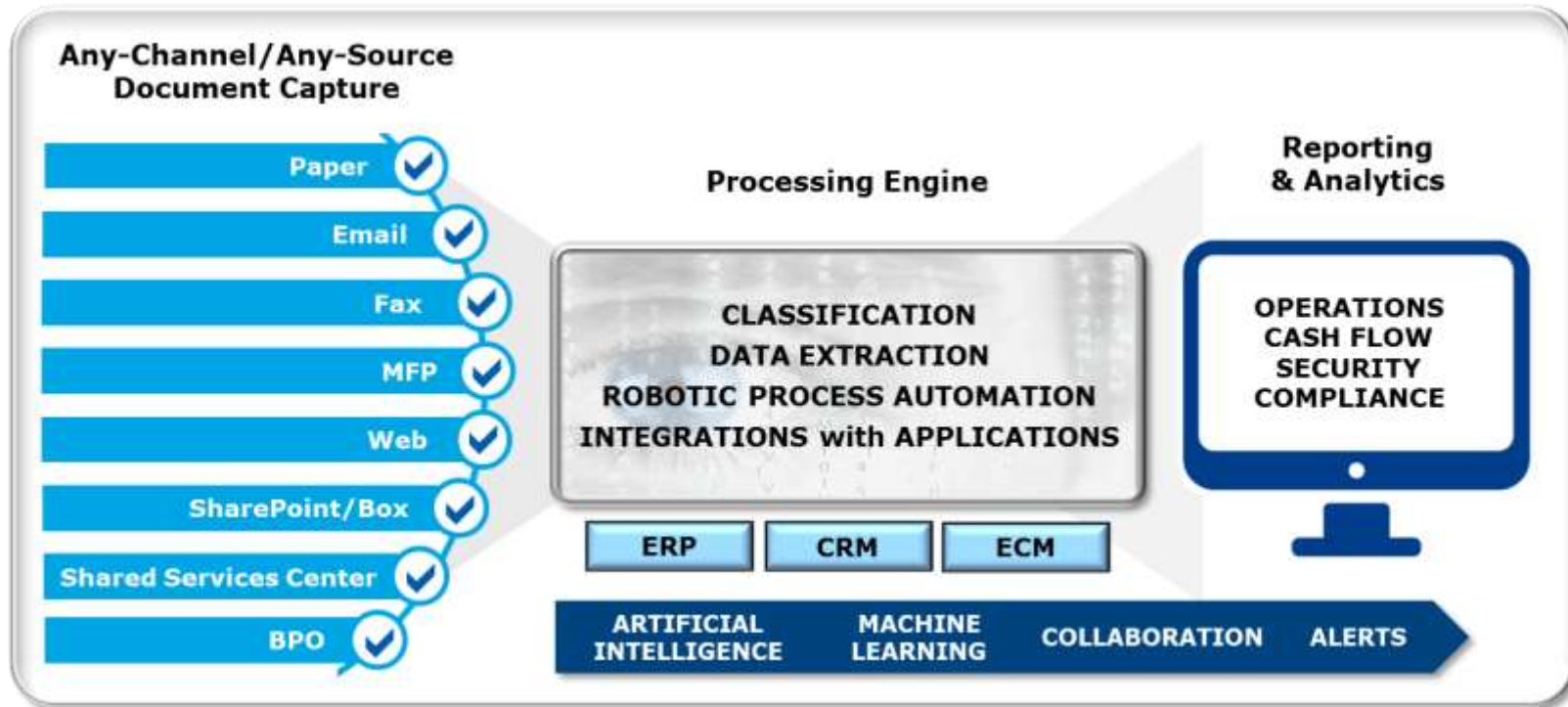
1. Intelligent Data Capture

2. Automated Workflow

3. Business Analytics

1. Intelligent Document Capture

- **Eliminate data silos**
- **Capture more data**
- **Validate data in real-time**
- **Accelerate delivery downstream**
- **Enable business intelligence**

