



The Buyer's Guide to Choosing APIA Automation Technology



Preface



Welcome! We are glad you decided to learn more about buying a APIA solution. If you are new to the selection process, this is a great guide. And if you have been evaluating APIA solutions for a while now – this is also the perfect guide for you!

We know that the business of automation technology has gotten confusing and complex...some would even say convoluted. We have been doing this for a long time (since 1994) and we have accumulated a lot of real-world knowledge that can help you navigate the options available.

We've organized the information for easy consumption for people on the go – chapter subjects are based on real questions we get every day. Each chapter stands alone and allows you to zoom right in on what you are most interested in learning. If you don't see a subject you are looking for, or if you have questions we have not addressed here, please let us know. We'll provide the information you need and update our materials to benefit other professionals.

Table of Contents

Introduction	1
---------------------	----------

Chapter 1

What Should APIA Do for My Company?

At its core, automation should allow you to put your process on autopilot, instead of paying your people to be on autopilot. It should also simplify all the tasks routinely handled by your AP department, increase visibility into your spending and liability, and decrease risk exposure.

Chapter 2

How Do I Know if I'm Getting Everything I Need in an Automation Solution?

It's essential to establish your requirements in terms of functionality, IT environment and integration, demands on resources, and timeline before making a decision. Automation is far from being a "one-size-fits-all" project, but when requirements are properly assessed, and the solution is tailored to meet your immediate needs while allowing for growth, you can expect to see benefits that far outweigh your investment.

Chapter 3

What Questions Should I Ask Potential Automation Partners to Make Sure I'm Getting the Best Match?

You are not just choosing a software product; you're entering into a relationship with a long-term partner that you will depend on for training and support, software updates, advice on best practices, and more. You want to be assured that the partner you select will provide enhancements and improvements that are tailored to your specific needs and responsive to changes in your business.

Chapter 4

Standard vs. Custom – Which Option Will Best Serve in My Situation?

No matter how complex you think your financial operations and accounts payable process are, it's likely that there is a solution that can be configured to meet your needs without significant investment of time and money that a custom solution demands – so that is seldom our recommendation. On the other hand, you may need a solution that is more customized than the limited "configurations" offered by many vendors.

Chapter 5

How Many Vendors Are Necessary to Get the Integration I Need?

From PO requisition to data capture to automated workflow to document record retention – it is possible to work with a single partner who can handle all aspects of your APIA from beginning to end.

Table of Contents

Chapter 6	11
Who Are My Stakeholders and How Do I Get Them on Board?	
To simplify making the best decision and prepare for a smooth initialization process, you'll need to begin by identifying key peers who will be impacted by an automation project. Once identified, you can work with these stakeholders to build their vision of how the proposed changes will benefit them and to include their input in the creation of your project requirements.	
Chapter 7	13
How Do I Set Realistic Goals for Short- and Long-Term ROI on Automation?	
Yes, you can and should achieve a return on this investment. Setting goals early in the process will help guide your decisions now and as you go through the initialization of whatever solution you choose.	
Chapter 8	16
What Do I Need to Do to Make Converting to an Automation Solution as Smooth as Possible?	
We've heard many stories of vendor software being purchased and installed but never initialized because steps that should have been taken during preparation were not taken into account until after the fact. Whether you are migrating from another automation system or converting your manual/paper process to automation, there are change management steps you can take right now that will make your new solution a success more quickly and efficiently.	
Chapter 9	18
What Role Should I Expect the Solution Provider to Play in Getting Us Fully Functional on the New System?	
The level of involvement you can expect from your automation partner will vary greatly from provider to provider, as will the fees charged for that support. You'll want to be diligent in clarifying expectations about software set up, staff training, and access to support prior to making your decision.	
Chapter 10	20
What Questions Should I Ask During Reference Checks Ensure I'm Getting the Right Information?	
The best way to determine whether or not a company is a good partner for you and if their solution will meet your needs, is to ask to contact the company's current clients. But before you check references, you need to define what you want to get from a reference call.	

Introduction



You already know that APIA offers significant benefits, so chances are you've been considering a change for some time. But do you know what sticking with a paper system or an outdated or inefficient technology system is really costing your organization?

It's easy to hide the actual costs of inefficiency in a system that seems to be working. It's easy to fall into the trap of thinking that your process is just too complex to automate. It's easy to overlook the time your staff spends just making the system work, instead of working the system. It's easy to discount the tribal knowledge that your system's success depends on, but which isn't a documented part of your process, leaving you vulnerable if a key staff person is not available when that knowledge needs to be tapped. It's easy to treat late fees and missed discounts as cost of doing business, rather than the significant loss of savings they actually represent.

