



Best-Practice Automation of Invoice Delivery from ERP Systems

Keeping Customers Satisfied
While Making the Move



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Introduction

Virtually all businesses running enterprise resource planning (ERP) solutions want to move to electronic delivery of customer invoices and proof of delivery documents. The advantages of e-invoicing are clear: It's faster, less expensive and more reliable, and it takes the inefficiency of paper out of the process. And by increasing the speed and accuracy of billing through document automation, organizations can collect cash faster because invoices are delivered sooner.

IT analyst research has found that the average U.S. company can save millions of dollars annually by sending invoices electronically. Beyond cost reduction, businesses want to increase billing process efficiency and improve customer satisfaction. The percentage of electronically delivered business-to-business invoices is rapidly increasing as companies seek additional ROI from ERP solutions.

E-invoicing technology is available today, and the investment required for implementation is relatively low. But a key obstacle stands between many companies and e-invoicing benefits: customers.

While some customers understand that they can benefit from e-invoicing as well by moving money faster, reducing accounts payable overhead and eliminating manual handling of supplier invoices, many are simply not ready to change processes that are set up to handle paper invoices. And many customers will not pay invoices before they receive proof that their orders were delivered.

Research has shown that a majority of customers still prefer to receive their invoices and associated documents via postal mail. To satisfy this preference, businesses spend large amounts of time and money maintaining internal mailrooms or working with external mailhouses. Employees and departments continue to manually print and manage paper documents for mailing. Cash is tied up in equipment, supplies, maintenance and labor to support mail operations. Forward-looking companies recognize that the future of their mailroom holds only more and more capital expense.

With billing process improvement as a top strategic objective, companies are left with three choices:

1. Do nothing and forego major efficiency gains (while competitors are achieving them)
2. Try to move all customers to e-invoicing — and almost certainly fail
3. Take on the high expense and complexity of custom-designing different processes for specific customers according to their various levels of sophistication

The ideal solution is a means for companies to send their invoices electronically while enabling customers to receive those invoices in whatever way they prefer — whether by postal mail, email or other electronic channel, or a combination. Such a solution would enable best practices in delivery of invoices directly from ERP applications, and would:

- Automatically send invoices and proof of delivery documents in customer-preferred formats ranging from paper to electronic
- Archive invoices and proof of delivery documents or route them to a storage system
- Maintain and adapt as more customers adopt e-invoicing
- Integrate seamlessly with ERP applications

But does it exist?

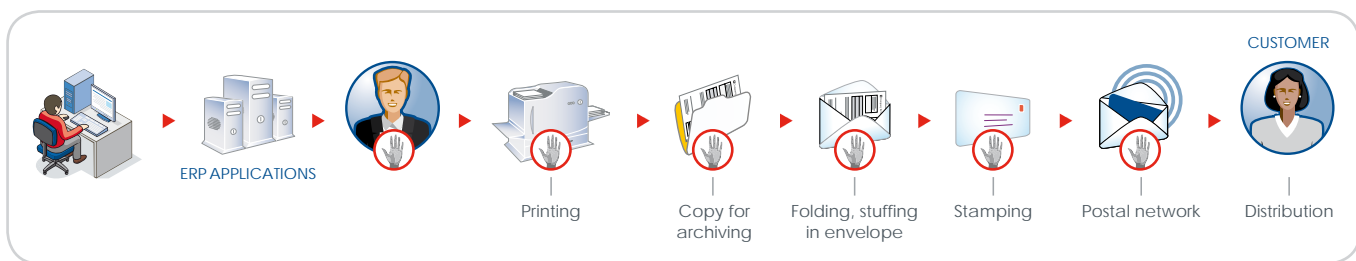
This paper illustrates that the solution not only exists today, but also has established a proven track record of success in helping companies make the transition to e-invoicing without leaving customers behind.

Inefficiencies of Manual Invoicing

The billing process keeps vital cash flowing into your company. It also costs money when invoices are manually processed for mailing to customers. According to a leading ERP software vendor, the cost of mailing a single invoice can be as high as \$15 USD. Even with state-of-the-art ERP software, the best efforts of accounts receivable departments are limited by inefficient manual mail delivery of invoices.

