

INVU:

Opinion Article

*Extending the value of Sage 50
with Invoice Processing*



Opinion Article

Extending the value of Sage 50 with Invoice Processing

Growth is great news for the UK's SMEs – but how are those companies still reliant on manual processes planning to manage the additional demand on finance associated with processing the inevitably growing volumes of invoices? Few want to embark on the upheaval, cost and distraction associated with upgrading finance packages – especially at a time when the focus should be on exclusively on growth. Indeed, such upgrades offer no direct route to streamlined processing anyway.

So how can those businesses reliant on the traditional SME finance packages, such as Sage 50, achieve the cost and control associated with streamlined, end to end invoice processing that is standard in the enterprise market? Ian Smith, Finance Director and General Manager, Invu, outlines the value of combining invoice data capture with workflow and tight Sage 50 integration to radically reduce costs and improve control.

Managing Growth

For any business that has struggled to keep afloat during times of economic crisis, the challenges of managing growth can come as a nasty shock – especially when it comes to adding headcount. While investing in additional sales, production or service staff can be easily justified on the basis of the additional revenue each will support; adding administrative staff is another matter. Yet for the maxed out finance team, processing even 10% more invoices each month might simply not be possible.

So what are the options? One approach is to overload the existing Accounts Payable (AP) staff; watch the backlog build; and incur the wrath of suppliers at best, late payment penalties at worst. This is a head in the sand attitude that adds significant business risk. What happens when the business grows by another 10%? The obvious choice is to add a finance head – but that is a significant cost to the business and one that many SMEs, still scarred by the past decade, are loath to adopt.

The problem is that an increase in purchase invoices affects not only the finance team but every budget holder across the business who is involved in the authorisation and sign off process. Despite the fact that the vast majority of invoices received by a business arrive via email, in most cases these invoices are still printed out, date stamped and distributed across the company for authorisation. The process is inefficient, incurs delays – and loss – and can only get worse as invoice volumes rise, creating more pressure on the AP team.

Proud to partner with:



Effective Processing

The alternative is to look at the way invoices are processed and introduce some degree of automation. However, for the large number of SMEs using standard finance solutions such as Sage 50 there is a perception that automation requires an upgrade to a more costly and complex finance solution – something that most companies struggle to justify, especially when Sage 50 provides all the features and functionality required by the Finance Director.

The reality is actually very different – there is no need to rock the boat with a complex and expensive systems upgrade. Instead there are a number of steps that a company can take towards more effective processing. The first one is to scan any paper invoices and capture the emailed invoices into a Document Management System (DMS). Invoices can then be emailed around the business for approval. The limitation of this approach is that it requires the creation and maintenance of an invoice register – a practice that can often slip in a busy finance team, resulting in confusion and the risk of invoice loss.

To improve both efficiency and control, an organisation needs to combine effective data capture – from both scanned and emailed invoices – with workflow to streamline the entire process. At the heart of this model is automated coding – as an invoice is authorised it is coded; and as soon as the workflow is finished it is posted directly into the ledger. However, to achieve this in Sage 50 – which has limited data import capabilities – requires tight integration to the Sage application programming interface (API), a fact that must be taken into account when planning any new invoice processing solution.

Adding Value

By combining invoice scanning and capture with online approval and coding as well as Sage 50 posting and reporting, an organisation can fundamentally transform invoice processing. With this approach, paper is eradicated and invoices can be viewed instantly from any location, streamlining the approval process. With this end to end approach an organisation can achieve a significant reduction in manual effort, from inputting data to chasing for authorisation – enabling a business to actually reduce finance headcount if desired, and certainly handle a huge increase in demand without adding heads.

In addition, staff can be redeployed to focus on the exceptions – those invoices that cannot be authorised, for example, because invoice details are incorrect or the invoice number does not match the purchase order. With time to focus on exceptions, a company can quickly identify those suppliers that are always missing the purchase order, for example, and work with them to improve the process – thus further reducing exceptions.

Conclusion

Despite all the talk about cloud based applications, a huge proportion of small and growing businesses use Sage 50 to great effect. But Sage 50 is an accountant's package – it is not something to extend to non-financial individuals, even if the cost of additional licenses could be justified. These companies have no need to upgrade to a more expensive solution – and certainly have no desire to embark upon the costly process of new system implementation that will distract the business at a time when the focus should be exclusively on supporting growth.

Yet continuing to rely on an inefficient, manual processes is adding unnecessary business cost, especially when enterprise level competitors have been using scanning and workflow to streamline invoice processing for some years – with many routinely achieving in excess of 90% straight through processing. Small company or large – any organisation performing in a more controlled manner will have the edge – and achieving efficient invoice processing is a key step for any forward looking business.

About Invu:

Invu develops Electronic Document Management (eDM), Accounts Payable (AP) and Purchasing solutions for a range of sectors, particularly those which are highly document dependent or where compliance is important. Invu's comprehensive product suite encompasses document and content management, purchasing, workflow, document automation and collaboration solutions.

