TradeCentric

How to Tackle Invoicing Challenges With Automation

eBook

Automating invoice management between suppliers and buyers is one of the most challenging aspects of B2B eCommerce.

This eBook explores how Invoice Automation can address these challenges and transform spend under management by:

01

Reducing manual entry and data correction to enhance efficiency.

02

Improving control over spend and procurement compliance.

03

Minimizing days in AP to accelerate payments and strengthen trading partner relationships.

Introduction

Digital transformation has been a popular initiative for some time now - and for good reason. In an increasingly complex and global business landscape, companies are constantly seeking ways to automate, streamline and drive efficiency. Following the COVID pandemic and the rapid shift to digital commerce, this trend has only accelerated. Today, eCommerce has become the heart of any successful B2B omnichannel sales strategy.

There is still ample potential to develop B2B eCommerce further, making it even more effective while adding greater value for both supplier and buyer. One particularly meaningful opportunity for improvement for buyers is invoicing.

For too long, suppliers have used outdated manual invoicing methods. These include using PDFs and email, which require manual rekeying into procurement systems for reconciliation and payment approval.

Fortunately, manual workarounds and bespoke one-to-one system interfaces can be replaced. Strategic organizations opt for a consistent, scalable integration between supplier eCommerce and buyer eProcurement solutions to expedite onboarding and transaction processes, reduce workloads and minimize costly errors and rework.

Automating invoice processing between buyer and supplier is a key area where integration can add value. According to December 2022 figures from the American Productivity and Quality Center (APQC), organizations are spending between **$1.42 and $6 per invoice** on invoice processing, so there is significant scope for savings.

This eBook explores the challenges of manual invoicing processes, the benefits that automation delivers, and the capabilities **TradeCentric** has developed to help B2B suppliers and buyers maximize the efficiency and value of their invoice management process.
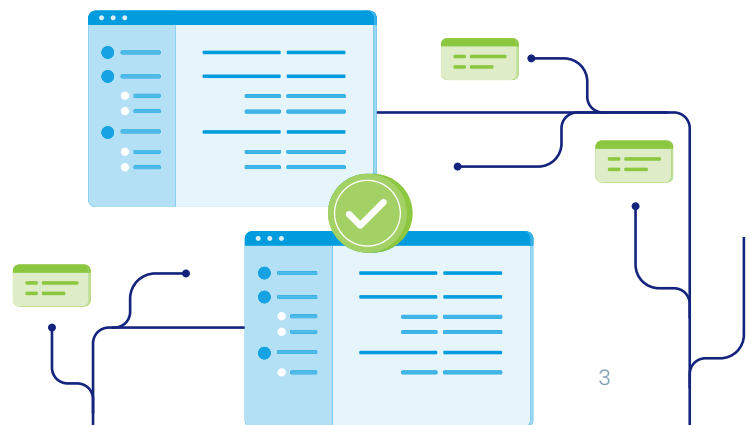
The invoice automation challenge

Much of the B2B transaction cost and complexity lies in back-end invoicing and PO-invoice reconciliation processes, including:

1 There are diverse invoicing standards, formats and processes across buyers, as each buyer is governed by their particular accounting practices.

2 The legacy of paper invoicing lingers in processes based around PDF, email or even paper invoices, resulting in challenges for creating consistent digitized integration across multiple buyers and suppliers.

3 Processes to capture, match, approve, pay and archive invoices are heavily dependent on manual processes in many organizations, making them costly and prone to error. The **Institute of Finance and Management (IOFM)** reports that 84% of Accounts Payable professionals' time is spent bogged down by a seemingly endless list of manual transaction processes, while research company **Ardent Partners** found 62% say exceptions drastically delay processing, creating bottlenecks that stifle efficiency and efficacy.

Buyer organizations are increasingly focused on controlling and optimizing their spend. A 2022 **Procurement Magazine** article highlights how maximizing the amount of spend under management reduces cost and risk. Invoice automation delivers the essential invoicing accuracy and efficiency that is key to maximizing value from spend under management.
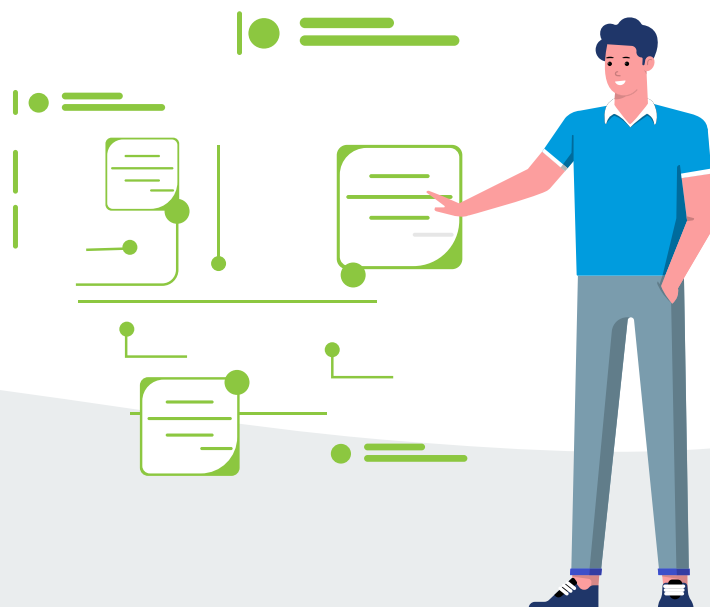
Benefits of invoice automation

Invoice automation significantly reduces the time and cost spent on managing invoices, compared with manual invoice processing.