Before invoices can be delivered and customers can pay, data from the ERP system must be extracted and composed. Documents are printed and sorted, then manually folded and stuffed into envelopes for mailing. Invoicing also typically involves photocopying and filing invoice documents for various internal and external recipients involved in the billing process. The higher the volume of invoices to be delivered, the slower the entire process becomes and the greater the potential for human errors.

As illustrated by the following diagram, conventional processing of customer invoices involves numerous steps that take time and consume resources — both human and material. Manual touch points at nearly every step of the process represent costly inefficiency in comparison with e-invoicing.



Manual invoicing challenges

Until companies find an alternative to managing conventional mail delivery of invoices, their potential for efficiency gains within the billing process will be limited by:

- A long and time-consuming series of steps
- Dependence upon the means of production
- Manual handling throughout the process
- High cost of production
- Inability to shorten the cash collection cycle

Manual invoicing time and costs

Handling time	3.9 minutes
Transit time	1 to 2 days
Cost of sending an invoice	\$1.60

Document Process Automation

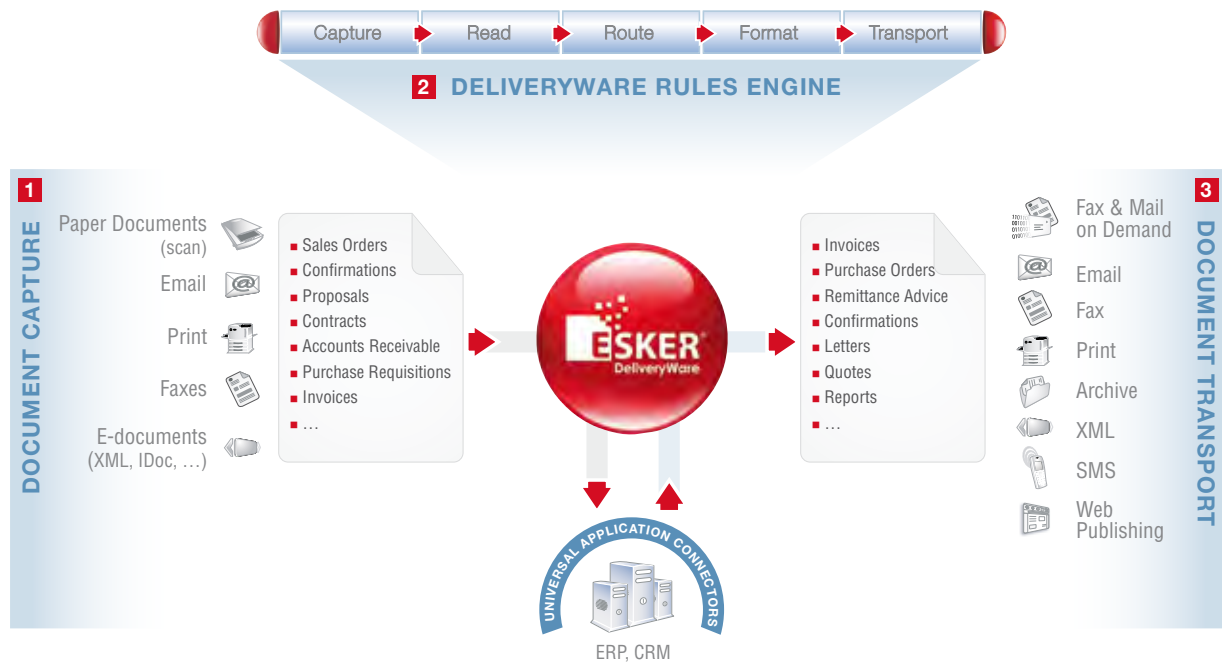
The solution is part of a comprehensive platform for inbound and outbound document process automation. By automating the processing of documents previously tied to manual methods, businesses reduce the cost, increase the speed and improve the quality of information exchange with customers and suppliers. These outcomes translate directly to higher efficiency, profitability and return on investment in ERP solutions.

Esker DeliveryWare removes inefficient manual steps from business processes, automating every phase from inbound data capture to document formatting and outbound delivery — regardless of the information source or type of transport. In doing so, Esker DeliveryWare brings visibility and control to document processes while leveraging existing IT systems and requiring no custom programming to implement.

