

# Revealed: 3 Secrets for Securing C-suite Approval for AP Automation

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Participants Chat REC Recorder

Participants: 1

Speaking:

Panelists: 1

Diversified Business... (Host, me)

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# Mark Brousseau

For more than two decades, Mark Brousseau has been a leading analyst and researcher in business process optimization. He is a trusted resource to users across vertical industries, as well as to top providers of solutions and services for financial services and healthcare organizations. He frequently presents at industry events and is a popular participant on webinars, including those from IOFM.



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# Ruud van Hilten

Ruud brings more than 30 years' experience in marketing and sales management, and has a deep knowledge of business process improvement and change management. Prior to Tungsten, Ruud was Director of Customer Experience at Silicon Valley software maker, Broad Vision, where he was responsible for the business consulting team. In addition, he has held positions at Randstad and Logitech.

As Senior Vice President of Global Commercial Operations at Tungsten, since 2006, Ruud has led a strong, and talented sales and account management team focused on global growth and expansion of Tungsten Network's buyer clients.



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# About Tungsten Network

At the heart of the global marketplace are the billions of transactions that happen every day. There are multiple human touch-points between Buyers and Suppliers — each of which cost time and the possibility of human error. Increasing demands for compliance with ever more intricate regulation. In response, businesses today are searching for ways to streamline and become more agile.

Trusted, passionate and proven, Tungsten Network is making the digitization of commerce faster, easier and smarter between Buyers and Suppliers around the world. Safe, sound and secure, our network has built a community with over half the Fortune 500 and is easing the accounts payable process with higher visibility, greater insights and unprecedented speed. The future of the global marketplace is here.

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## Key Figures

2000	Year founded
\$178bn	Network transactions in FY16
47	Tax & regulatory compliant countries
36,139	Trees saved by Tungsten Network clients eliminating paper
25%	Reduction in AP operating costs for clients
59%	Reduction in AR operating costs for clients

**“Status Quo, you know, is Latin for,  
‘The mess we’re in.’”**

**-- Ronald Reagan**

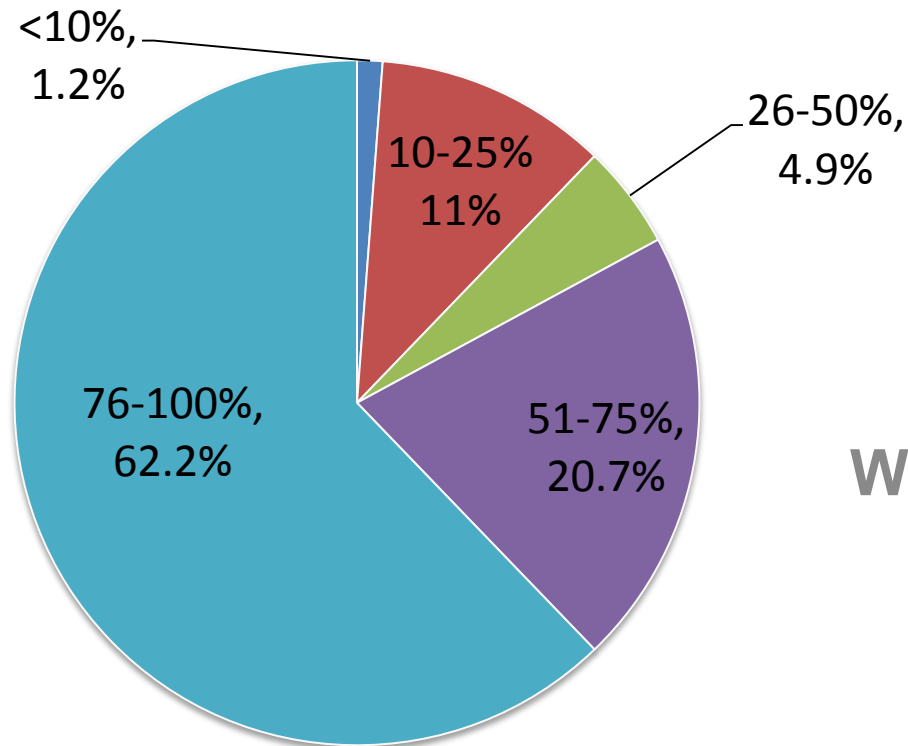
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# Most AP Departments are Buried in Paper

What percentage of your annual invoice volume is in the form of paper documents, fax or email attachments that require manual handling?



Why does that matter and why now?

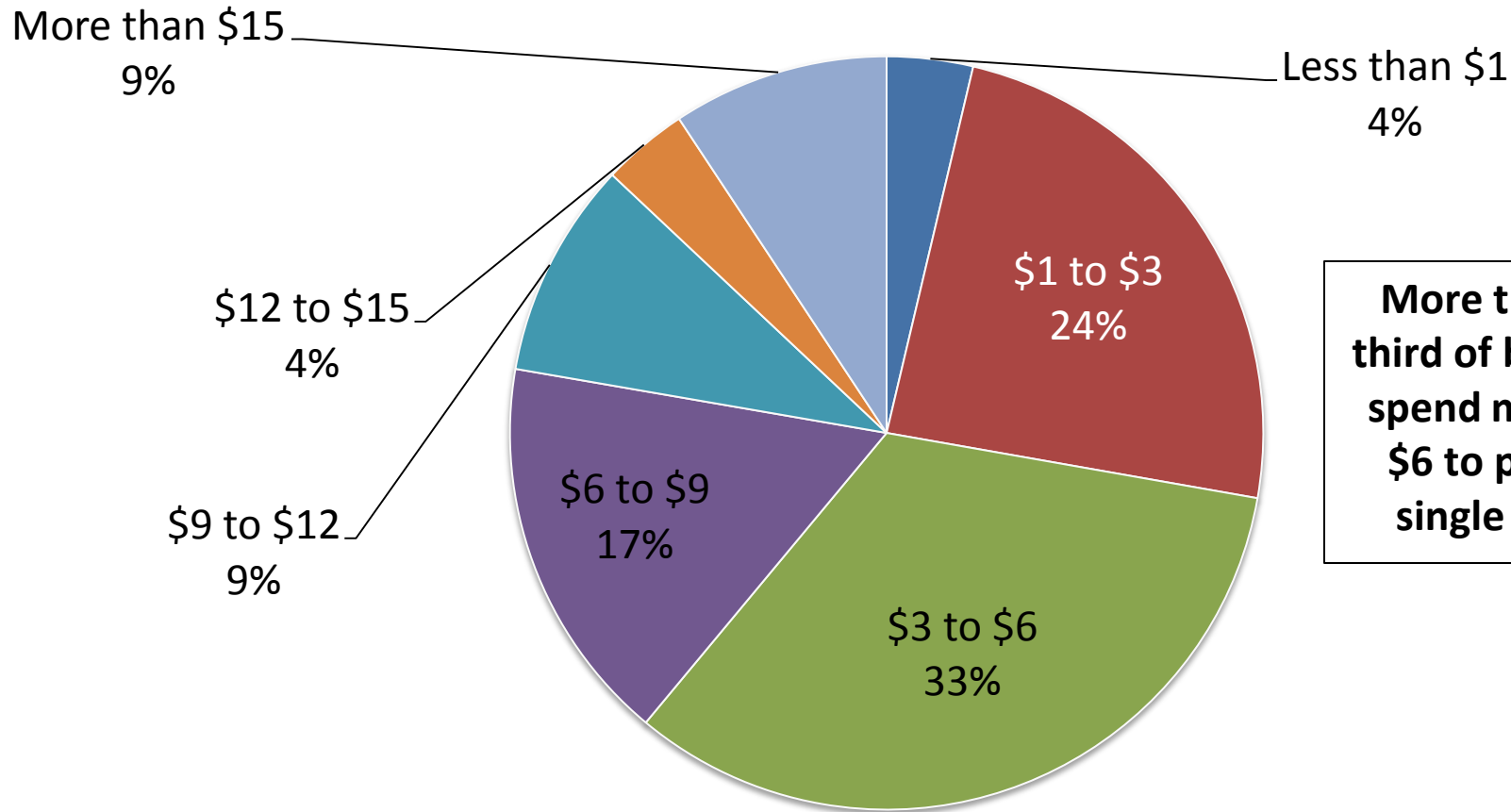
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Source: IOFM