- Supplier data
- Invoice number
- Invoice date
- Order reference
- Order date, delivery date…
- Line items
- values
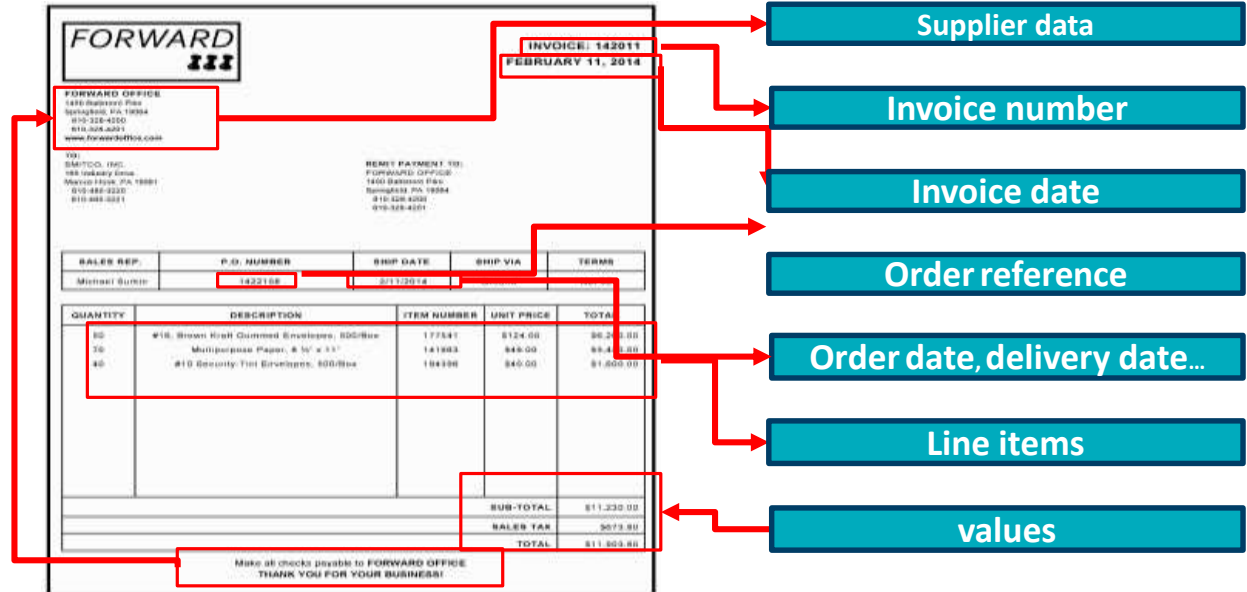
Digital Transformation with Intelligent Document Capture

Intelligent Document Capture enables Control

- Eliminate data silos

- Capture more data

- Validate data in real-time

- Accelerate delivery downstream

- Enable business intelligence

2. Automated Workflow

Electronic routing
Routes invoices for distribution, approval, exceptions, and payment authorization

3-way match
Completes a 3-way match (invoice, purchase order, and/or proof-of-delivery document/data)

ERP integration
Posts approved invoices directly to an ERP system

Automated Workflow with ERP Integration

- Collaboration via comments box

- Information is linked to the transaction

- All the history is tracked – for a full record of what happened in the transaction

- Everyone involved in the transaction can see the comments

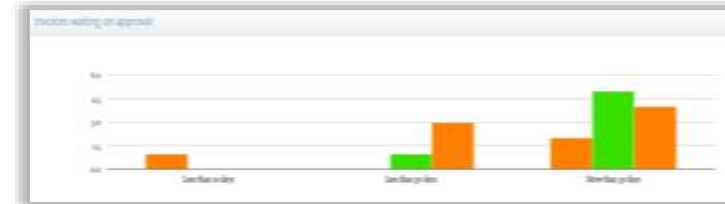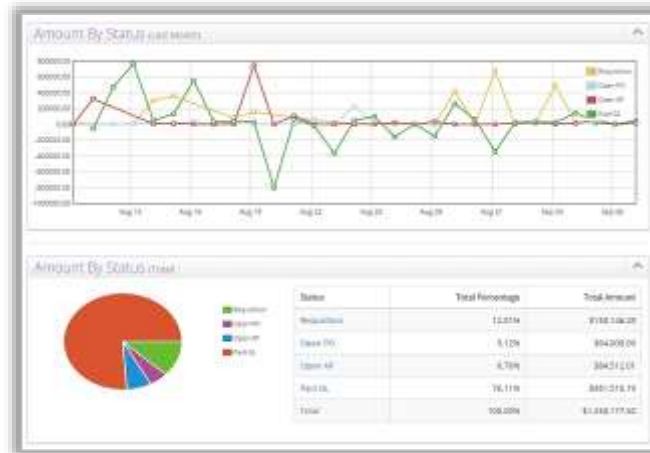## Business Analytics enable control over Accounts Payable

- Reports and dashboards
- Access to reliable information on the status of invoices and transactions

Compliance and Fraud Detection measures

- Standardized process and visibility

Examples

Chemical Manufacturer

- Approx. 1,300 Employees

- Over $750 Million in Revenue

- High growth mode in a highly regulated industry

- 22,000 Vendors, 66% PO-based Invoices

- 6 AP Clerks

Challenges and Goals

- Need accurate and timely data for financial reporting

- Need to standardize and control the AP processes

- Need to gain meaningful information through analytics

- Previous processes and tools inhibit growth

- Manage the high volume of paper and streamline invoice processing to save cost

"Departments were scrambling around looking for documents. We didn't have a nice clean place for document storage and retrieval."