Designed to optimize the flow of information into and out of ERP applications, Esker DeliveryWare is an end-to-end automation platform using patented business rules technology developed by Esker. Companies managing all document processes through this central platform are able to:

- Simplify the IT infrastructure
- Reduce the time and costs associated with document communication
- Streamline critical business processes such as billing

The non-intrusive nature, intelligent automation and complete input/output capabilities of Esker DeliveryWare allow companies to implement e-invoicing with no disruption of their existing processes or those of their customers.



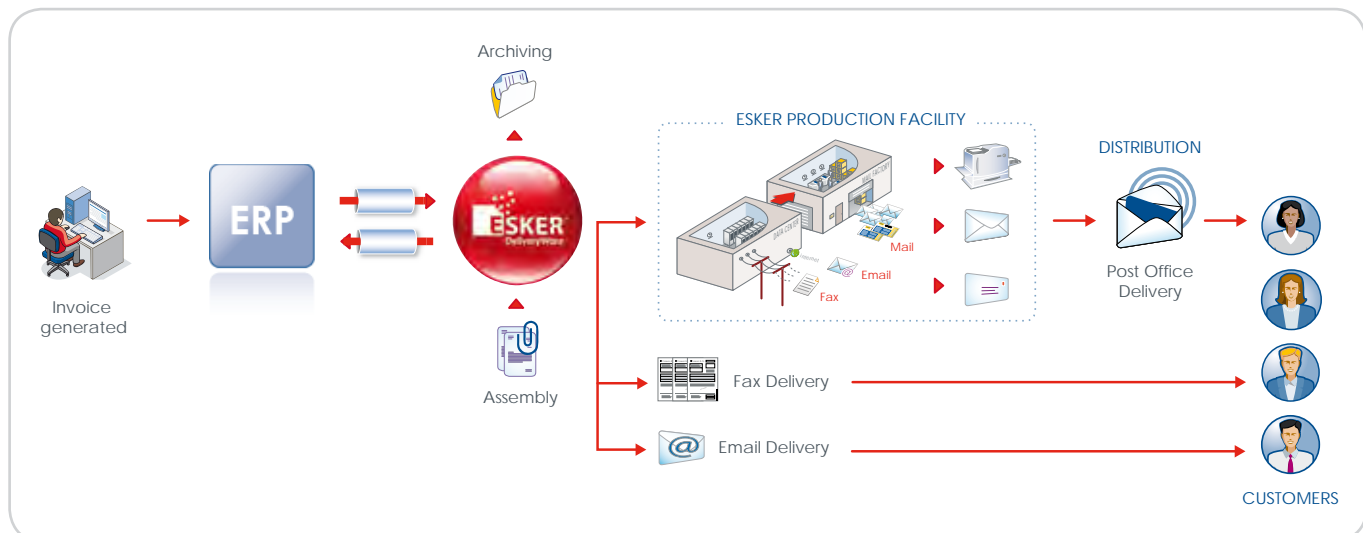
1 Document Capture	2 DeliveryWare Rules Engine	3 Document Transport
<p>Esker DeliveryWare automatically captures invoices and other documents in any format — independent of layout and application or source, without the need for custom programming.</p>	<p>Patented Esker technology automatically recognizes and extracts data from electronic documents to determine formatting, conversion, and routing conditions and actions that need to take place, as defined by processing rules.</p>	<p>Esker DeliveryWare delivers documents, based on specified preferences, to multiple recipients via a full range of transport mechanisms — including text, XML, PDF, PCL, PS, TIFF, postal mail, fax, archive, file transfer, wireless, and more.</p>

Best-Practice Invoice Delivery

Esfer DeliveryWare applies best practices to customer billing processes by optimizing the delivery of invoices directly from ERP applications. For the sender, this means every customer invoice can be sent, archived and tracked automatically and electronically. On the other end, invoices arrive by mail as they always have (paper in envelopes) or as email attachments, according to business rules based on the preferences of the receiving customer. So, companies can immediately gain the efficiencies and savings of e-invoicing without a negative impact on customer satisfaction.

In fact, just the opposite is true. Along with giving customers a wider range of choices for receiving invoices from suppliers, billing process improvement with Esfer DeliveryWare contributes to higher customer satisfaction by reducing risks of human error, delivering invoices in real time and enabling companies to track individual invoices.