# Today's Reality for Many AP Departments



**More than one-third of businesses spend more than \$6 to process a single invoice.**

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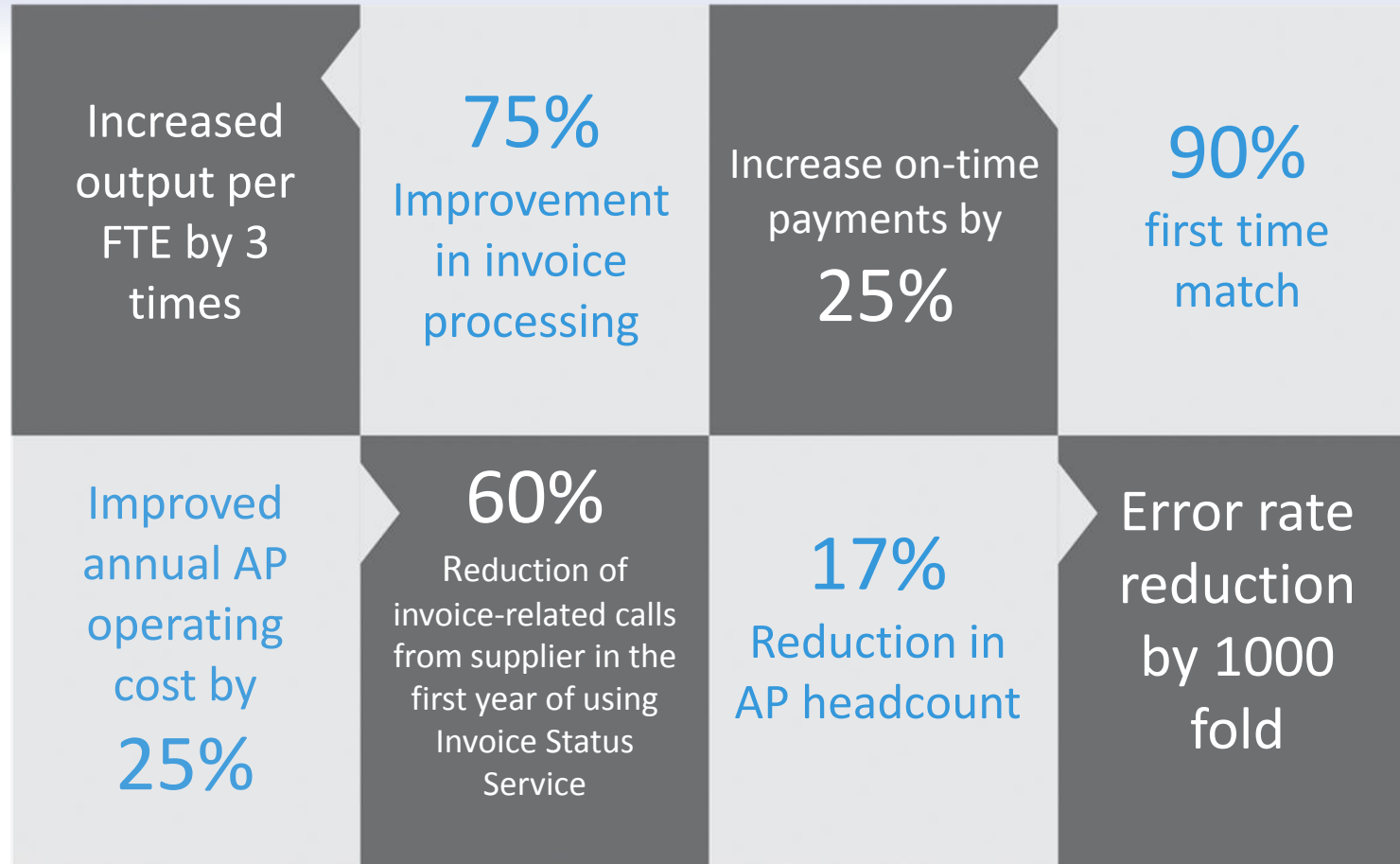
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Source: IFO



# The Cost Savings Opportunities Matter



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# Time Matters

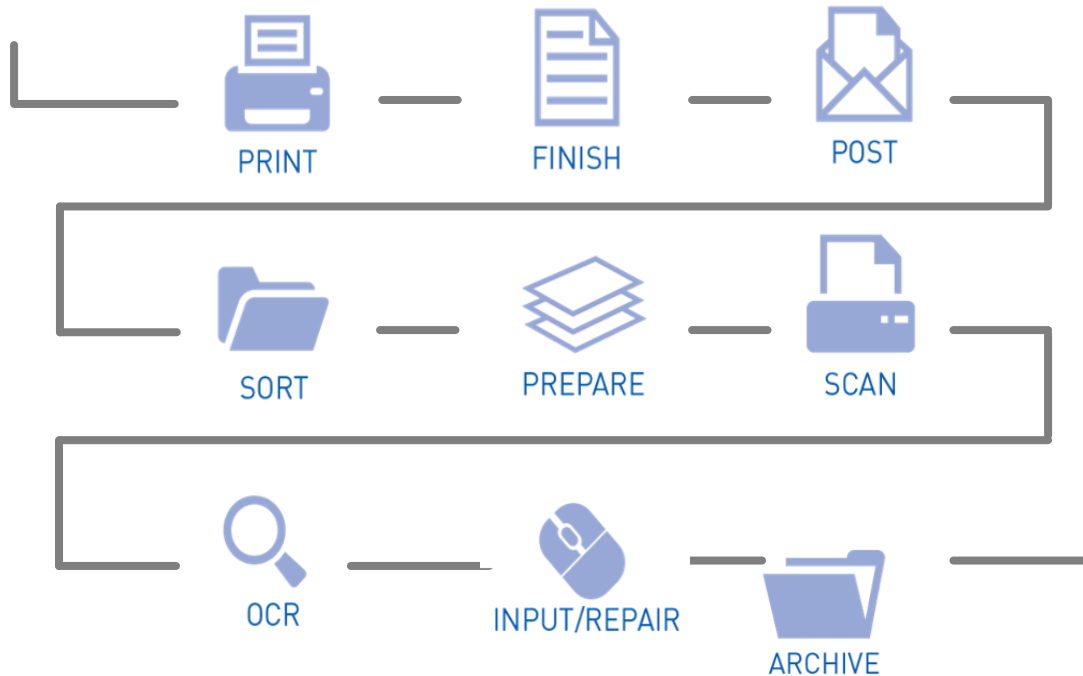


SUPPLIERS



CUSTOMER

\$6 - \$16  
AP&P2P



Average  
Processing Time  
15 Days

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# Automation Matters Now

“The challenge is the speed at which change can happen,” he explains. “Take Airbnb and Hilton. It only took Airbnb four years to build up a larger inventory of hotel rooms than Hilton Hotels built up in almost a century.”

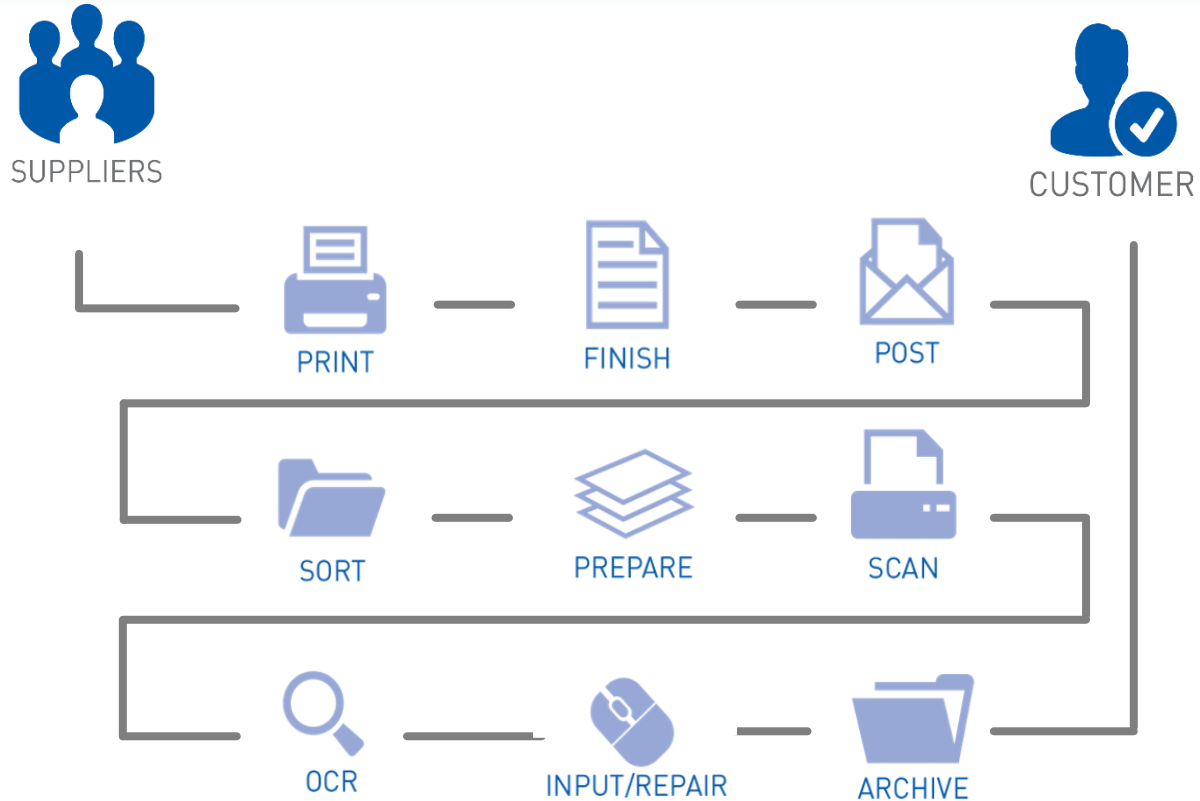
Source: Laurence Buchanan, Digital Leader for EY EMEA, 2016

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# Paper Invoices are hard to Automate



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“Scanning provides saving but only a fraction of what an e-invoicing project can deliver. You are really just converting paper to an alternate, yet hardly error-free, form.”