Solution: Automated AP, Sales Order

Seamless solution for AP Automation, Customer Service Sales Order, and Document Management

- Intelligent document capture with high accuracy

- Standardized workflows with ERP integration
  - Users are able to see the document image right from within the ERP, and search documents by keywords.

- Business Analytics
  - Visibility into transactions

Business Benefits

- Easy access to information for business analytics purpose

- Improved control over the data and process

- Accurate and timely data available for financial reporting

- Improved accuracy, transparency and compliance

- More efficient process to save cost

Shared Services F&A – Canon USA

Canon USA Finance & Accounting

Supporting Canon Americas operations:

- Nearly $10B revenue
- Over 17K employees
- Over 20 divisions and subsidiaries

Challenges

Looking to adopt a unified, efficient process to:

- Gain visibility into expenses to track against budget
- Standardize the process
- Manage multi-location operations, multiple divisions and subsidiaries
- Simplify and expedite approvals to effectively manage cash
  - Avoid late payment fees
  - Take advantage of early-payment discounts

Solution: Automated Procure to Pay

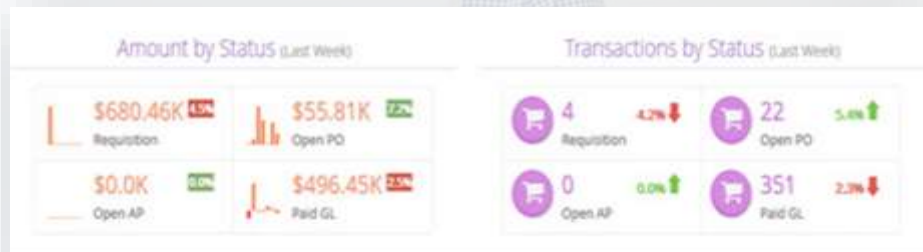- **Intelligent invoice capture, to increase speed and accuracy**

- **Automated Workflow**
  - Fast, automated invoice approvals, even via mobile devices,
  - Standardized process to enable transparency and compliance
  - Ability to access invoices right from within the ERP

- **Business Analytics**
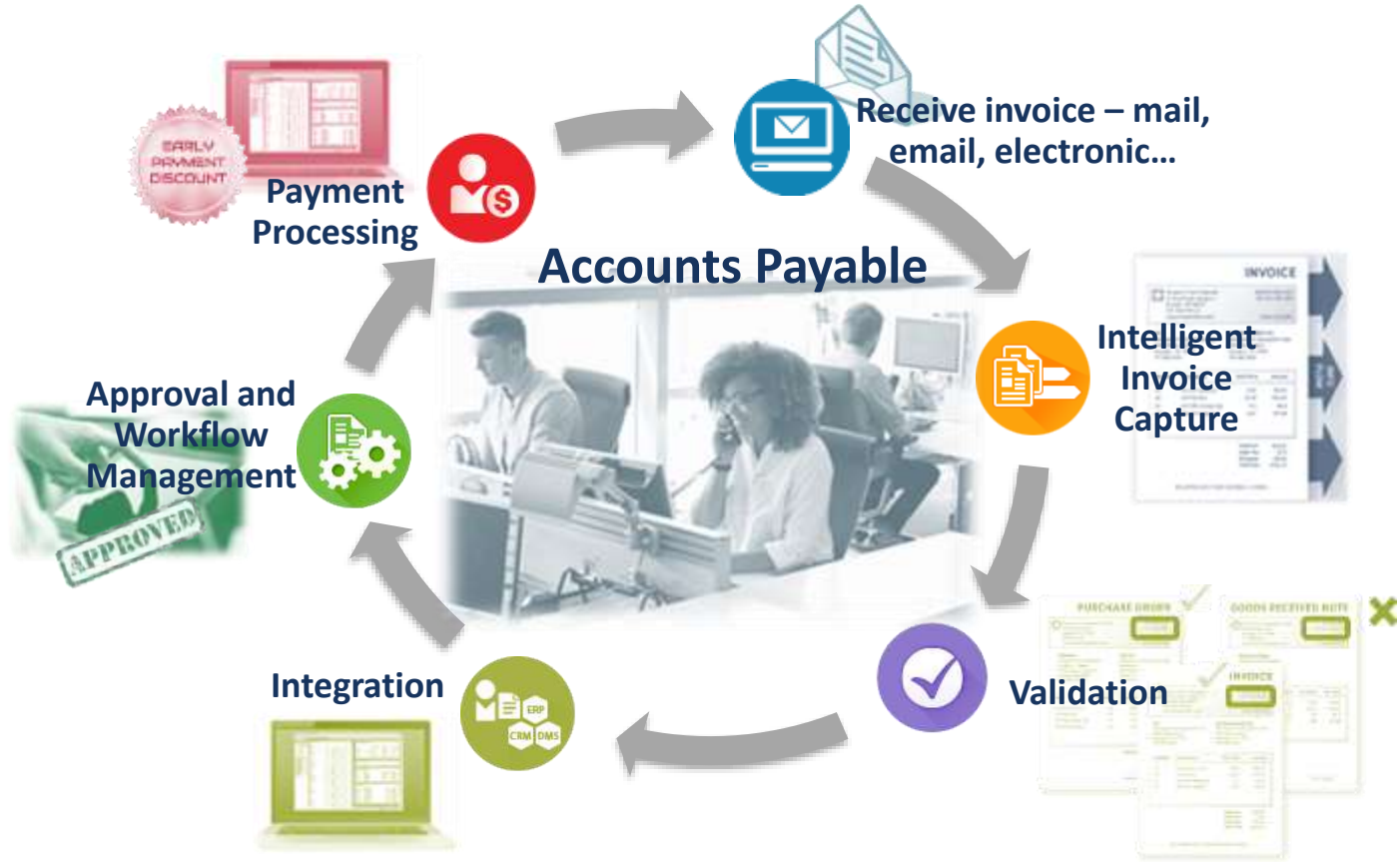 - Dashboards to provide analytics on project status and spend