E-invoicing with Esfer DeliveryWare simplifies billing operations and resource management at minimal expense, effectively removing direct costs and process inefficiencies associated with handling of paper invoices. For those customers who are not ready to receive invoices electronically, businesses gain automation efficiencies by offloading the processing and delivery of paper invoices through on-demand services as part of the Esfer DeliveryWare solution. Invoices are sent directly from ERP applications to an Esfer production facility where the documents are printed, folded, inserted, stamped and forwarded to the post office.



How the automated process works

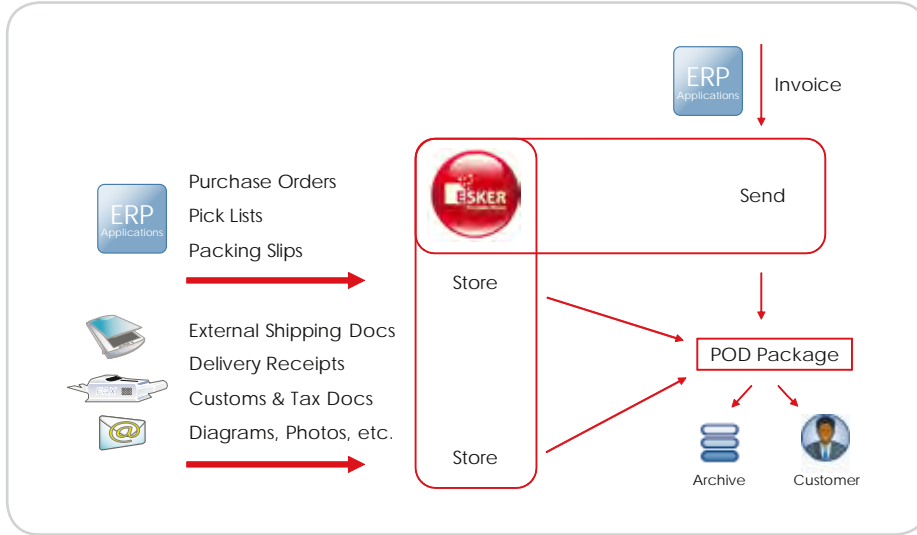
Esfer DeliveryWare essentially functions as a “printer” to automate invoice document composition and negotiate electronic delivery of invoices directly from the ERP system. Users simply “print” to a business rule to send invoices.

1. Invoices are securely transmitted from ERP applications to Esfer DeliveryWare
2. Esfer DeliveryWare sends the invoices to the Esfer facility for mail production and postal delivery, and/or sends email directly to the customers with PDF invoices attached, and archives a copy of each invoice
3. Mail status is directly fed back into the ERP system and made available to users

Esfer DeliveryWare e-invoicing also enables automated storage and retrieval. Transmitted invoices can be stored for the long term and made searchable on key indices such as invoice number, invoice date, purchase order number and customer number. Businesses benefit from instant access to invoices online for viewing and resending, and they maintain visibility over the entire invoicing process with integrated monitoring and tracking tools.

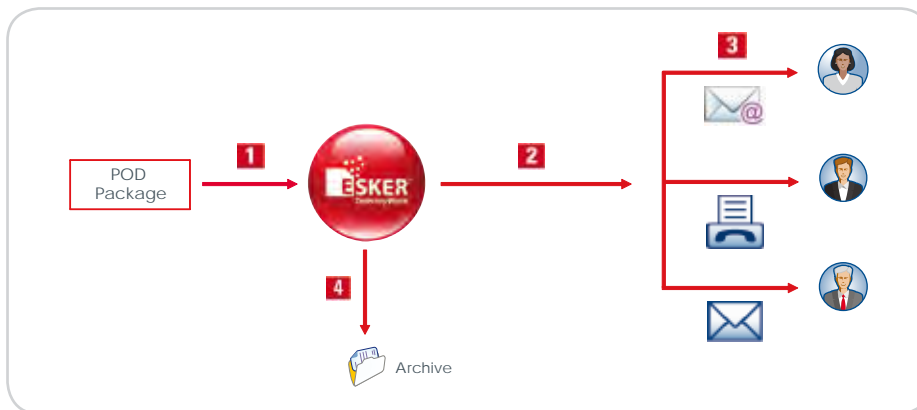
Generating proof of delivery packages automatically

Companies often struggle to get prompt remittance on invoices because their customers want proof of delivery before they will pay. E-invoicing with Esker DeliveryWare provides a means to help speed up payment, or at least remove the common barriers that customers present before payment. Documents generated throughout a transaction can be stored and then collected to send a proof of delivery package along with the invoice.