-Paolo Malinverno, Gartner

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# True Commerce Networks are Paperless

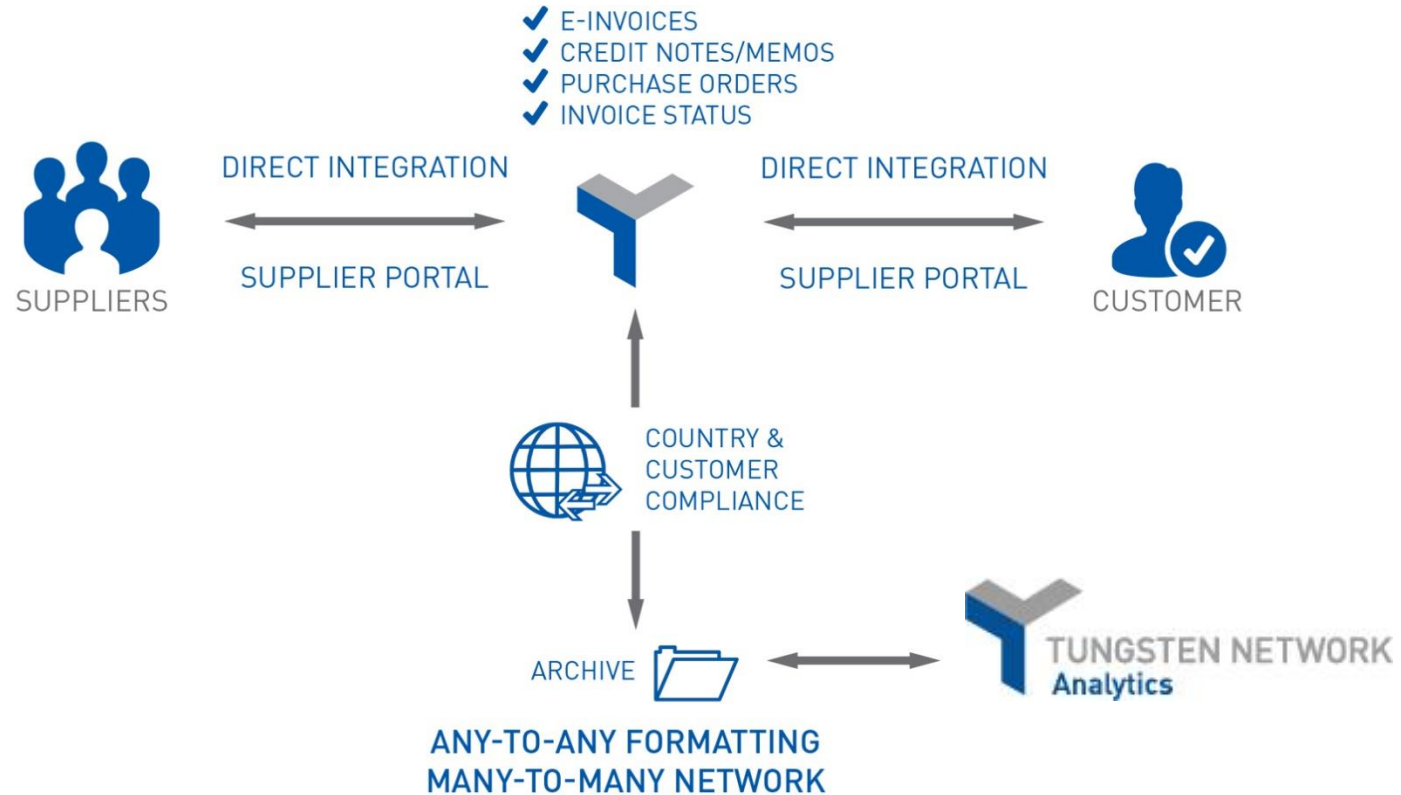


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# TUNGSTEN NETWORK MODEL



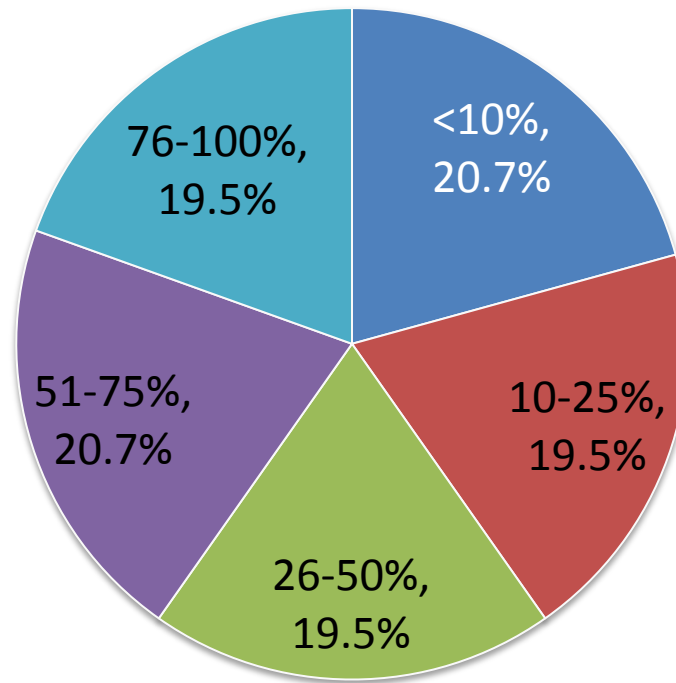
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# E-Invoicing is Gaining Momentum

Three years from now, what percentage of your suppliers do you anticipate will submit invoices electronically so that no manual handling is needed to input them into your ERP?



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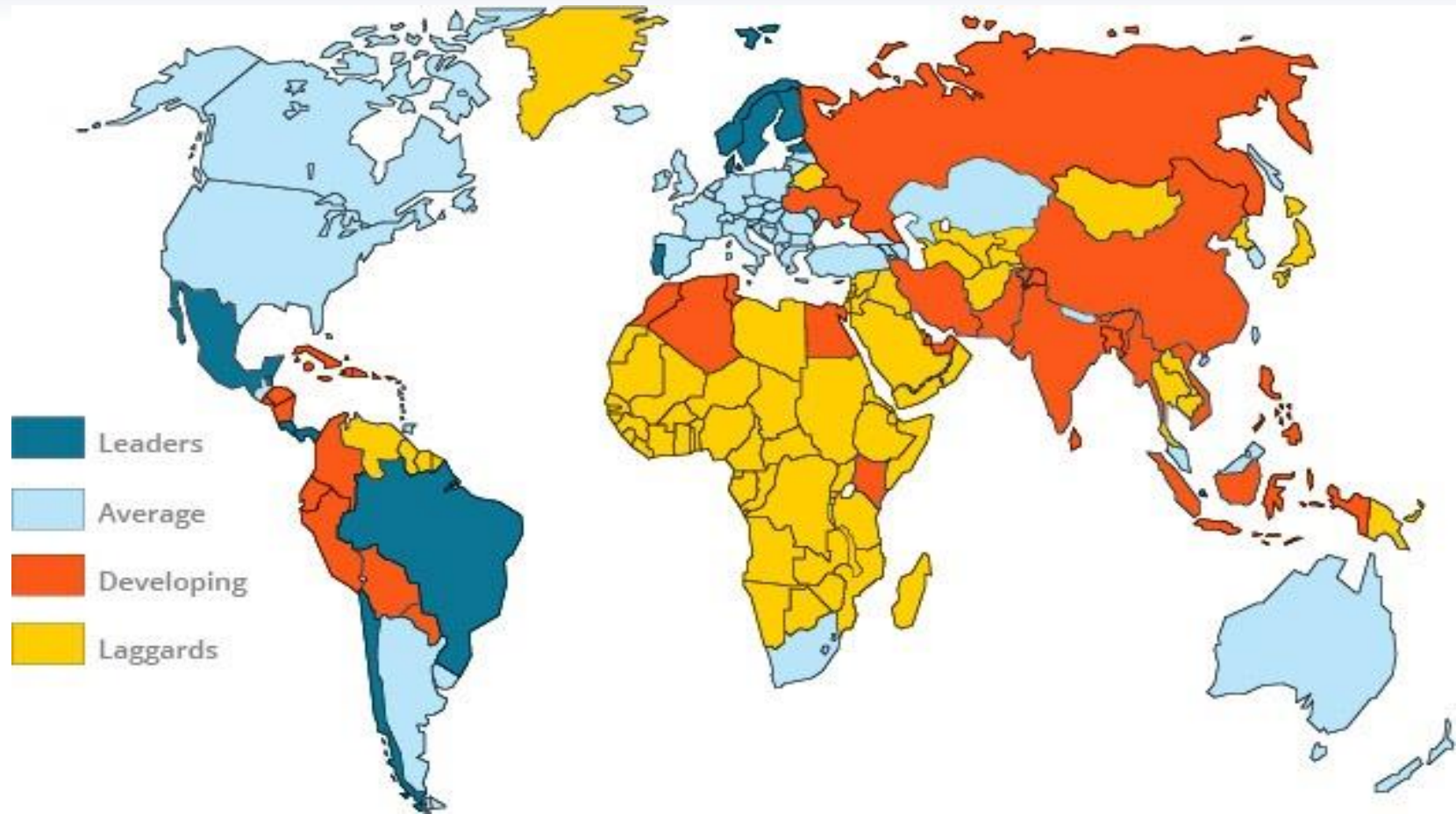
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Source: IOFM



