



SMART FINANCE GUIDE: ACCOUNTING

Harnessing AI to Streamline Accounting Automation with Intelligent Document Processing

Table of Contents

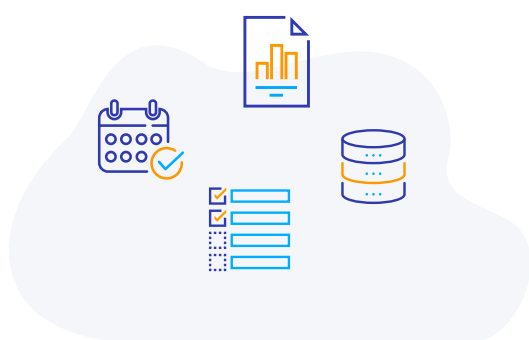
Introduction	3
How does IDP work?	4
Defining the building blocks of IDP	4
Benefits of IDP	6
How IDP is used in accounting departments	7
Case Studies: IDP IN ACTION	8
Best practices for implementing IDP	11

Introduction

In this ebook, we will introduce you to the benefits of implementing Intelligent Document Processing (IDP), an AI-driven solution that captures, classifies and extracts data from documents in almost any format. With IDP, your company will benefit from advanced technology that increases productivity and allows staff to concentrate on more meaningful work.

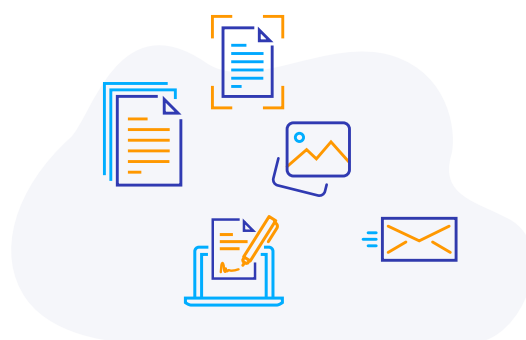
What makes IDP different?

Traditional capture methods only handle structured data that is well-defined and always appears in the same location on a document. In contrast, IDP excels in capturing, classifying and extracting unstructured data as well.



Structured data

SQL databases, timesheets, Excel files and data from online forms



Unstructured data

Emails, scanned documents with handwritten annotations, images and digital photographs

IDP also processes handwritten and poor-quality documents and can understand and extract information in context.

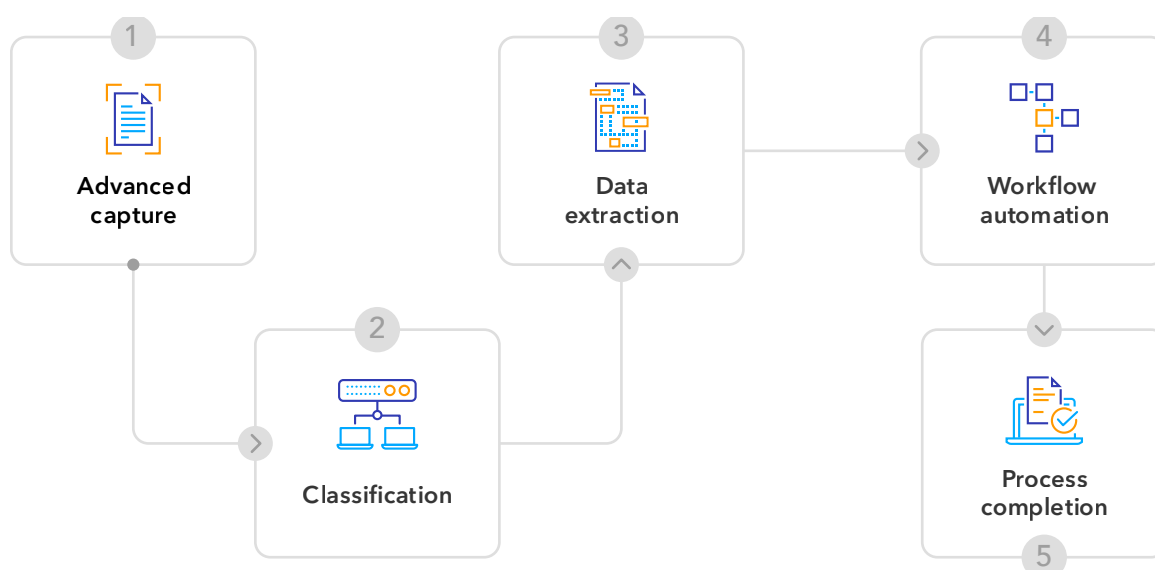
How does IDP work?

Along with advanced optical character recognition (OCR) and handwritten text recognition (HTR), IDP incorporates **artificial intelligence (AI)** and **machine learning (ML)**, a subset of AI. IDP systems don't just recognize characters on a page; they interpret the meaning of the text, allowing for more precise data processing, streamlined workflows and simplified information exchange with your other business software.