Sending complete proof of delivery packages

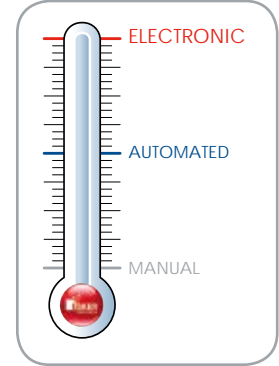
1. When an invoice is generated, associated proof of delivery documents are collected and assembled.
2. Esker DeliveryWare finds the method and address for delivery by reading the invoice, or by database lookup, or from an application.
3. Documents are delivered via any transport: email, fax, print, or postal mail.
4. Documents are archived and accessible as a package or individually.



Breaking the e-invoicing deadlock

Accounts payable is a critical process for any enterprise. For many companies, it is not one that they are prepared to change — certainly not just to save their suppliers time and money.

When you use Esker DeliveryWare for e-invoicing, no change is required on the part of customers. Esker DeliveryWare enables companies sending invoices to reconcile their need for automated billing with customers' desire to receive paper invoices. And as customers become ready to adopt e-invoicing, companies can easily satisfy changing preferences and tailor invoice delivery to the circumstances of each customer.



Easing the transition

With Esker DeliveryWare companies can take a realistic, step-by-step approach that creates a continuum between legacy media and future e-invoicing mechanisms. This path from manual to automated to electronic invoicing follows your customer adoption curves so that you can start gaining efficiencies and reducing costs immediately. Esker DeliveryWare allows companies to send electronic and paper invoices to small and large customers instantly, eliminating the time and expense of managing costly mailroom operations or other manual means of delivery.

E-invoicing benefits available today

Esker DeliveryWare can enable a business to send all of its customer invoices electronically, lowering production costs to near zero and cutting invoice production time by as much as 100%. Other benefits include:

- **Less average time** to collect payment resulting from real-time delivery of complete billing packages
- **Less** outstanding debt
- **Billing errors and returns** reduced by as much as 90%
- **Fewer lost invoices** and Proof of Delivery documents
- **Lower billing costs** and higher productivity due to integration with ERP applications
- **Increased process control and visibility** with tracking of individual invoices
- **Less overhead and paper handling** for printing, folding, stuffing, stamping and mailing
- **Reallocation of resources** from mail operations to more productive activities
- **Improved service to customers** with real-time delivery and more choices for receiving invoices
- **Faster, easier retrieval and resending** of billing documents with electronic archiving prior to delivery
- **Increased competitiveness** as competitors become more efficient by moving to e-invoicing
- **Immediate additional ROI** for your ERP solution investment