# E-Invoicing Growing Globally



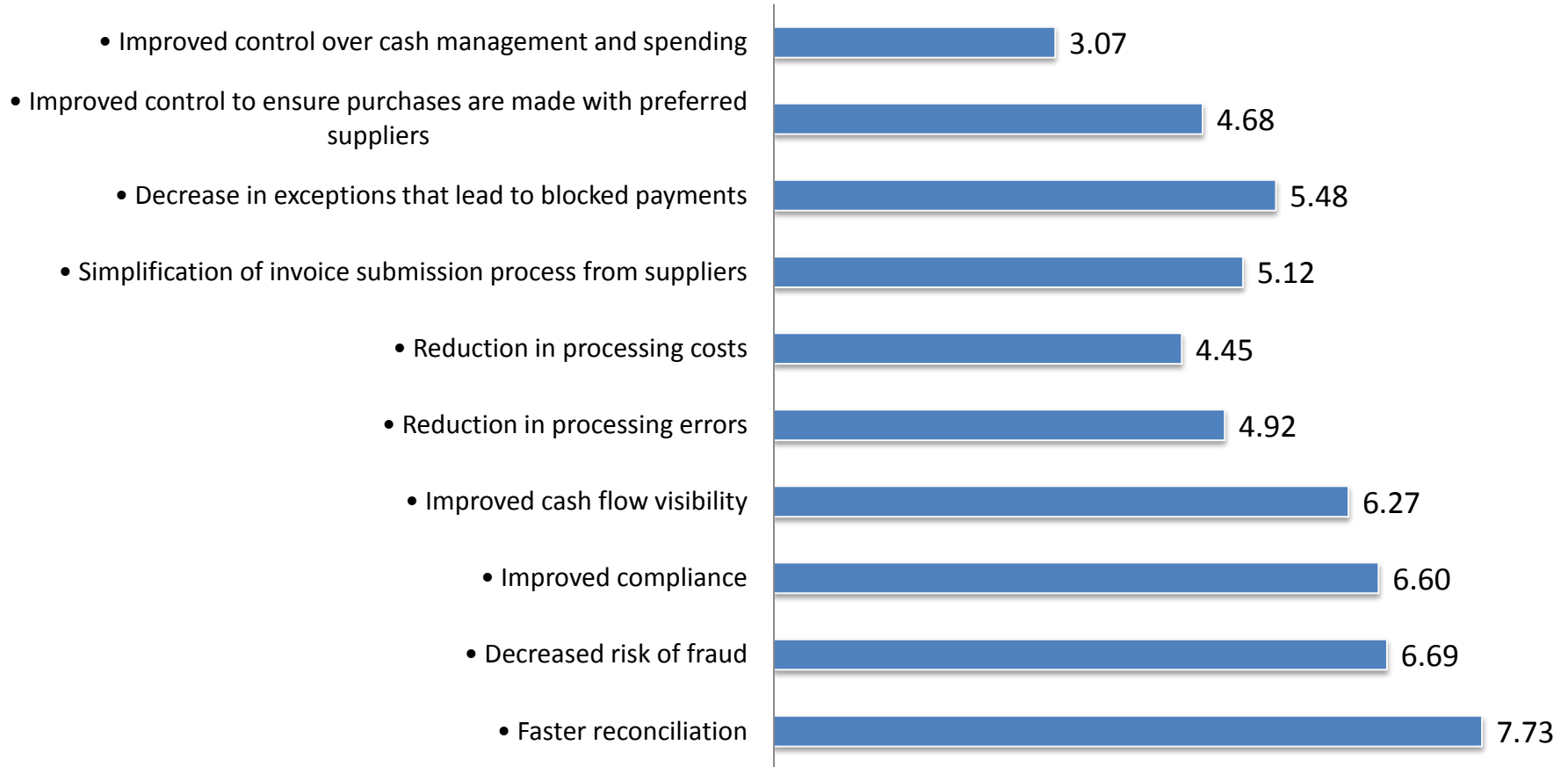
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# Drivers of E-Invoicing Adoption

(Please rank in order of 1 = most important)



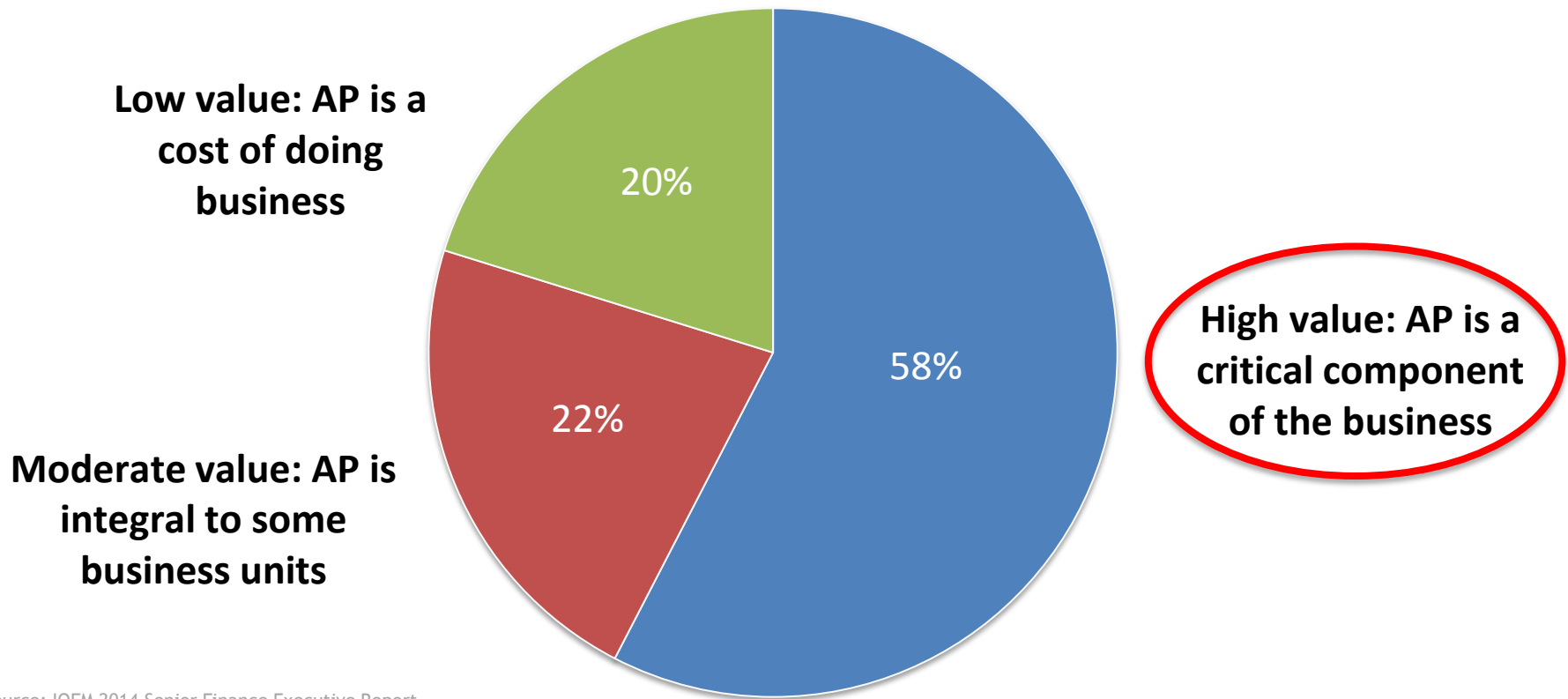
Source: IOFM

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# Accounts Payable as a Strategic Function



Source: IOFM 2014 Senior Finance Executive Report

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# The Enterprise Impact of Accounts Payable

- Financial supply chain efficiency and effectiveness
- Budgeting
- Forecasting and reporting
- Working capital management
- Spend management
- Compliance
- Fraud

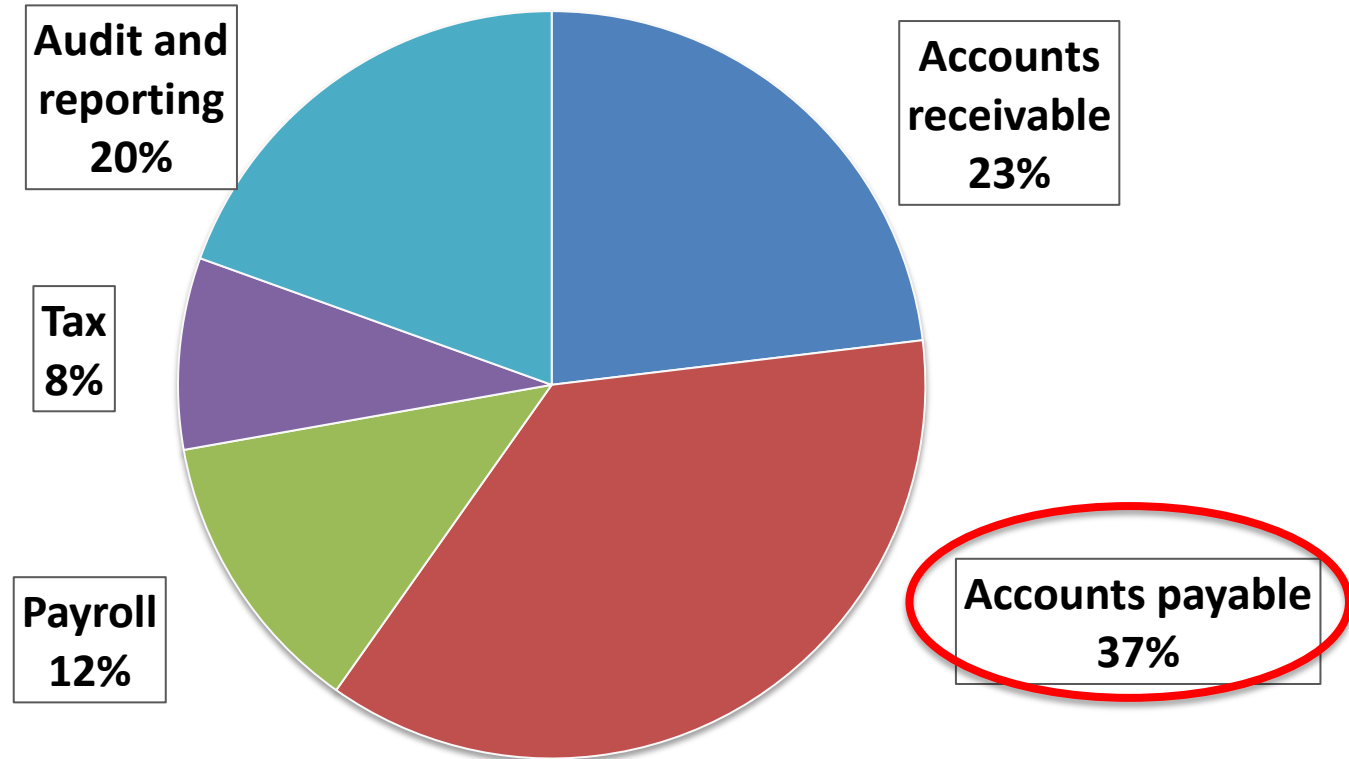
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# Controllers Plan to Invest in Accounts Payable

Which of the following F&A functions do you anticipate will receive additional investment for process improvement?