Your system may not feel broken, but that doesn't mean it's the well-oiled machine that it could (and should) be with the ideal automation solution. Let us help you navigate the decision-making process to find an ideal solution for you.

What Should AP/IA Do for My Company?

In almost any process there are tasks that require a high level of knowledge and judgment, and there are tasks that are highly replicable that require little or no judgment. Automation takes over those tasks so that your highly-trained staff can focus on the tasks that only humans can do.

When automation works the way it should (and can) work, you will not only realize gains in staff efficiency and utilization, but you'll also see a return from all of the tasks that are currently falling by the wayside because your staff is too busy to see opportunities like early pay discounts or even avoidance of late fees.

Speaking of discounts and late fees – with AP/IA, losing money to late fees or missed discounts really should be a headache of the past. With the right automated workflow you can put all of your invoice data in one place and set flags for due dates and early pay cutoffs. This means you simply log into your automation provider's interface and are instantly alerted that an invoice is due or a discount expires.

A properly-tailored AP/IA solution not only increases visibility for better resource management, but it also increases compliance and reduces risk. Your data will be organized and visible to the appropriate people and only to those people, your approval matrix will be effectively enforced, and you'll have a record of every point of approval for every invoice. Your dependence on tribal knowledge will be vastly reduced and best practices will be baked into the documented workflow. Your documents and data will not only be easily retrieved for auditing – making preparing for internal, external, sales/use tax, or shareholder audits easier – but they're also archived and purged on a set schedule.

Of course, not all solution providers deliver these benefits, but this is a partial list of what AP/IA **should** do for you.

- **99%+ clean, usable data returned to one or multiple ERPs**
- **100% removal of paper**
- **Touchless invoice processing**
- **Automated AP workflow**
- **Enhanced visibility into liabilities**
- **Comprehensive reporting**
- **A 2- or 3-way purchase order (PO) matching process**
- **Fully-compliant record retention and destruction**

How Do I Know if I'm Getting Everything I Need in an Automation Solution?

Making a purchase decision about something that impacts as many aspects of the company as AP does can be daunting. That's why we suggest you start with a requirement list and think about features and "nice to haves" later.

When making your list of requirements, think about those functions without which the project simply isn't worth it. You'll want to gather input from all stakeholders about what those requirements will be. Your solution provider should also help you determine your requirement list, both for the initial configuration and for future functionality to support change and growth.

Here are some of the considerations you'll want to explore when establishing your requirements:

Change Management

The best way to be prepared for success is to do some careful assessment before you begin. Countless automation projects fail due to the lack of a plan for effective change management.

Start with evaluating what is working, and what isn't. What functionality do you want to preserve? What issues are there with your current process that you don't want to duplicate in an automated process?

How many employees currently touch invoices? How many vendors? Which of these individuals should be involved in your evaluation and at what level?

How will the change impact roles outside of the AP department? Where do transactions originate upstream? How are they resolved downstream? What is the timing of these processes and how would you like automation to affect the process and timing? What manual tasks will be eliminated and how are they interdependent with other departments or users?

Finally, what kind of help will your vendor offer in making sure that you have a plan in place for managing the upcoming changes?

Documents

What types of documents will your workflow need to accommodate and in how many different formats are these documents currently received? For instance, you might have electronic invoices, paper invoices, purchase orders, debit memos, drop ship or freight bills, and more.

At the very basic level APIA should reduce or even eliminate manual data entry of invoices regardless of the format in which they are received. If your goal is to free your staff from scanning or keying invoices then a solution with an experienced and highly skilled digital mail room is a requirement.

If achieving your department goals will require invoices to be matched to purchase orders then you'll need a pre-ERP match process – like DataServ's AutoVouch™ component – which matches electronically captured invoice data to the documents from the PO and receiving data.

How much of your volume is EDI data? Eliminating paper and manual data entry by converting paper documents to data is a key benefit of automation, but do not overlook the value of translating EDI data into electronic documents that can “ride along” in your approval workflow.

How important is accuracy of data capture? If this is paramount, as it is for our clients, you should require a reasonable guarantee that the data received will match your goals.

Integration

Does your process require all of those documents to be entered into one or more ERPs or are you planning on changing your ERP in the near future? Do your documents come into multiple locations? If so, you'll require a partner that is “system agnostic” and has experience integrating with multiple ERPs.