E-invoicing time and costs

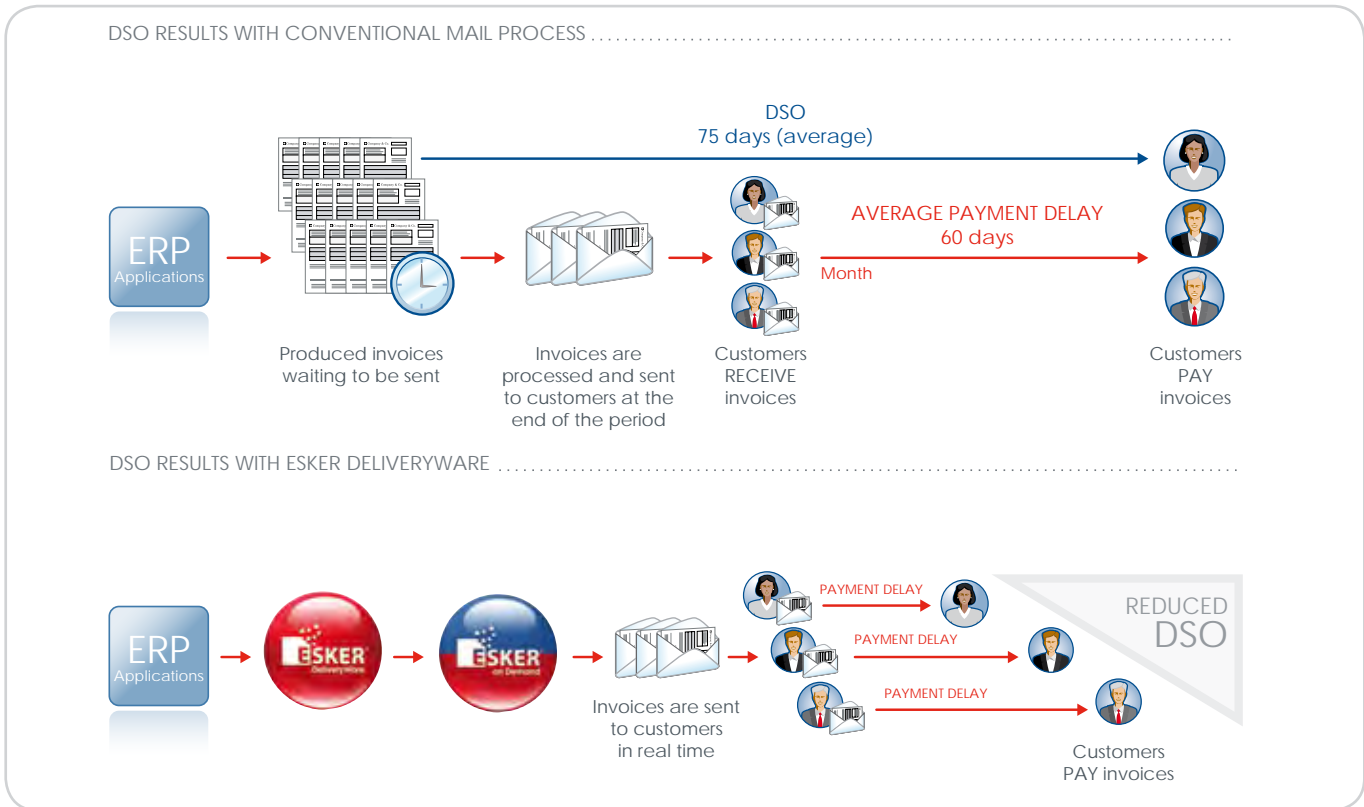
Handling time	10 seconds
Transit time	Instant
Cost of sending an invoice	\$0

DSO Advantages

Conventional billing processes typically include processing and sending invoices at the end of a set time period. Whether it is weekly or monthly, invoices that are ready to go sit and wait until the set time arrives.

But the faster you get invoices into the hands of your customers, the sooner you can receive payment.

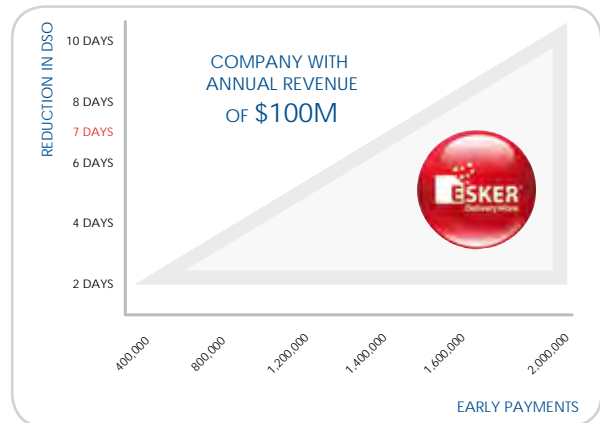
With Esker DeliveryWare, invoices can be sent as they are prepared, and customers can start their internal payment process right away. This real-time invoicing can significantly reduce Days Sales Outstanding (DSO).



Additional cash

Imagine a company earning \$100 million a year using conventional invoicing processes. With 250 business days in a year, and if the customers were all paying on time, the company would take in \$400,000 a day. Of course, the reality is that customers often do not pay on time. But even with a conservative assumption of half paying late, the company would take in \$200,000 per day.

