



Introducing digital invoice processing

Process optimization is
easier than you think!



Introduction

The rise in remote work and the growing need for technology to support it has led many small and medium-sized businesses (SMBs) to adopt invoice processing automation more rapidly. According to an annual survey conducted by Capterra, a software and services review website, 61% of SMBs say they now have buyer's remorse over a technology purchase. While some companies are not happy with their rushed decisions, those that didn't move quickly to adopt new technologies are falling behind.

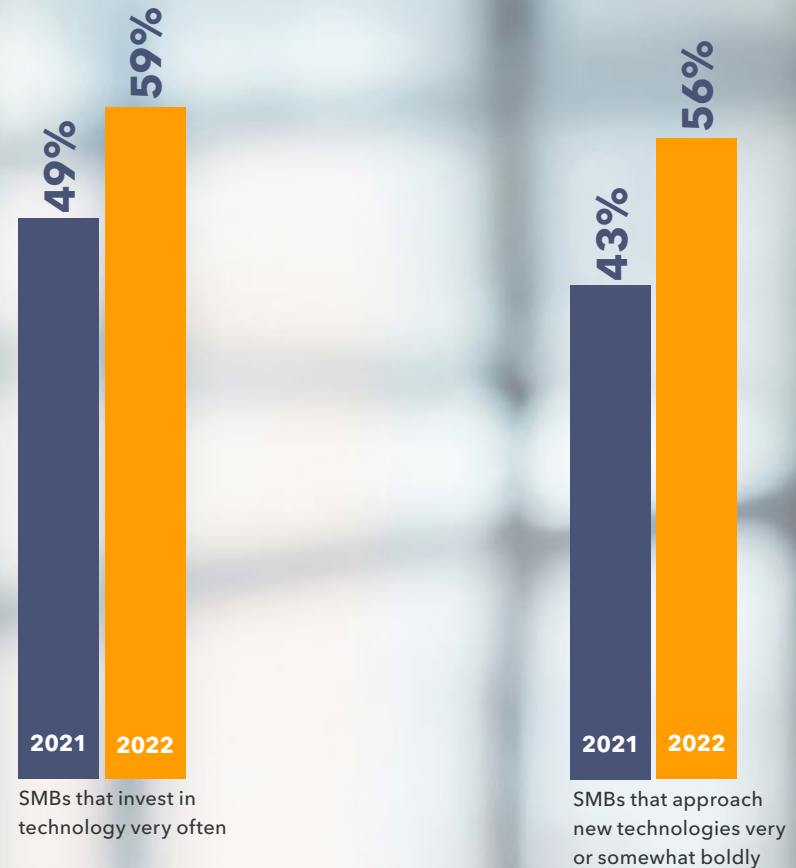
As a result, the number of SMBs that want to respond swiftly to external events, such as new competitors or an economic downturn, rose from 52% in 2021 to 63% in 2022. From 2021 to 2022, the number of SMBs that invest in technology rose from 49% to 59%, and the number of them that approach new technology fearlessly rose from 43% to 56%. These increased digitalization efforts in the SMB sector are, however, also threatening to widen the gap between the pioneers and the latecomers.

While digitalization may be on their agendas, many SMBs haven't begun implementation. Following the preliminary strategic work, when it comes to tackling invoice automation as an actual project, the question arises:

Where do we even start?

61%

of U.S. SMBs say they have buyer's remorse over a technology purchase in the past 12-18 months.



Source: [Capterra's 2023 & 2022 SMB Tech Trends Surveys](#)

Digitalization – step by step

Even if a digitalization strategy already exists for an entire company, a "big bang" switchover remains the exception. Typically, digitalization begins in selected areas and departments to limit risk and costs and gain initial experience with implementing the new solution.

It's most important to head off problems at the critical point between intention and action. Once this step has been taken, getting started with digitalization is simpler and more straightforward - especially when a company is working with a modern, sophisticated document management system (DMS) backed by highly skilled experts using proven methods to support a structured approach. In addition, if chosen, a cloud solution offers the advantage of eliminating the need to purchase and install additional hardware and software.

We recommend the gradual digitalization of processes in which the greatest benefit can be achieved in the shortest time. And most importantly, when taking the first step toward digitalization, seasoned professionals can reassure your employees and foster acceptance and understanding of the ways automation will make their jobs easier. They can help you provide compelling communication about changes to work processes and plan motivational activities to support the project.

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Digitalization and cloud

Cloud solutions for document management and workflow automation are available with flexible license models to provide a best-fit solution for companies of every size.

If the DMS is hosted in the cloud, the subscription should include the full range of capabilities - including automated intelligent indexing, eform creation, workflow automation and flexible integration.

With the cloud, you decide how many user licenses are needed and what storage capacity is required. A cloud solution is highly scalable and can be rolled out to additional departments with ease.