Do you need to manage both domestic and international locations? Again, you'll need a partner that has the experience to work with various cultures and expectations.

Ongoing Costs

It's easy to compare initial costs of a solution, but when you establish your requirement list, you'll need to evaluate ongoing costs such as price per invoice, system upgrades, support value, and so on. You'll want to examine your potential partner's history of pricing increases – are they predictable and reasonable? What about retention – how long do most of their clients stay with this provider?

Asking these questions during the reference process can help you avoid unexpected costs after you've adopted a solution.

Support and Customization

While most companies avoid a fully custom solution, you will likely need to have it configured to meet your requirements. Are you willing to be responsible for making those changes, or do you need a partner who will tailor their solution to meet your needs?

Any new system or process will require support to be successful, but there are huge variances in the levels of support delivered by different providers. Will you have access to a help desk? Do they have the capacity to support a new application? Does the provider support your users directly, or do they train a key person on your staff and leave it up to them to train and support additional users? What client success resources are included in each solution you're considering?

Make sure that each vendor specifies the level of support in their proposal and be extremely careful to compare the support options and costs of each option offered.



Immediate Needs vs Long Term Requirements

Many of our clients have very different needs now than they did when we set up the DataServ solution for them. Do you just need to eliminate manual data entry now but know you'll need straight-through processing in the future? Or maybe you have one division or newly acquired location that has a more urgent need for controls now and you'd prefer to start there and perfect the process before expanding to a company-wide solution at a later date. If so, you'll need to choose a provider who has modular options, or what we call the "bite sized chunks" option, that allows you to solve today's problems now without compromising your ability to expand that solution as needed in the future.

Once you've gathered input from your stakeholders, you're ready to start interviewing potential vendors.

What Questions Should I Ask Potential Automation Partners to Make Sure I'm Getting the Best Match?

Once you've determined how APIA will add significant value to your organization and developed your requirements list, it's time to begin the selection process.

There are numerous variables in APIA solutions, and many of the differences are subtle ones. But differences that aren't obvious or that look small on paper can add up to a significant loss of opportunities and dollars in daily application.

Many of those variables have an impact that will only be clear when you ask the appropriate questions and know how to interpret the answers. Of course, your requirement list will inform the questions you'll use to narrow the field, but here is a list of additional questions we encourage you to ask before making a decision:

1. Will this solution be able to handle 100% of our invoices and at what level of accuracy? Any solution provider should be able to explain their process for achieving their promised result. For instance, we use OCR technology combined with our digital mailroom in order to guarantee 100% invoice processing with 99% accuracy, and we're happy to walk you through the steps we take or even give you a tour of the mailroom if you're able to visit our office.
2. Will this solution require us to change our vendor's process or our vendor agreements/relationships? Supplier networks seldom have the adoption rate promised and can compromise your valuable vendor relationships.
3. Who is accountable for the results from the capture and validation process? Your partner should take ownership of the quality of your results.
4. Is their digital mailroom integrated into their solution or outsourced? If outsourced, do they manage the outsource relationship, contracts, and staffing or is that our responsibility? What procedures do they have in place for improving the quality of image and data capture?
5. What is the partner's role in getting our system set up and running? What is their methodology? What is the cost? At DataServ, we tailor the solution to your needs, initialize the solution with you, and help you capture your tribal knowledge as part of workflow documentation. Best practices are baked into every client solution, we don't leave until the system is working, and our comprehensive initialization services are all performed at a fixed fee, so you won't have any surprises.

6. At what volume does their solution typically make sense from an ROI perspective? For instance, we know that if a company is processing fewer than 1,000 invoices a month, you may need to scale back and start with a smaller solution.
7. How is their invoice processing priced? Does that pricing allow for flexibility if the volume changes? Many vendors use bulk pricing and require a contract based on anticipated volume, which means if you're at the low end of the bulk range or if your volume needs change to put you at the low end of the range, you'll be paying more than necessary.
8. Does their solution provide vendors with portal access for invoice tracking? Who will train the vendors?
9. How will I get my staff onboard with the new system? Is the partner experienced with change management? The DataServ initialization team not only has expertise in the technical requirements of getting your system working, but they also have experience in easing your staff into the new workflow.
10. Who is responsible for developing, scheduling and delivering training and help desk support? Are there options for on-site training and webinars? Is there an additional cost for support or training? We're very sensitive to the risk incurred when all transfer of knowledge and systems relies strictly on internal trainers, so we include ongoing training for your staff, as well as providing access to a highly-responsive help desk.
11. Who is responsible for upgrading and maintaining our system once it's set up? How much will we be charged for upgrades or modifications? With DataServ, ongoing process upkeep is included in our monthly service fees.
12. Is the solution a true multi-tenant SaaS environment managed in the cloud or traditional software hosted in a public cloud environment posing as SaaS delivery?