With Esker DeliveryWare invoice automation, average DSO could be reduced by 7 days — amounting to \$1.4 million in early payments. With an average return on investment at 5%, the early cash collection could earn the company an additional \$70,000 in the bank.

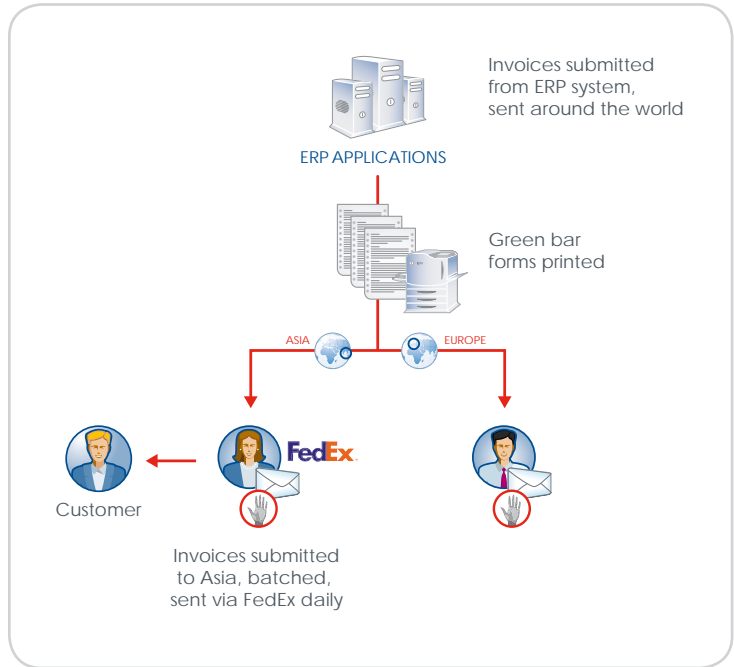


E-Invoicing Success Stories

Digital circuits manufacturer

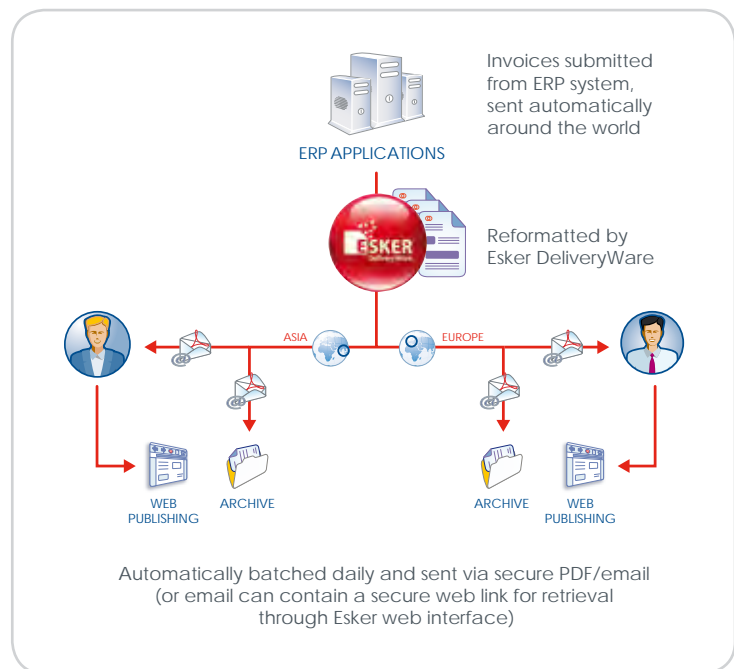
Challenge

- Manually printing 100,000 invoices annually to customers around the world — using old green bar forms
- Invoices to Asia are manually batched and sent via FedEx daily
- Invoices for Europe must be manually archived for VAT audits
- Estimated annual cost of \$98,000