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Leading candidates for digitalization

Accounts payable and HR departments are the two most popular candidates for initial digitalization efforts. Both departments are essential to a company's success, so it's important that the transition has a positive outcome. Furthermore, the high number of legal and regulatory requirements in these areas results in documents and processes that are often standardized, simplifying the use of preconfigured solutions. This data is highly sensitive, making a strong case for establishing safeguards through sign-in with a unique ID, access permissions, data encryption and other measures that ensure data privacy and security.



Companies benefit from:

- A **significant reduction in workload** as well as **greater efficiency, quality and speed of processes**
- **Consistently enforced access** for individuals and clearly defined roles
- Increased **data security** and **data protection**
- **Version control and audit trails** that record who does what and when with each document
- **Automated and verifiable workflows** that enable compliance with internal regulations and legal requirements such as HIPAA, GDPR and Sarbanes-Oxley

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Invoice processing case studies

Jamestown Container

Jamestown Container designs packaging solutions, ranging from simple brown shipping boxes to creative and colorful options. Before DocuWare, the company's drivers used paper delivery tickets. Find out how equipping them with iPads is an important part of **digitalizing accounts payable**.

[Read the case study](#)

Buffalo Rock Company

Buffalo Rock Company produces and bottles a variety of soft drinks, which it sells to approximately 19,000 businesses. The company purchases items from 5,000 suppliers. Find out how DocuWare integrated with their Oracle accounting system and Microsoft Outlook to **eliminate duplicate data entry** and **streamline invoice processing**.

[Read the case study](#)

A.B. Martin

A.B. Martin Roofing is a one-stop shop for all things related to roofing, building and construction. They deal with multiple vendors from whom they regularly purchase steel and hardware. Discover how they **saved time and reduced costs by automating purchasing and accounts payable** with DocuWare.

[Read the case study](#)

Packaging Specialties, Inc.

Packaging Specialties, Inc. provides sustainable, environmentally responsible and affordable film packaging solutions to 27 different industries, including fresh produce, frozen food, drinks and snacks. Their Accounts Payable department uses DocuWare to **process invoices faster**. Making more timely payments to **gain more early payment discounts** is just one of the benefits they experienced.

[Read the case study](#)

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Invoice processing as the first digitalization project

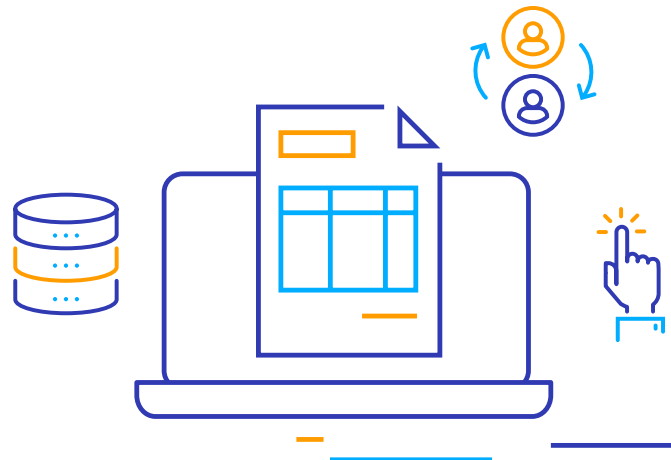
The major advantages of digitalization in accounting are clear. All documents are accessible around the clock – even when a member of your staff is on a business trip or working remotely. Using a central digital archive improves collaboration and enables access to real-time data. This is an essential improvement because many companies still rely on siloed solutions in their ERP or accounting software.

Automation can be used in accounts receivable, asset accounting and payroll, along with cost and performance accounting, payment transactions, e-banking, foreign currency processing, balance sheets, income statements, consolidation and liquidity planning. Lack of integration to share data between a DMS and these systems requires duplicate data entry. And, manual data maintenance results in a considerable amount of work. In addition, updates are time consuming and prone to errors.

Step-by-step approach

Accounts payable is a good lead project for digitalization, especially when it comes to processing incoming invoices. Any time saved in this area can be converted directly into dollars and cents. So, the investment can be amortized in a very short time.

What's more, everyone involved in the project can experience the benefits of process automation and learn that digitalization won't eliminate their jobs. Informal conversations between colleagues also spread the good news throughout the company. This dispels lingering reservations and makes employees less anxious about adopting the new technology.



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Common issues for SMBs

Invoice processing can be a major headache for SMBs. Filing paper copies and manual processing is slow and time consuming. It also increases the risk of errors and time wasted on corrections that lead to further payment delays.

Invoices record what product or service was purchased, when and from whom, the unit cost, total quantity of units purchased, payment terms and applicable taxes. Other financial information, such as early payment discounts or late payment fees, are also detailed. Even processing a check takes time because the accounting department is usually involved and sometimes management is, too.