Source: IOFM 2014 Controller's Report

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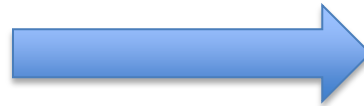
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# Deliverables of e-Invoicing make AP Strategic



- IMMEDIACY
- ACCURACY
- DATA
- COMPLIANCE



- INVOICE FINANCING
- ANALYTICS
- COLLABORATION

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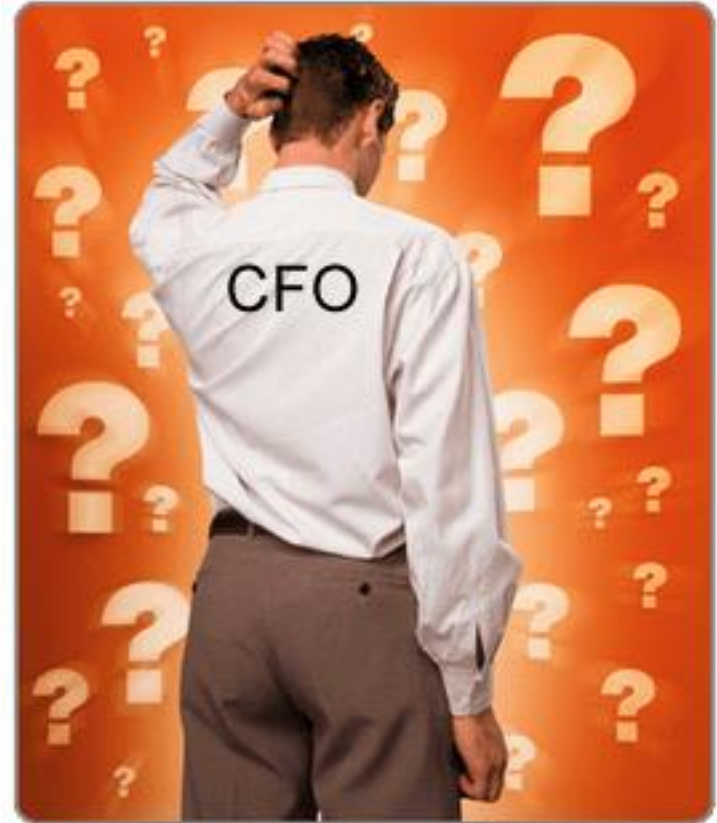
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# Strategic Value of AP Transformation

The view from the CEO's office:

“You cannot afford to just have a numbers guy next to you. You need someone who has the awareness of where the market and competition is heading.”

**Costas Charitou**  
CEO, Lanitis Group of Companies



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# Uncertainty Increases Need for Capital

- Time of year
- Production cycle
- Investment decisions
- Payroll
- The unknown!



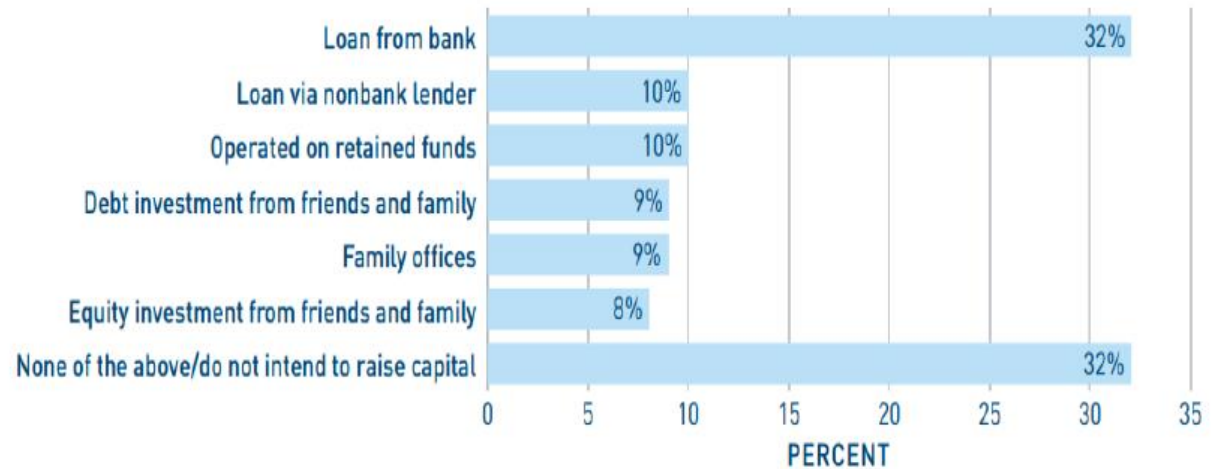
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# First National Bank of Mom + Dad is Thriving



Source: The Milken Institute: Access to Capital: How Small and Mid-size Businesses Are Funding Their Future

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# Invoice Finance

## **Factoring of Receivables (not guaranteed by the buyer):**

- Third-party purchases an approved invoice or receivable from a supplier at a discount
- Third-party collects the full value at the net term date
- "Hold back" (typically 20 percent) until the net date

## **Reversed Factoring of Receivables (guaranteed by the buyer):**

- Third-party purchases the approved invoice or receivable from a supplier at a discount
- Third-party collects the full value at the net term date
- No "hold back" until the net date

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# Invoice Finance Benefits

## SUPPLIERS:

- Better cash flow

## BUYERS:

- Lower cost of goods
- Helps ensure financial viability of suppliers



of organizations plan to deploy supply chain financing solutions within the next two years.

Source: Ardent Partners

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# Analytics

- Businesses need real-time access to spend and cash flow information
  - Better manage capital
- Poor spend mgmt. has negative ripple effects across the enterprise

58%



of businesses today say their demands for real-time visibility into accounts payable financial data are significantly higher or slightly higher than they were two years ago.

45.4%



of controllers surveyed by IOFM in 2014 identified lack of visibility into invoices and payables information as the top challenge in their company's accounts payable department.

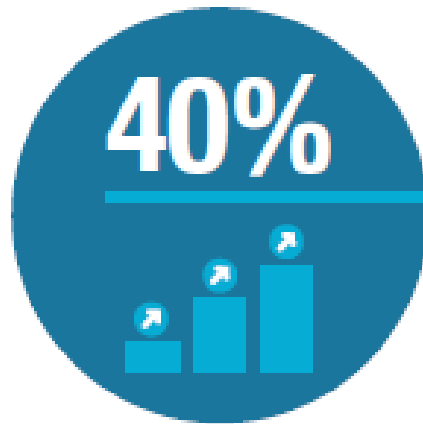
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Source: IOFM

# Analytics



of organizations identified improving AP reporting and analytics as a top priority for 2015.

Source: Ardent Partners

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# Paper Processes Limit Visibility

- Key information is not captured
- Data is poorly organized
- Information is not timely
- Systems are not well-integrated
- Decision-makers don't have access to key variables

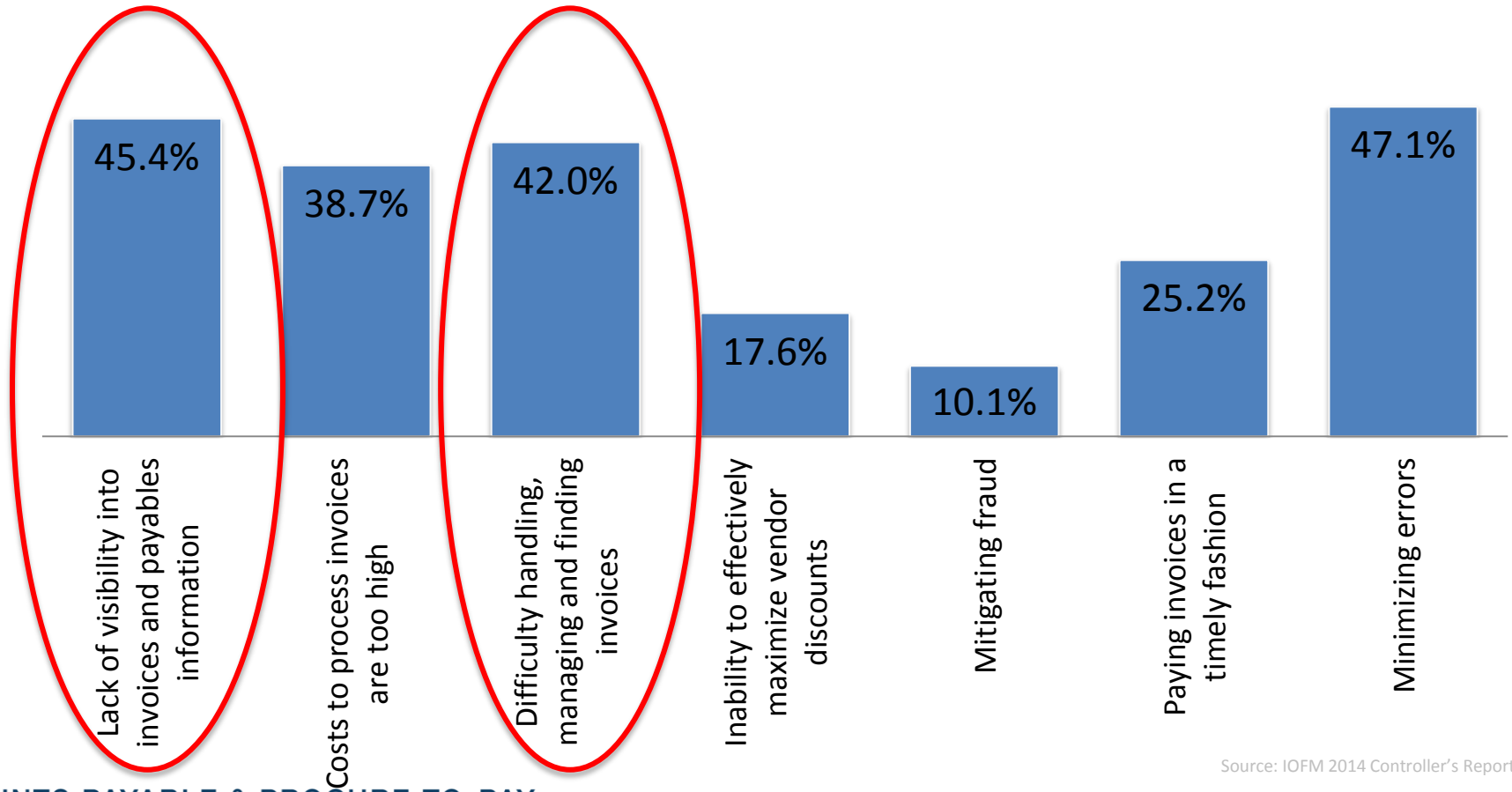
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# Lack of Visibility is a Top AP Challenge