If you have done the work to establish your requirements and collect input from all stakeholders, the answers to these questions will likely narrow the field of viable solution providers considerably.

Standard vs. Custom – Which Option Will Best Serve in My Situation?

The standard vs. custom debate in APIA almost always ends the same way; it's great to have a solution built exactly to your specifications, but you don't want to wait two years to begin using it.

In truth, it isn't always great to have a solution built exactly to your specifications. Not only can it take years to develop and implement (during which time your specifications are likely to have evolved anyway), but once it's set up, you are vulnerable to any changes in the provider's capabilities to support and upgrade your product.

With a fully custom solution, the ease of getting an answer to every question you have is dependent on the support staff's familiarity with your customized software. Your access to updates or changes is equally dependent on their programming staff's availability and capability. Knowing that your business will undergo changes, does it really make sense to depend on a APIA solution that is both expensive and time consuming to create and maintain?

Another compromise that often results from extensive customization is the violation of best practices. While it's true that not even all standard software is compliant with best practices, the likelihood of loopholes and loss of appropriate checks and balances increases when software is designed "from scratch." That's why we designed the DataServ solution with best practices "baked in" and do not offer any options or customization that would veer from those guidelines.

Selecting a standard software solution usually means greater ease of training and more dependable support and upgrades. On the other hand, no solution is "one-size-fits-all," and being limited to standard options may require significant compromises to your ideal process. Many vendors refer to their software as "configurable," but usually they're referring only to a few standard options that you can select from.

The alternative to either standard or custom software requires something we call "tailoring." Much as a tailor would alter a pre-made shirt to conform to the specific measurements of a client, "tailoring" begins with a standard software solution and then offers an extensive range of options to create a solution that is a perfect fit for your company's needs.

A few examples of variables that you might not expect could be accommodated in a standardized solution:

1. What fields do you use to identify a vendor?
2. What fields need to be lookups from client data?
3. Are there location or vendor scenarios that would necessitate further review for things like tax accrual?

4. Are there special rules for invoices over a certain amount?
5. What are the required line level fields to enter a non-purchase order invoice?
6. What fields are required for entry to ERP?
7. What is your general ledger structure?
8. Can any account segments be automated from data captured from the invoice?
9. Do vendors invoice before they ship? How many days in advance?
10. Are there invoice header fields (such as location) that security access can be based on?

That is only a small sampling of the questions our team would review with you before proceeding with your solution, but it gives you a glimpse into just how “custom” a non-custom solution really can be.

The level of tailoring we are able to offer is largely due to the number of years we’ve been partnering with clients to design solutions to meet pretty much every imaginable requirement. That means we have an extensive library of options already built, documented, and tested. Beginning with standardized software means we can meet our commitment to build in best practices and provide consistent training and support while still delivering an efficient and cost-effective solution tailored to your specific needs but not created as a custom software build.

How Many Vendors Are Necessary to Get the Integration I Need?

There are many vendors in the marketplace that offer some components of a AP/IA solution. But there are significantly fewer that offer a complete, end-to-end solution. In fact, the AP automation industry is highly fragmented, which leads to inefficiencies and a lack of scale by any single provider.

Of course, it's never optimal to depend on multiple vendors to provide a complete solution. But, if you already have a contract with a vendor who is successfully meeting some of your requirements, it might be more cost-effective, at least in the short term, to select a solution provider whose capabilities fills in the gaps left by your current vendor.

If you are converting from a manual or paper system or planning a total conversion from another automation provider, however, you should expect to find a single vendor who can meet all of your requirements for workflow, document capture, pre-ERP 3-way matching, reporting, and document retention. This is essential to having the capability to receive, manage, and access financial data through every step of the document/transaction lifecycle.

This type of integrated end-to-end solution will provide:

- **Increased visibility over all invoices in your AP process**
- **Greater enforcement of financial controls around direct and indirect spend**
- **Ease of implementation and ongoing support with a standardized solution**
- **Significant reduction of system maintenance required by internal resources**
- **The ability to scale in an agile manner**

Too often we see decision makers settle for compromised integration or disparate systems to manage their purchasing and accounts payable operations, treating these two functions as independent processes. This leaves dangerous gaps at vital integration points and leads to frustration, inefficiency, and unnecessary costs. End-to-end integration of these processes will bring these two groups together and ultimately set you on a path to transform your Accounts Payable department from a cost center into a profit center.