That's why automating invoice processing makes so much sense. Embracing paperless processes saves time and eliminates mistakes. And, it ensures that the company doesn't miss out on early payment discounts or risk damage to vendor relationships. Digitalization also provides a good reason for putting the accounting department as a whole to the test in terms of principles of proper accounting and compliance with audit requirements.

Manual invoice processing? No, thanks!

The leap to digitalized invoice processing is clearly rewarding when compared to traditional approaches. In the past, suppliers created invoices for services performed or products purchased and sent them to the customer by regular mail, email or fax. At this stage, a copy of the supplier invoice may have been scanned for backup and audit purposes for the archive or filed away in a folder. Then the invoice data was manually entered into its ERP or accounting system.

After that, an accounts payable clerk matched the invoice to the correct supplier, purchase order and delivery ticket. Bottlenecks were typical during this phase, especially for larger SMBs where approval tended to take a little longer due to the many parties involved in the more complex authorization processes. And, this stage could be further delayed if someone who was an integral part of the process was ill, on vacation or traveling for business. Once the invoice was confirmed as correct, entered into the system and securely filed, it was approved and could be paid.

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Start your project



1. Establish a digital mailroom

It's time to retire these manual processes. To automate the receipt of invoices, the initial step is to digitize the mail. Scanners and computers equipped with intelligent software are employed to eliminate manual data entry and other tedious tasks in the invoicing process. In this first step, all invoices that arrive on paper - whether by fax or regular mail - are converted to digital documents.

Relevant data is extracted from all digital invoices, including those received by email or electronic data interchange (EDI). This process can be simple for structured EDIFACT or XInvoice documents, but can be complex for scanned image files or PDF documents, as the invoice data must be read using optical character recognition (OCR).



2. Automate standard processes

Once all documents, including purchase orders and delivery tickets, have been digitized, the next step is to transfer this data to the ERP or accounting systems. There, automated reconciliation is made between the orders and goods and services actually delivered.

At this stage, automation saves additional time when entering supplier data, as this can be done during the reconciliation process. To approve an invoice, the appropriate parties are automatically notified through a workflow. If they are on vacation or out sick, designated employees are informed automatically. It's also not a problem if they are on a business trip or working from home, as mobile devices are included in the workflows and all those responsible for approval have access to all the information they need.

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Under a manual process, the approval stage may take longer, depending on its complexity and if it needs to go through several departments when questions arise. There is a big contrast between buying a new coffee machine for the break room and purchasing the parts for an injection molding machine for a manufacturing plant. And it makes a difference whether the supplier is based in the US, EU, Asia or another part of the world.



Built-in error controls

Built-in error checking and automatic reconciliations ensure that the payment goes to the right supplier. Automation also helps to identify potential overpayments; for example, if an invoice doesn't match the order or if the delivery was incomplete. It can also help detect duplicate invoices. All this prevents multiple payments due to human error.

Once the invoice is approved, it can be paid. This step can be automated to save even more time. Automatic payments can be scheduled for predefined dates via online payment platforms or electronic banking so that payments are made on time. With automation, the margin of error is reduced dramatically in this process as well.

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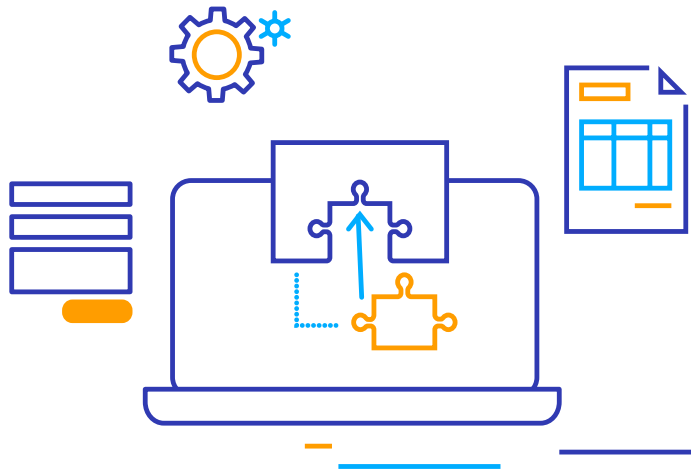
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Preconfigured workflows and eforms

When selecting the right DMS, it's important to ensure that invoice processing can be smoothly digitalized, whether it's in the cloud or through an on-premises solution. This is the only way to guarantee business rules and workflow can be converted without difficulty at a later date without technical and organizational obstacles, additional effort or licensing problems. It's also helpful if the DMS vendor can provide preconfigured workflows and electronic forms for common invoice processing tasks. These proven best practices make implementation much easier.



Easily customizable templates including those for archive structures, access rights or typical workflows can then be used "out of the box" without reinventing the wheel. Preconfigured solutions - such as digitalizing the entire incoming invoice process from capturing invoice data to distribution, verification and approval to posting in the ERP or accounting system - are ideal.