Which of the following are the biggest challenges in your AP department?  
(check all that apply)



Source: IOFM 2014 Controller's Report

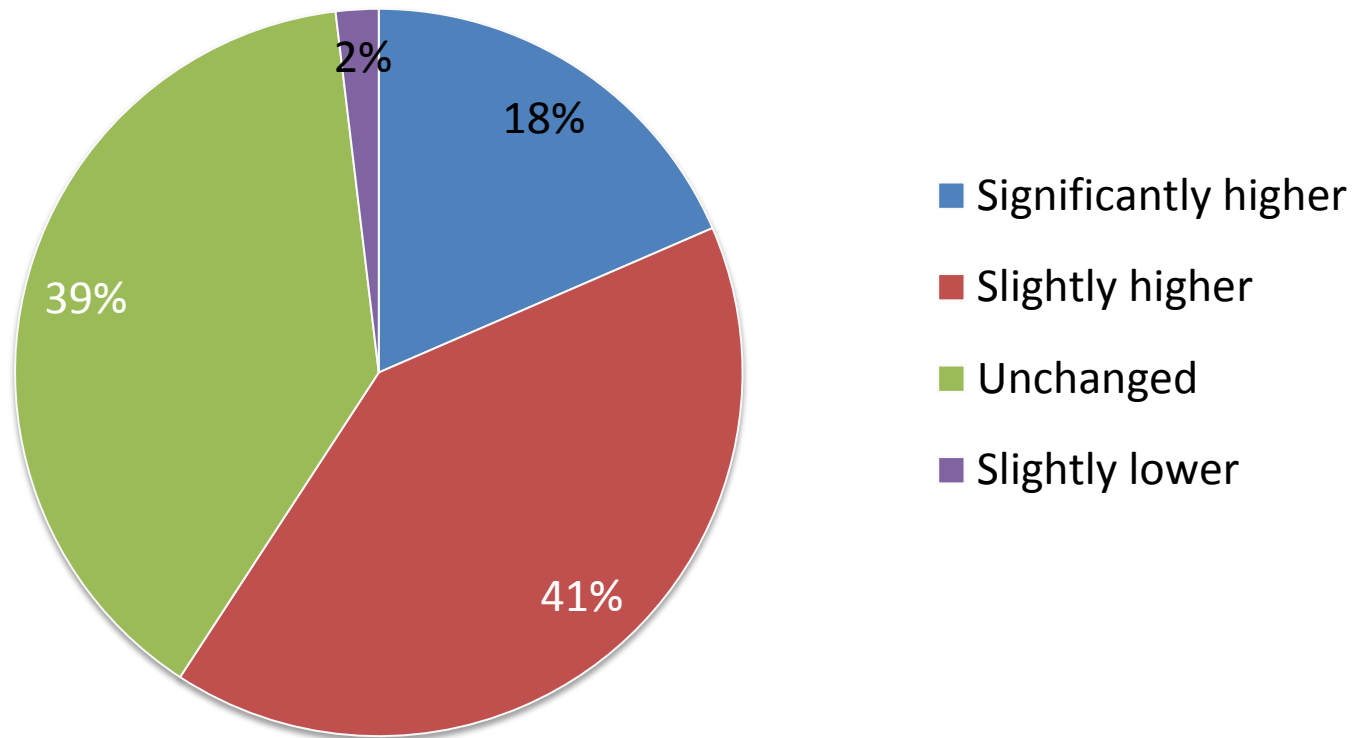
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# Demands for AP Visibility Continue to Rise

Compared to two years ago, has the demand for real-time visibility into your AP financial data changed?



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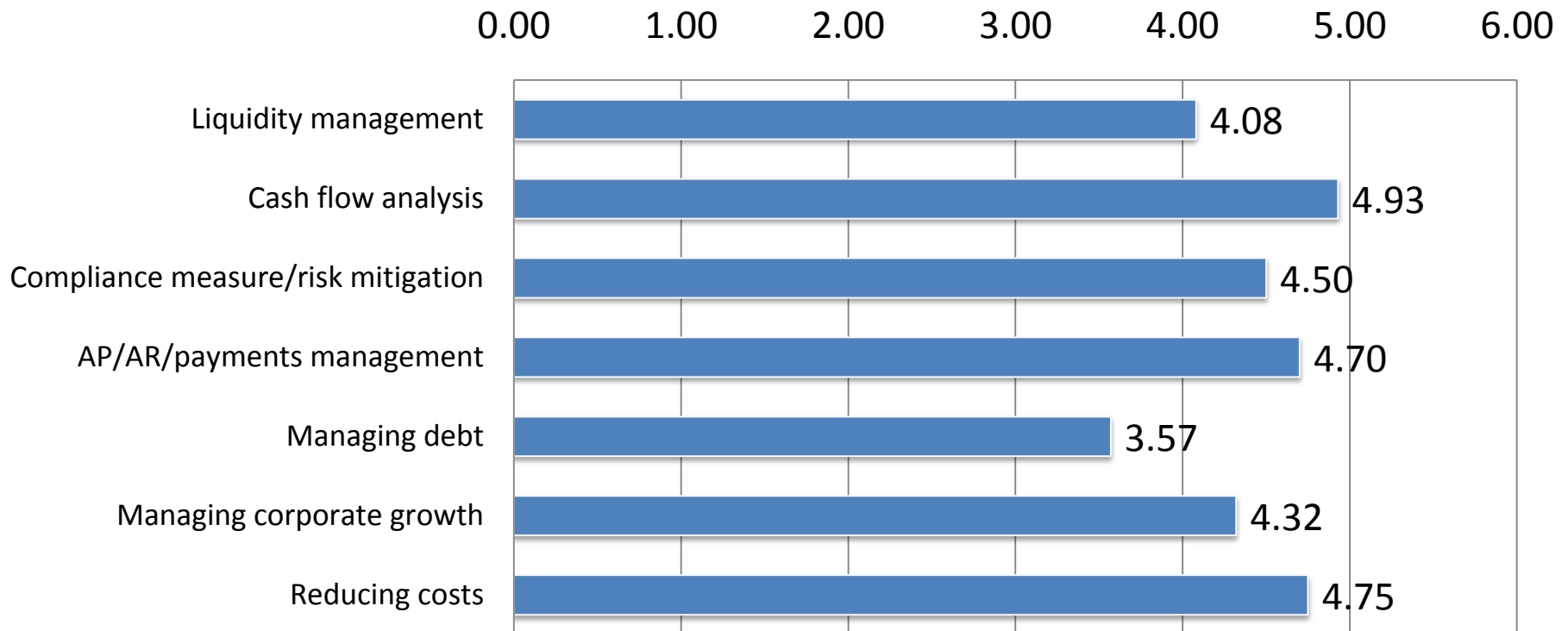
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Source: IOFM 2015



# Visibility Drives the C-Suite's Responsibilities

Rank the following priorities within the F&A function (Scale of 1 to 7)



Source: ICFM 2014 Controller's Report

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# Filtering Actionable Information

- On-time payment percentage
- Spend visibility and trends
- Category spend and volume
- Spend to supplier ratio
- Supplier performance metrics
- Procurement process metrics
- Accounts payable value and volumes
- Accounts payable process metrics
- Payment and discount capture metrics
- Team productivity metrics



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# Benefits

- Better working capital decisions
- Visibility into trends related to CCC, DSO & DPO
- Easy aggregate spend calculations
  - Cost center
  - Category
  - Supplier
  - Invoices sorted by unit, vendor, account, cost center, location
- Earlier notification of budget variances/maverick spend
- Leverage for contract management & negotiations