Amount by Status (Last Week)		Transactions by Status (Last Week)	
$680.46K 4.5% Requisition	$55.81K 7.2% Open PO	4 4.2% Requisition	22 5.4% Open PO
$0.0K 0.0% Open AP	$496.45K 2.5% Paid GL	0 0.0% Open AP	351 2.3% Paid GL

Organizations with highly automated accounts payable departments:

- Spend **less than one-fourth** as much to process a single invoice
- Process more than **11 times** as many invoices per FTE
- Approve invoices **in one-fourth the time**
- Have **fewer** duplicate payments
- Capture **7 times** more early payment discounts

Accounts Payable Automation Solution by Canon

Accounts Payable

Payment Processing

Receive invoice – mail, email, electronic…

Intelligent Invoice Capture

Validation
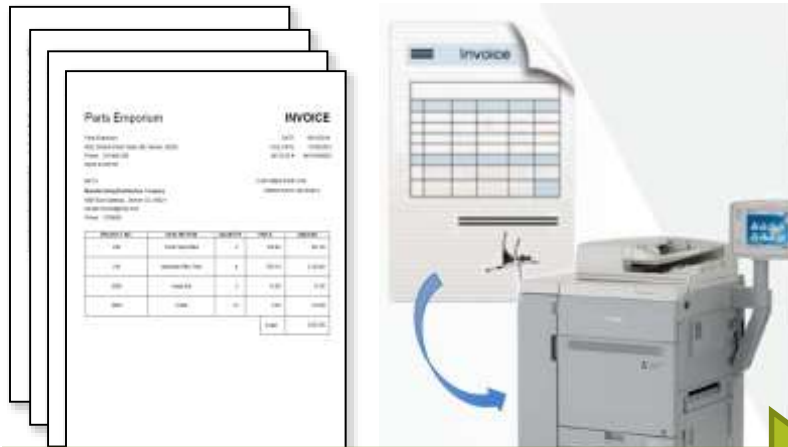
Integration

Approval and Workflow Management

Intelligent invoice capture and verification

Receive – Scan – Extract - Verify

- Intelligent invoice capture regardless of invoice format
- Documents related to invoice exception are automatically retrieved in a contextual format, regardless of system in which they reside