Machine learning enables AI models to learn from data patterns and prior interactions, refining their performance and accuracy over time. This ensures that the benefits of IDP continue to grow, boosting value and performance.

In addition, IDP uses deep learning, a subfield of machine learning, to process data in a logical way that is similar to human reasoning. It uses layers of algorithms, known as artificial neural networks, to perform this analysis. IDP also uses natural language processing (NLP), which allows the software to understand, produce and manipulate human language.

Defining the building blocks of IDP



These key technologies are at the core of IDP:

- **Optical character recognition (OCR):** Thanks to OCR, physical documents can be converted into machine-readable text.
- **Handwritten text recognition (HTR):** HTR converts handwritten notation into editable text.
- **Data extraction and classification:** Documents are automatically sorted and filed, and relevant content is extracted as structured data.
- **Machine learning (ML):** Machine learning enables continuous learning and improvement of AI algorithms.
- **Natural language processing (NLP):** NLP enables the understanding of human language in documents and is therefore crucial for information extraction.
- **Neural network:** An artificial intelligence method that enables computers to process data in a way that is similar to the workings of the human brain.
- **Machine learning model:** A neural network that is trained to understand, interpret and process documents, extracting useful information such as dates, names or monetary amounts.
- **Application programming interfaces (APIs):** APIs are a set of rules and protocols that enable applications to communicate with each other through a predefined group of commands and responses. Their use facilitates seamless integration into existing accounting systems.

Benefits of IDP

DocuWare Intelligent Document Processing uses AI and machine learning to surpass traditional document automation capabilities. This is a summary of IDP's most significant advantages.



IMPROVED ACCURACY

IDP minimizes errors in data extraction and classification, significantly improving data quality. It capitalizes on advanced AI technologies to classify documents based on their content. It also uses AI analysis to identify and extract important information, such as dates, document types and signatures.



EFFICIENCY AND COST REDUCTION

By automating manual document processing tasks, businesses can significantly reduce labor costs, minimize errors, and reduce processing time. This leads to faster decision-making and enhanced customer service, ultimately driving higher revenue.



ADVANCED PROCESSING OF COMPLEX DOCUMENTS

IDP can handle almost every document type, making it versatile enough to adapt to your business needs. Custom or prebuilt AI models boost operational efficiency by automating data extraction and document classification and exporting the data into your company's workflows.



AUTOMATED PREPROCESSING, SPLITTING AND CROPPING

IDP automatically splits batches that contain multiple documents without separator sheets or barcodes. Cropping standardizes the sizes of documents from various sources, ensuring consistency and optimized processing.



SECURITY AND COMPLIANCE

Meeting data security and privacy concerns is critical because IDP systems handle sensitive information that must be protected against data breaches and unauthorized access. The technology uses robust data privacy, encryption and security controls and supports adherence with compliance standards such as the Health Insurance Portability and Accountability Act (HIPAA).

IDP software uses protection algorithms that safeguard processed and stored documents against unauthorized access. IDP also creates audit logs that detail document processing activities which are needed to demonstrate regulatory compliance during audits.

How IDP is used in accounting departments

Accounting

- Automating complex journal entries
- Performing and documenting account reconciliation
- Calculating and applying allocations
- Maintaining fixed-asset accounts

Accounts payable

- Entering paper interchange invoices
- Performing 2- and 3-way matches
- Processing expense approval requests
- Identifying duplicate payments

Accounts receivable

- Validating invoices
- Applying cash to outstanding balances
- Analyzing and processing disputes
- Creating aging and credit hold reports

Financial planning and analysis

- Building standard management reports
- Consolidating and validating budget and forecast inputs
- Gathering accurate data for analysis

Payroll

- Flagging timesheet errors and omissions
- Comparing reported hours against time scheduled
- Calculating deductions
- Standardizing data across multiple timekeeping systems

Additional uses

- Preparing external reporting templates
- Conducting transaction audits for high-risk areas
- Preparing wire transfer requests

DocuWare IDP digitalizes AP processes at a thriving healthcare network



HVVG manages a network of 24 assisted living and nursing home facilities in Hamburg, Germany and the surrounding area. Before implementing DocuWare IDP, their business processes were paper-based and inconsistent across locations. Their staff spent an enormous amount of time on tedious sorting, copying, filing, archiving and manual data entry.

CHALLENGE

The company wanted an IDP solution that could be used companywide. Ease of use was equally important since their staff of 3,600, needed to navigate it easily – including those with less experience with technology. Smooth integration with existing systems was also important.

RESULTS AT A GLANCE

70%

faster invoice processing



VENDOR RELATIONSHIPS

Improved collaboration and early payment discounts.



EXPANSION READY

Ready to extend digitalization to HR and quality management.

With DocuWare IDP, invoices and accompanying documents, such as delivery notes, are scanned, classified and indexed along with documents that are received electronically. For example, IDP classifies, extracts data and routes invoices and related documents into a designated workflow for approval. Using AI, IDP automatically recognizes relevant content, such as the invoice number and date or the supplier's name and vendor number no matter where the information is located in the document. Human intervention is rarely necessary.