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# Collaboration

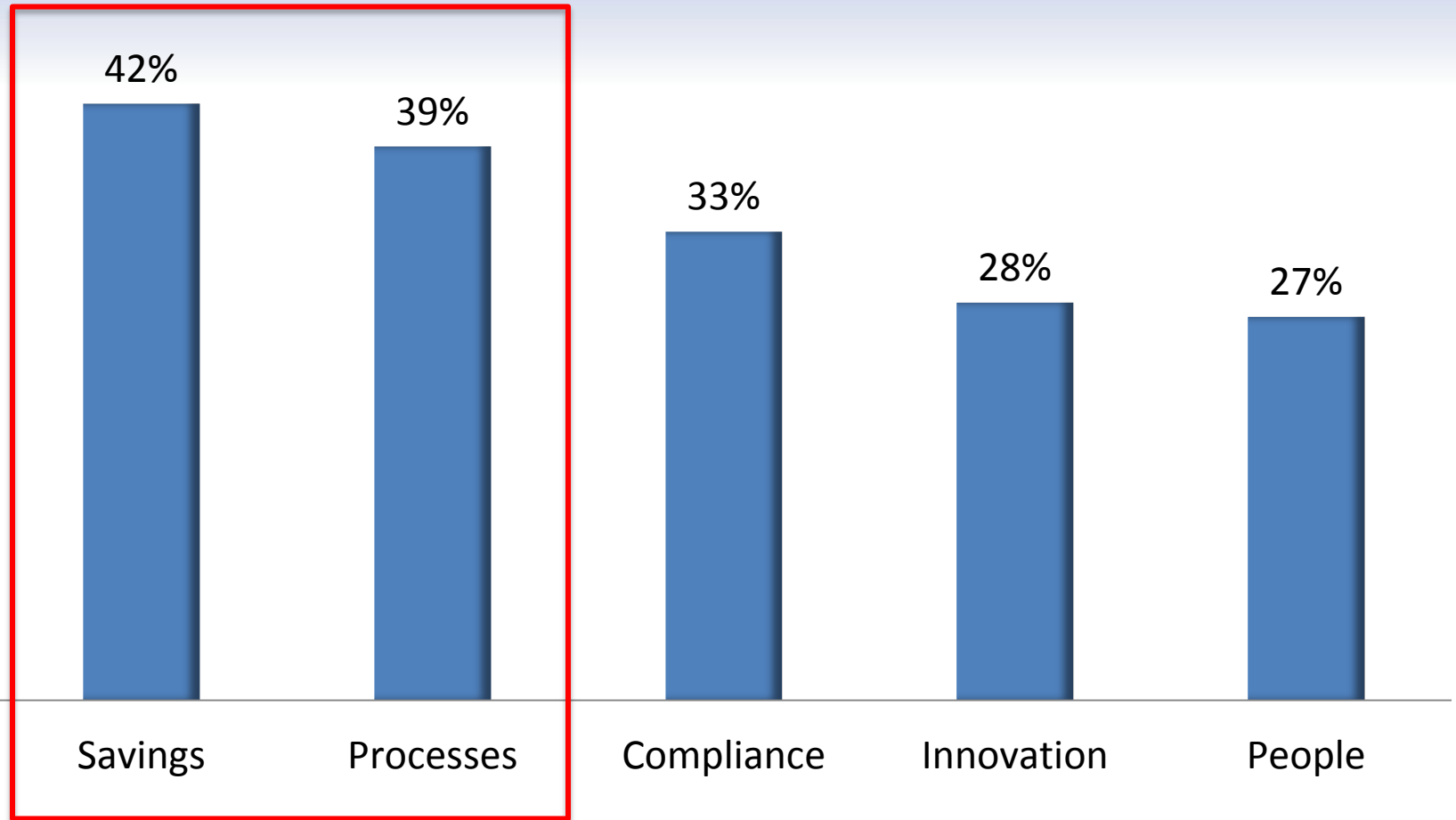


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# Procurement Priorities



Source: Ardent Partners 2015

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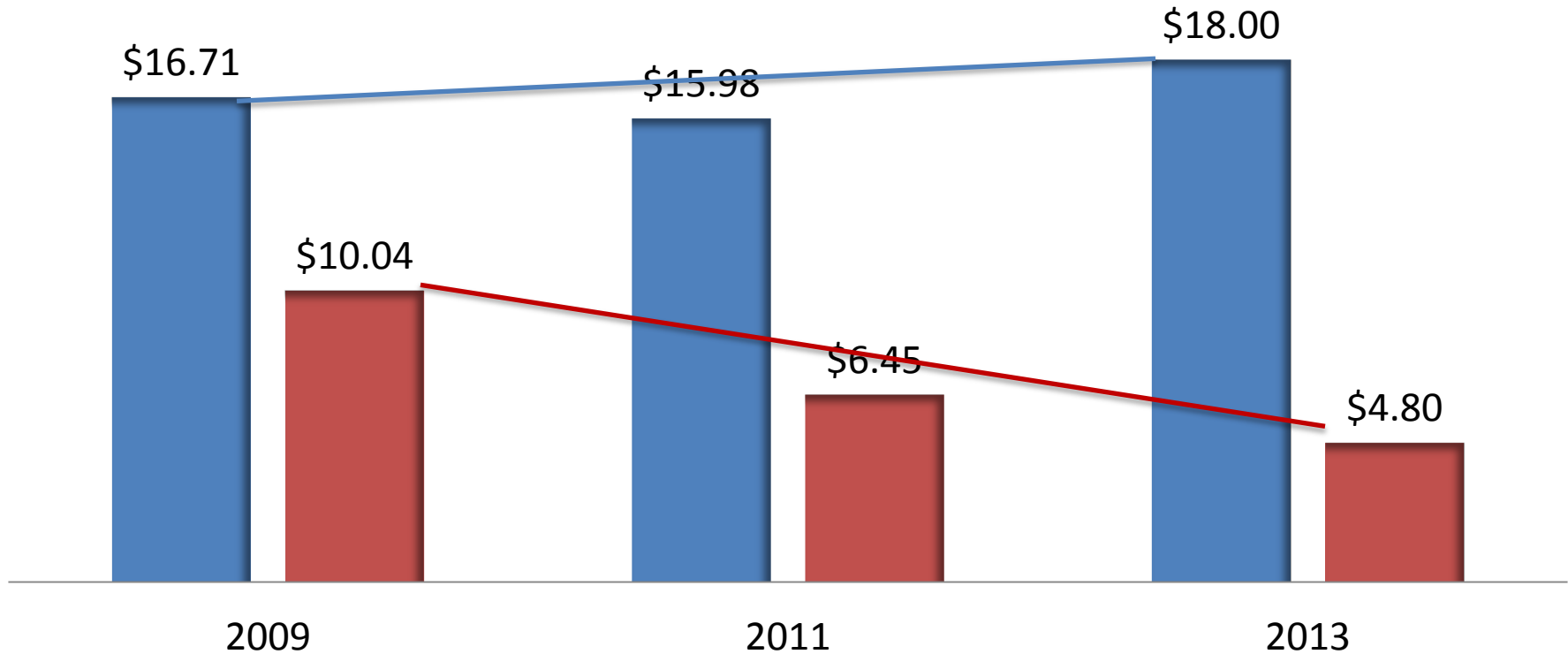
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# Are You Falling Behind?

Best-in-Class Companies are Reducing Purchasing Costs (Per Order)

■ Peer ■ Top Performer



Source: The Hackett Group 2015

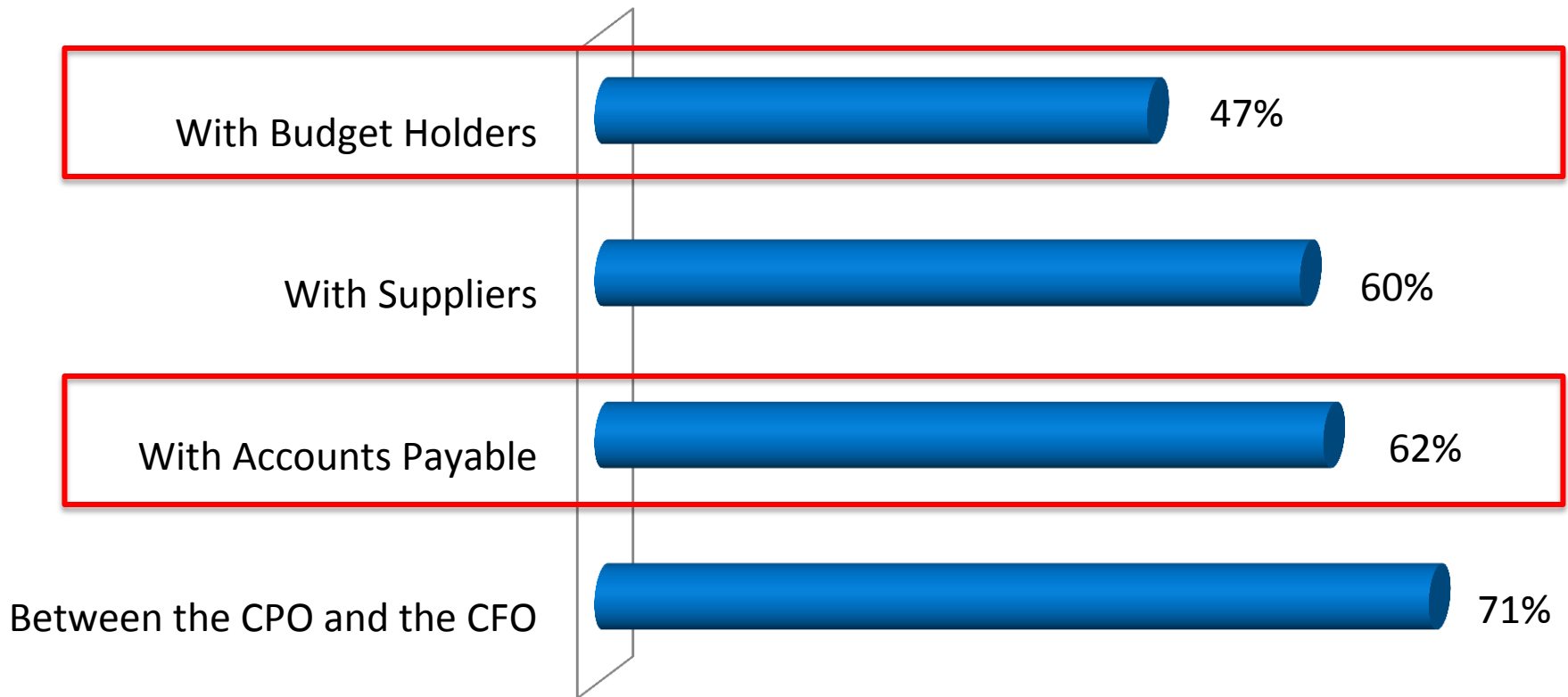
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# Collaboration Impacts Purchasing Costs