It saves labor costs, as staff have to spend less time chasing, verifying and reconciling invoices. Labor accounts for the majority of invoicing costs, and with the APQC estimating that invoice processing can be up to $6 per invoice, automation has the potential to deliver substantial savings.

It reduces errors that lead to incorrect billing, and the resulting cost and effort to resolve them. For example, when paired with PO automation, invoice automation deals reliably with complex, multi-line item invoices, virtually eliminating the risk of line item mismatches.

It cuts invoice processing cycle times. Late invoice payment has been a chronic business issue for many years. It can strain business relationships, risk suppliers going out of business, make cash flow management unnecessarily complex, and, at worst, end up in legal proceedings.

While invoice processing issues are not the only cause of late payments, invoice automation both reduces the number of invoice queries that create delays, and can ensure reliable on-time payment of accepted invoices.

B2B eCommerce integration powers automation

A November 2022 McKinsey article argues that eCommerce remains a bolt-on to the core business for many enterprises. It makes a case for a new wave of eCommerce, driven by:

"…a commitment to become indispensable to the customer through an exponentially deeper level of engagement… Delivering on this vision requires companies to put digitally driven commerce at the center of their organizations so they can orchestrate experiences that meet customers' ever-rising expectations."

Effective B2B eCommerce depends on how closely supplier and buyer processes and systems are integrated.

TradeCentric's B2B Connected Commerce solutions provide an integration layer that maximizes efficiency and value for suppliers and buyers, from PunchOut catalogs to purchase order and invoice automation.

The platform is backed by TradeCentric's best practices and technical expertise to give suppliers the tools they need to integrate existing and new buyers quickly and seamlessly, without the internal overheads, time and effort required to manage bespoke integrations.

The TradeCentric solution for effective invoice automation

Tradecentric's B2B invoice automation offers a simple automated invoicing solution that cuts through the complexity and diversity of different corporate invoicing processes and standards which are often still rooted in paper-based invoicing.

While most businesses are moving away from paper, many alternative solutions do little more than replace the paper invoice with a digital version.

Solutions like OCR that simply convert paper, or leveraging PDF or email invoices without enriching the data, hardly move the dial on invoice automation because the data is still fundamentally unstructured.

Invoice automation can be the heaviest lift for eCommerce integration, in terms of structuring, capturing, enriching and testing data.

The hard truth is that there will never be a single widespread standard for invoice formatting or submission. That's why it is critical to have a technology solution that transforms and translates a variety of invoice data and formats to work with your system. The alternative of trying to force all suppliers to submit invoices in a uniform way is impracticable. They may not have the capabilities to comply, or they may simply refuse.

TradeCentric's solution resolves the diversity and complexity of invoicing processes, delivers this capability.

▶ It offers three preferred methods for suppliers and buyers to connect on invoices – CSV, EDI and cXML – while continuing to support other methods.

▶ This enables enrichment of invoicing data, and buyers can offer these formats to suppliers with a greater chance that they will integrate. For example, data in a PDF invoice will have been derived from a native data source – dropping this native data into a CSV format creates a digital data source that can be much more easily enriched and digitally processed.

The solution works as follows

01

Suppliers submit invoices

Direct integration eliminates the need for OCR in managing PDF invoices.

02

Invoice data is routed through TradeCentric

Data Transformation capabilities convert & enrich incompatible invoices.

03

Invoices are validated & transformed into procurement-friendly format

Enhanced data matching between requisitions, POs and invoices achieve an average 92% touchless invoice rate.

User stories

One TradeCentric customer is a global sustainability leader offering water, hygiene, and infection prevention solutions and services.

Challenges

Their sizable product/inventory was overseen by a 100-member accounting team. Invoices underwent a process, moving from OCR to a portal for approval, but manual data re-entry into systems introduced delays and increased the chance for errors.

Solution

To overcome this challenge, the company chose to partner with TradeCentric. This solution streamlined the invoice processing and ensured timely payments, resolving the technology conflict and improving the overall efficiency of their invoicing system.

What next?

TradeCentric has helped many organizations transform their invoicing processes via automation.

**Learn more about TradeCentric's
[Invoice Automation solution](#)**

TradeCentric, formerly PunchOut2Go, transforms the way businesses transact by enabling PunchOut, Purchase Order and Invoice Automation solutions for thousands of companies around the world. Uniquely positioned at the intersection of eCommerce and eProcurement, TradeCentric helps B2B buyers and suppliers connect, automate and scale their digital trading capabilities via a cloud-based integration platform that is fully managed and purpose-built to simplify the complexities of B2B connected commerce. Learn more at TradeCentric.com.

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