Who are My Stakeholders and How Do I Get Them on Board?

A change in your accounts payable process impacts a lot of people. Anyone involved in procurement, approval, or payables processing will obviously be affected. So will anyone involved in risk management, budgeting, and financial reporting.

All of these roles determine your internal stakeholders, and it's important to coordinate with them before, during, and after implementing a new AP/IA solution. While having sponsorship from management is important, a lack of buy-in from any stakeholder can undermine a successful project.

And don't forget about your vendors. While they may not have a voice in your decision, if the solution provider you select requires vendors to conform to a new method for invoicing or belong to a Supplier Network, then they become stakeholders as well. Their non-compliance can either compromise your ability to experience full efficiency with your new system or require you to select new vendors based on their willingness to comply. Of course, if you are working with DataServ, the only change that will affect your vendors is your billing address or email address, since our Digital Mailroom converts all invoices into a Single Stream™ process for you regardless of the format in which they are received.

Identify And Reduce Pain Points

A good place for you to begin is to identify the pain points of each of the stakeholders involved. For management, it usually has to do with visibility, turnaround, accuracy, and lack of process documentation. For anyone who has a role in procurement or in approving invoices, it's usually invoice tracking or PO matching. For AP clerks, it's often the tediousness and repetitive nature of data entry, the frustration of handling vendor inquiries, and dealing with the various crises that are part of their daily experience. When these people understand that you are committed to selecting a solution that is designed to lessen their pain, they're more likely to support the change required to make that possible.

Put Change in a Positive Light

It's true that a new automation solution will mean doing things differently. Many of your stakeholders are going to ask for a solution that basically automates the exact process they are currently performing on paper or with other software. But that isn't usually in their best interests or the best interests of the company. Ask them to think instead about using this change as an opportunity to upgrade, not only the technology, but also their internal processes.

For instance, most companies have policies and procedures that were put in place as workarounds, and sometimes there are layers upon layers of those workarounds that have organically become the “how we’ve always done it” default. They aren’t designed for efficiency, and often they don’t meet the criteria for best practices, but everyone is used to them and they’re “working” – even if they aren’t working well. At DataServ, we understand that your people fear change partly because they take their responsibilities seriously and need to trust that the new solution isn’t setting them up to fail. Our goal is to deliver a solution that is designed to be “no fail.” We consider it a part of our job to work with our developers and technology architects to make sure best practices are “baked in” to every aspect of our software. Not having to be concerned with system design frees you and your staff to focus on improving your financial controls.

Define The Level of Support You Want And Need

Just as each of your stakeholders will have pain points caused by your current AP process, they will also have anticipated pain points associated with any proposed change to that process. Their concerns may have to do with the work involved in preparing for the change, with the initialization of the new solution, with staff training, or with ongoing support. All of those concerns are valid. Stakeholders probably have heard a lot of the same horror tales that we have, and they know what can happen if the project isn’t managed appropriately, or if a solution provider basically installs the software and leaves the staff to figure out how to configure and use it. Or their concerns may revolve around ongoing headaches, like training new staff members or access to live support.

Once you know their concerns, you can work with your solution partner to address them. For instance, working with DataServ, you will find that we’re right there with you from the beginning. We’ll provide you with a Rapid Adoption Kit™ to assist in project management, but you’ll also have access to our team of change management experts to guide you through every step of the process. We refer to our stand-up process as “initialization” rather than installation, because we don’t just install the software and leave – we’re there until it is not only up and running but running smoothly. We don’t expect that your staff will learn how to use the system by watching some videos or reading a manual or on-screen prompts. And we don’t just train your key people and leave it up to them to train the rest of your staff. We’ll train all of your staff, and as you hire new people, we’ll train them too. Not only is user administration training included in our service fee, but so is Tier 1, 2, and 3 support. So, you’ll always have access to the help you need. Finally, you won’t have to adjust your budget to get the level of training and support you need; our fixed-fee startup cost and monthly pricing models ensure that, regardless of your use of training and support, there will be no surprises.

It is usually impractical to involve all of your stakeholders in the entire decision-making process. But if you’ve invited their input and heard and responded to their fears and concerns in advance of your decision, you will enjoy greater success with your new APIA, as well as increased morale on the part of your stakeholders.