## "Strong" Collaboration



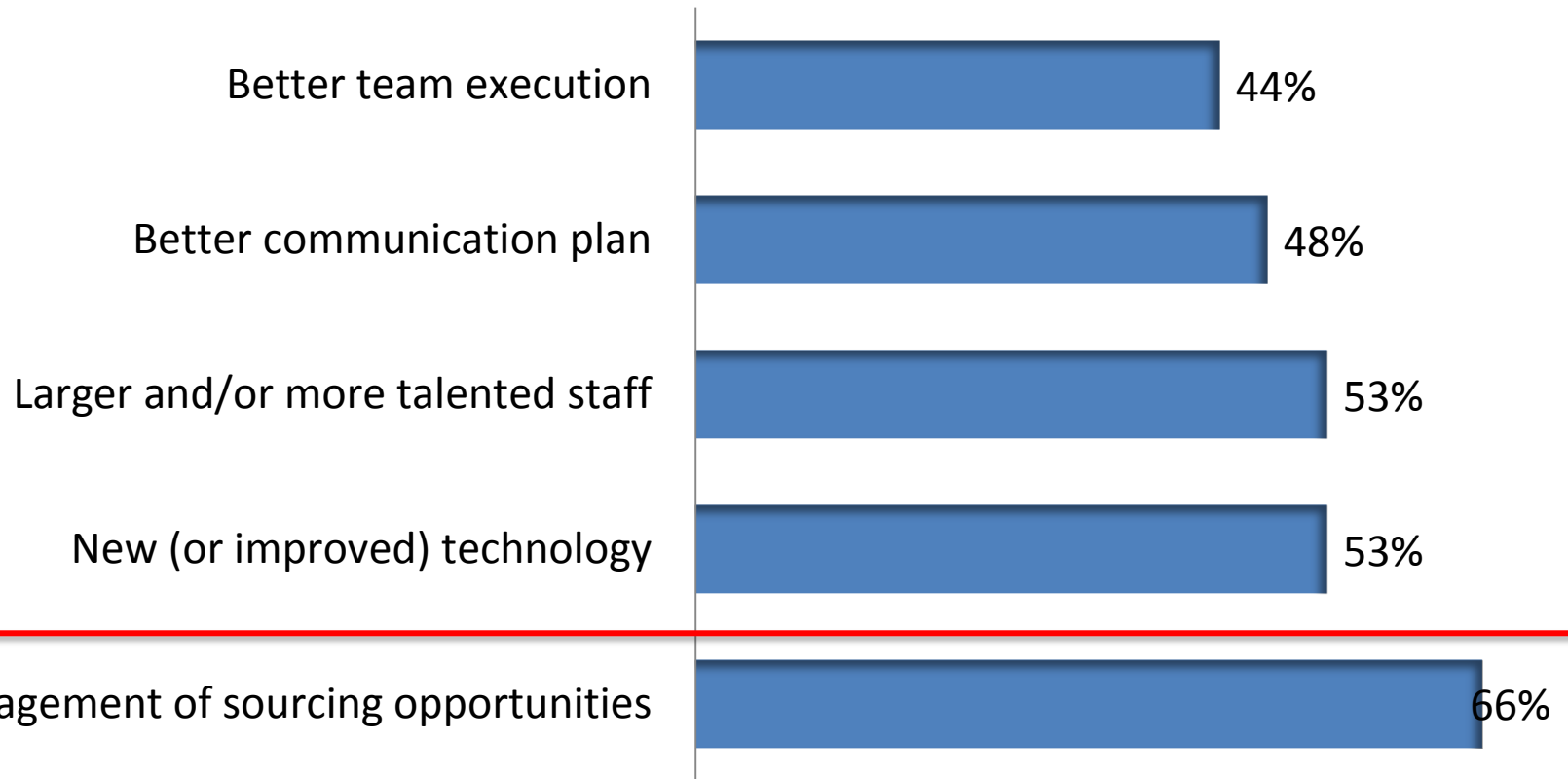
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# AP & Procurement Collaboration

## Procurement's top drivers for future success



Source: Ardent Partners 2015

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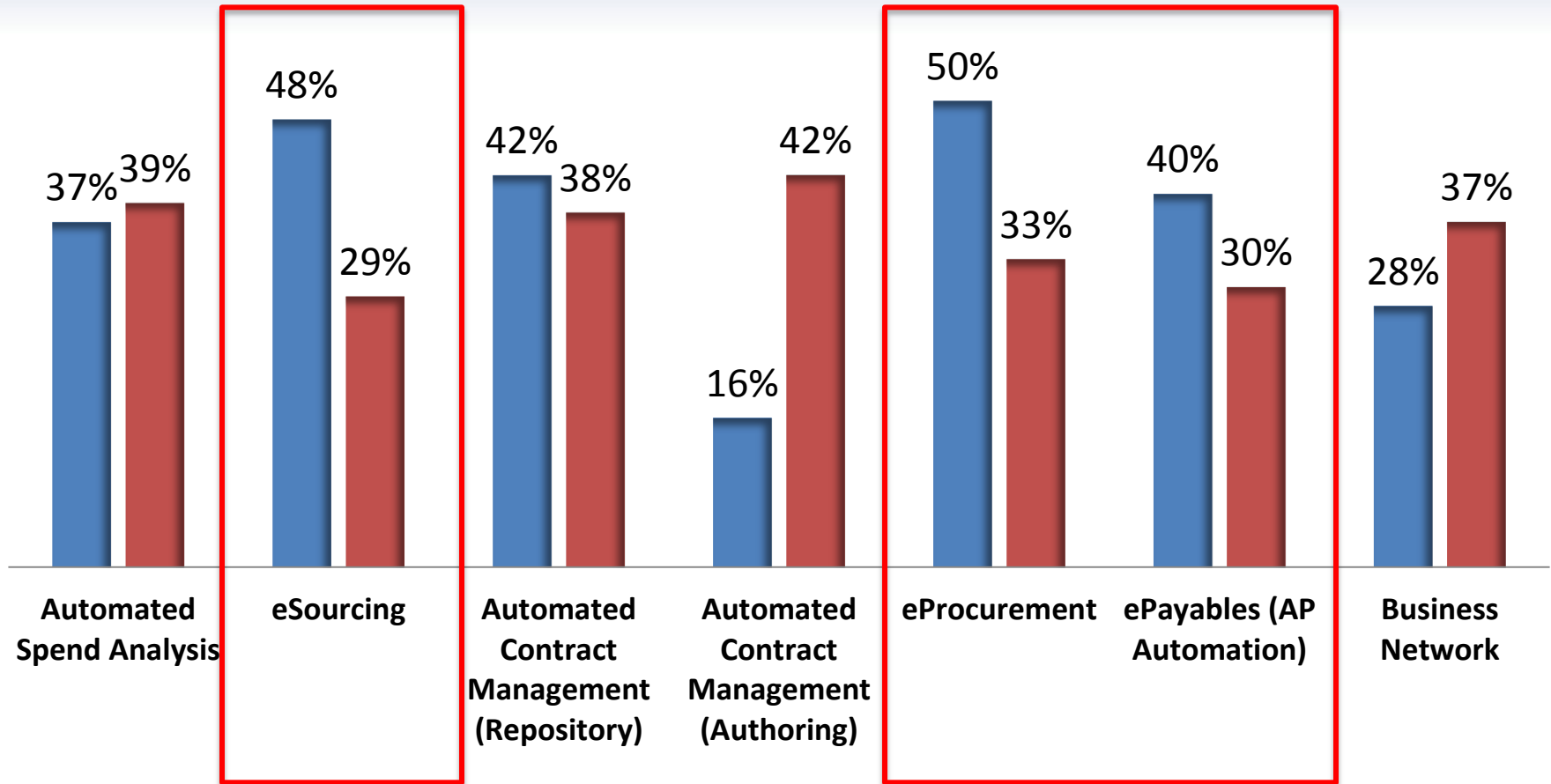
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# Technology Adoption & Plans

■ Currently Use ■ Planning to Use



Source: Ardent Partners 2015

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# The Benefits

- Reduce spend on goods and services
- Greatly reduced processing costs
- Less time on non-value add activities
- Stronger internal controls
- Better visibility into the entire process
- Better communication across parties to optimize decisions and strategies

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# Summary

- AP remains paper-intensive
- Transforming AP delivers 3 primary strategic benefits to the C-suite:
  - Invoice finance
  - Analytics
  - Collaboration
- These strategic benefits position businesses to become best-in-class

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# Thank You!

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