This highly automated process resulted in a time savings of almost 70%. The company has also improved vendor relationships and can take advantage of more early payment discounts. Automating invoice processing is the first part of an overall digitization initiative. In the next phase, DocuWare IDP will be used in other departments including human resources and quality management.



”



“We have achieved a time savings of 60 to 70 percent in invoice processing. Each invoice now takes under 10 minutes to process instead of the nearly 30 minutes it used to take.”

– Gereon Steinkuhl, Project Manager at HVVG

Lightning-fast order processing at an online retailer



connox

Connox, a leading online designer furniture retailer reduced the amount of time their team spends on order processing by 70% thanks to DocuWare IDP. Previously, order confirmations, delivery notes and invoices were processed manually. This meant that each transaction took between 5 and 30 minutes to complete.

AUTOMATED APPROVAL FOR A SMOOTH ORDERING PROCESS

Connox's goal was to set up an automated approval process that seamlessly handles the entire process after an order is received. This includes confirming the order, checking prices and items and efficiently managing delivery notes and invoices. The aim was to minimize manual intervention, speed up processes and increase the accuracy of data extraction. To achieve this goal, DocuWare IDP's innovative AI technology was used to automate document processing. By integrating advanced OCR and AI technologies, DocuWare IDP was able to automate the verification and review processes for all order-related documents.

Time savings and optimized accuracy

Connox was able to reduce the time required to handle order processing. Tasks that previously took 30 minutes can now be completed much faster, significantly improving productivity and operational efficiency. In addition to time savings, DocuWare IDP's technology has improved the accuracy and consistency of document processing. This improvement not only led to fewer errors but also optimized the entire workflow. In this way, Connox has taken a strategic leap into a future where automation is a key driver for growth and success in the highly competitive e-commerce space.

Best practices for implementing IDP

Your software vendor can help you with many of the following steps. There's no need to go it alone.



ASSEMBLE A PROJECT TEAM

Your team should have varied expertise and perspectives. Make sure to include an executive with decision-making power and a member of your IT department, along with department managers, users who will have different insights than their manager and member of your communications team who can help you get employees excited about the changes.



CONDUCT A CONTENT AUDIT

Embarking on the IDP journey begins with a thorough analysis of the existing document management ecosystem. Understanding the types, volumes and complexities of the documents in play is critical. This content audit lays the groundwork for a successful implementation.



DEFINE YOUR OBJECTIVES

Clearly define goals that your company wants to achieve. These objectives can focus on areas like improving speed, accuracy, resource allocation and customer experience.



CRAFT AN IDP STRATEGY

With a firm grasp of the current document landscape, the focus should shift to developing a strategic implementation plan, ensuring that IDP becomes a catalyst for efficiency and innovation in accounting workflows.



PRIORITIZE PROCESSES

Identify the documents that IDP will capture and classify and determine the information you would like to extract. Then create workflows that outline the sequence of actions required to complete the processes. Map out each step, including document flow, the role of each participant and defining decision points.



CONFIGURE THE PROCESSES

Put your design into action by setting up triggers, conditions and rules in the process automation software.



TEST AND REFINE

Before deploying workflows, you should thoroughly test them in a controlled environment, also known as a sandbox, that does not access other parts of your technology infrastructure network before deploying them. This enables your team to identify errors or unexpected issues and fine-tune the workflow based on the test results.



TRAIN YOUR STAFF

Make sure your staff knows how automation impacts their roles and responsibilities and how to handle exceptions or errors. Set up hands-on training for power users first so they can act as a resource. Then schedule sessions for other employees. Follow-up with documentation and how-to videos employees can use for reference.



MONITOR AND OPTIMIZE

Once implemented, closely monitor the automated processes. Use analytics and reporting tools to track performance, measure key metrics and identify areas for improvement. Continuously optimize the automation to adapt to changing requirements and address new issues.



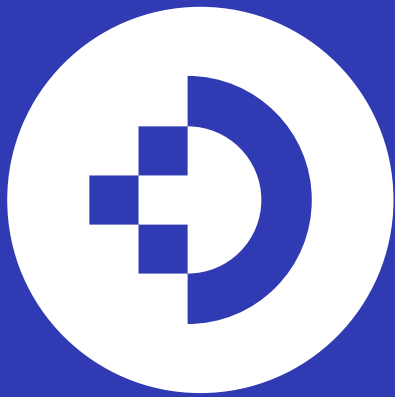
BUILD IN OPPORTUNITIES FOR CONTINUOUS IMPROVEMENT

Regularly review and update IDP processes to align with changes in technology and business goals. Embrace a continuous improvement culture to maximize automation's benefits in the long term.



**See DocuWare
Intelligent Document Processing
in action**

[Contact us today](#)



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 19,000 customers across 100+ countries simplify their work through digitizing, automating and transforming key processes.

start.docuware.com