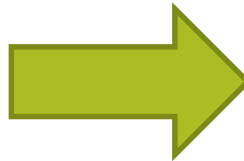**Scan paper invoices OR receive by email**
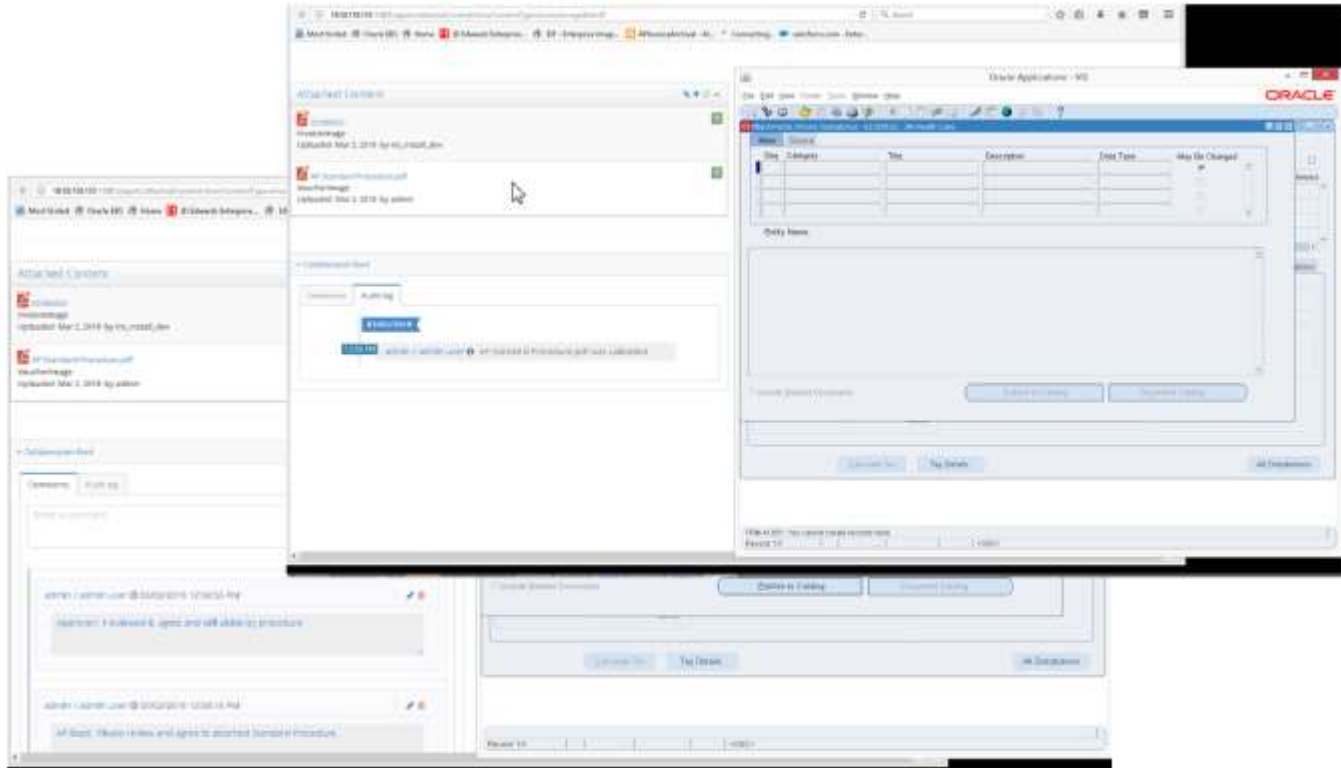
EXTRACT and VERIFY!

Intelligent invoice capture and validation

- Documents transformed into data
- Validation (e.g. against EBS) early in process
  - Less costly to resolve discrepancies early (generally)

Online collaboration

Drop Down Menu Choices
- Add Comments
- Tasks

Share Via
- Email
- Download
- Checkout
- Detach invoices

Clear Cycle Times and Search

.ill Number of Invoice and Average Time

🚗 **149** Number of Invoices	🚗 **8310** Average Time(Min)	🚗 **138** Average Time(Hours)	🚗 **5** Average Time(Days)

How many invoices processed in a time period

🎨 AP Invoice Analytics

Start Date:	08-16-2014	End Date:	09-16-2016	Apply
Supplier Number:	Enter Supplier Number...	Supplier Name:	Enter Supplier Name...	
Invoice Number:	Enter Invoice Number...	Requester:	Enter Requester...	
Approver:	Enter Approver...	Verify User:	Enter Verify User...	

Search by supplier, approver, AP processor

Accounts Payable Automation Solutions

The formula for accounts payable automation success:

- **Pre-sales consultation**
- **Innovative technologies**
- **ERP integration**
- **Professional services**
- **Training and support**

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PeopleSoft

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Validated Integration
JD Edwards
EnterpriseOne

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Suite