Results

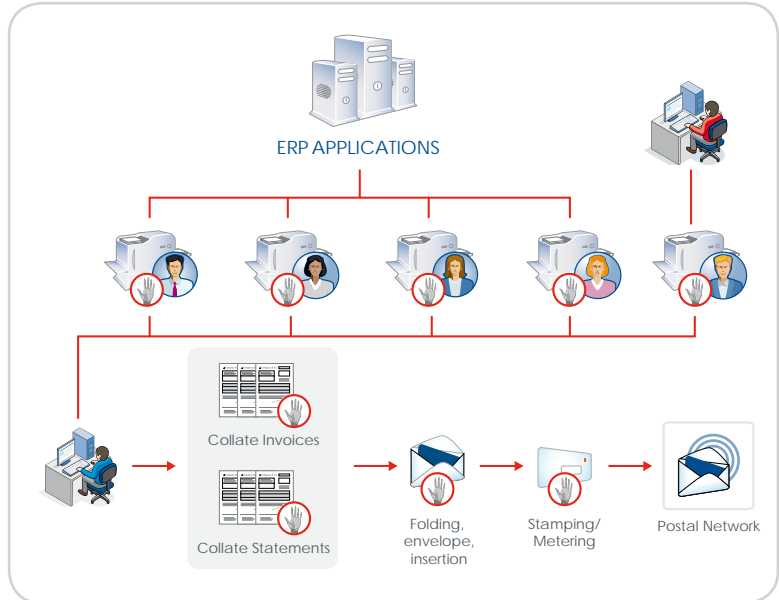
- Invoices automatically sent to Esker DeliveryWare, where they are reformatted
- Asian invoices are batched during the day, converted to a PDF and submitted to a secure website; email is sent to receiving customer with a link to the batched invoice
- European documents are converted to a PDF, emailed (as attachments or with a web link) and electronically archived
- Annual savings of \$68,000
- ROI in 3 months



Food manufacturer

Challenge

- Printing and mailing invoices
- Printing and mailing statements (approx. 3,500 x 10 pages per week)
- Time-consuming
- Inefficient
- Prone to errors



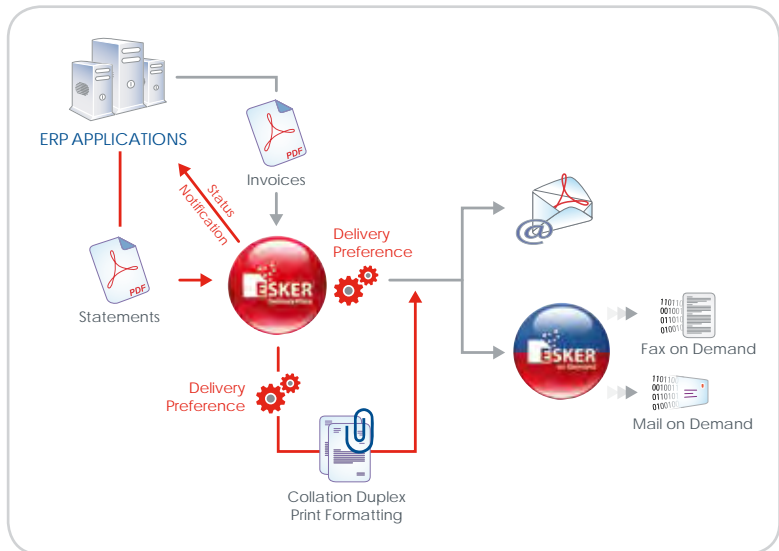
Results

Invoices

- Delivery preference determined from header page
- Formatted for black & white if fax

Statements

- Delivery preference determined from header page
- Formatted for black & white if fax
- Formatted for duplex printing to minimize paper/postage costs through Esker mail production facility





About Esker

Esker is a recognized leader in helping organizations eliminate paper and improve business processes with on-premise and on-demand document automation solutions. Integrating seamlessly with enterprise systems and other applications, Esker solutions enable end-to-end automation of any inbound or outbound document processes — billing, cash collection, sales order processing, accounts payable, procurement and more.

Esker was founded in 1985 and operates globally with more than 80,000 customers and millions of licensed users worldwide. Esker has global headquarters in Lyon, France and U.S. headquarters in Madison, Wisconsin.

For more information, visit www.esker.com.



MADISON, WISCONSIN
▪ U.S. HEADQUARTERS

Esker, Inc.
1212 Deming Way
Suite 350
Madison, WI 53717
Tel : 608.828.6000
Fax : 608.828.6001
Email : info@esker.com

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