In this manner, all incoming invoices can be digitized and correctly archived with a solution like DocuWare Intelligent Indexing which uses machine learning to read data more quickly and accurately with every use, so that it is easily and quickly retrievable. Preconfigured workflows for direct or multi-stage approval, which can be easily adapted to all circumstances, also ensure more productive workflows and faster payments and audit preparation.

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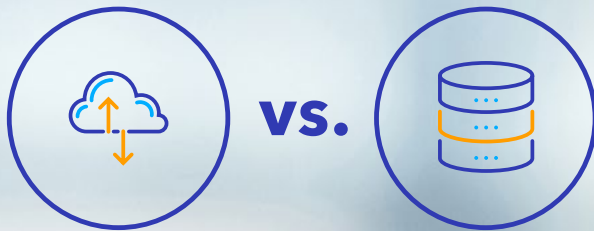
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Cloud or on-premises?

Digital invoice processing should be available with identical functionality both on-premises and in the cloud. The advantage of the cloud is that security, performance, scalability and reliability are the responsibility of the vendor, who has specialized knowledge gained through multiple implementations. This saves time and effort and reduces costs. If cloud operation is not a priority yet, a functionally identical solution should be installed on-premises. This opens up the option of a seamless transition to the cloud later on.



In this way, automation ensures a smoother workflow, fewer accounting headaches, and overall, a more competitive company. Employees can focus their time and resources on other tasks, contributing to growth and innovation. Automated invoice processing also means that all suppliers are paid on time, enhancing service quality and your company's reputation – an important facet of building and maintaining good customer-supplier relationships!

Easier regulatory compliance

Cloud-based invoice processing reliably ensures that your data is backed up in secure data centers. With an on-premises system, digital documents and data are simple for you to back up on your servers or in a hybrid model where your company uses the cloud for backup or additional storage. This eliminates the risk of an invoice getting lost. All financial data can be accessed in real time and any discrepancies can be identified at a very early stage. Subsequent digitalization of accounts receivable even provides a current overview of the company's cash flow and allows tracking the status of outstanding invoices. Digitalizing in this way positions the finance department as a key driver of the company's success.

In today's fast-paced, technology-driven world, digitalization also increases the entire team's flexibility by replacing time-draining manual routines and tasks with automated workflows. It also enhances a company's reputation as a modern workplace – a plus that should not be underestimated in times when skilled workers are in short supply.

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Consider legal requirements

When digitizing invoices, it is essential to safeguard the fundamental aspects of data protection and legal requirements. Corresponding workflows and automation equip you to ensure that these legal requirements are met. This facilitates cooperation during internal and external audits.



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After a successful start in digitalizing invoice processing, a range of potential follow-up projects present themselves. For example, digitalization can be extended to the HR department, which also benefits greatly from adopting automated processes.



The digitalization of HR processes is an extremely advantageous move because it involves the entire workforce. HR may be using digital personnel files, electronic payroll, and self-services for vacation requests or performance reviews. On the other hand, it may make sense to push ahead with digitalization in accounting, focusing on accounts receivable or payroll.

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Set priorities

Each company must determine its priorities when it comes to digitalization projects. One thing is clear: If the projects are spread across different areas of the company, an enterprise-wide digitalization strategy should be defined beforehand to avoid any potential incompatibility with existing systems or workflow design friction. Following the successful digitalization of invoice processing and human resources, automating payroll is a logical next step. Workflows shared between these two departments can benefit every member of the workforce, for example, with electronic payroll.

Working with stacks of paper, file folders and manual processes is becoming obsolete. Companies in various industries are speeding up their digital business transformation to achieve sustainable growth and profitability. In [The Economics of Uncertainty: The Outlook for 2023](#), a white paper issued by the Institute of Finance & Management, Catherine Cantasano, Executive Director and Treasurer at W. P. Carey Inc., an international commercial real estate investor and developer, recommends automating AP to free up valuable staff time. "That's going to help everybody spend more time on cashflow forecasting, looking at working capital initiatives and improvements. I don't need people to keypunch invoices when a system can read everything and automatically get it into our GL. That will give the AP personnel a lot more time to do the analytics that will help them reduce costs," she says. Companies that have invested in AP automation are better suited to scale up or down, she concludes, because they're already as lean as possible, and can still add processing volume without adding headcount.



Introducing digital invoice processing



Do you want to look for the right solution for your needs right away?

Arrange a demo now and test our cloud-based solution. DocuWare for Invoice Processing with preconfigured workflows for **30 days free of charge**.

[Request a demo now](#)



About DocuWare

DocuWare is a leading provider of document management and workflow automation solutions. Together with its 800+ strong partner network, DocuWare has helped approximately 17,000 customers across 100+ countries simplify their work through digitizing, automating and transforming key processes.