How Do I Set Realistic Goals for Short and Long-Term ROI on Automation?

As with any decision about allocation of resources, understanding how to establish and maximize your return must be a part of the process.

Because APIA impacts so many aspects of the business, you will find that ROI is also realized across a large spectrum. Some forms of ROI are measurable, some are less direct but in many cases are every bit as meaningful to the financial success of your company. For instance, you can quantify the amount currently being spent on late fees, so you can measure the savings when automation allows you to pay every invoice on time. It is more difficult to measure the opportunity costs of less than ideal visibility or fraud control.

Generally speaking, potential ROI falls into three categories:

- 1. *Direct Costs* – money you are currently spending to manage payables.**
- 2. *Potential Savings on Goods and Services* – money you could be saving through avoiding late fees, taking advantage of early pay discounts, or making better budget decisions due to increased visibility.**
- 3. *Reduced Risk* – fraud avoidance, lower staff turnover and increased loyalty and engagement, improved documentation and duplication of procedures.**

We recommend that you go through this list of questions and assumptions and fill in your own information. Then, ask the vendor if the software solution you are considering will eliminate or decrease costs in each of the areas covered here. Balance your initial costs against ongoing investments for support packages, training, updates, and so on, and you'll begin to see how APIA could pay off for you.

Direct Costs

It's no secret that paying your vendors costs you money. How much money depends on a lot of variables, but at the very least you have costs for staff, for paper management, for technology, and for postage.

Some of those costs are more obvious than others. For instance, you can compute the total staff cost for your AP department, but it's more difficult to calculate the cost of having those people performing low-level tasks that could be easily replicated through automation, rather than spending their time on tasks that could save you money, such as cost comparisons or vendor audits. You'll also want to give some thought as to how an overall increase to production, the addition of a new location, or a change in business structure would impact your staff costs. We usually find that automation means greater leeway of business change or increase without necessitating an increase in AP staff.

Actual costs for paper management are also difficult to quantify because they often get lumped into line items that include other tasks and outcomes. For instance, our experience tells us that most companies end up duplicating about 50% of their invoices to be routed to approvers, but those copies won't show up as a direct cost for invoice management. However hidden they may be, those costs can be significant – if you start with an assumption that your AP department prints 300,000 invoices a year, and each invoice is an average of two pages, and each page costs an average of \$0.07 to print, you would save \$42,000 a year simply by not printing any invoices.

You'll also need to factor in costs for document storage. Record retention, access, retrieval, and destruction can be expensive and challenging from a records management, audit, and compliance perspective. Not only does that involve direct costs, but it is also part of your risk management assessment.

Postage is another line item that is seldom broken out, but if you are receiving invoices at multiple locations and forwarding them to a central AP department, you could easily spend \$50,000 a year or more on postage.

Technology costs vary widely, but when you add up yearly costs for licensing, support, updates, and maintenance for all hardware and software related to AP processing, you will most likely find that the direct ROI for the right automation solution is easily in the hundreds of thousands.

Some questions you need to answer in order to generate your own ROI projections:

- **How many invoices does your company process each year and what is the average cost per invoice from receipt, to payment, to archiving the documents involved?**
- **How many invoices require a Purchase Order match? How does this impact both direct costs and delays in processing?**
- **What technology costs are currently associated with processing invoices?**
- **What are the employee-related costs and how much can you increase your business activities without increasing staff costs?**

Potential Savings On Goods And Services

Again, some of these savings are more obvious than others. It may be easier for you to see the amount you are currently spending on late fees than it is to see the amount you are not saving on early pay discounts. But in a scenario where your AP department processes 300,000 invoices a year and each invoice averages \$500, if even a quarter of those invoices offer a discount of even 2%, you could be saving more than \$700,000 a year just by taking advantage of those discounts.

Other activities to consider are projects such as vendor audits, cost analysis, or price comparison and negotiations that are seldom properly addressed on a regular basis that could result in significant savings.

Some questions you need to answer in order to generate your own ROI projections:

- **How much did your company pay in late fees last year?**
- **How many times did you issue a duplicate payment or overpay a vendor invoice?**
- **What is the average turn around to pay an invoice with and without a PO?**
- **How many vendors offer early pay discounts?**
- **How often do you renegotiate vendor pricing or analyze spend patterns for volume discounts?**

Reduced Risk

Risk is the least quantifiable of these three categories, but it only takes one averted incident to more than justify a transition to APIA. Of course, when we think of risk, our first thought is usually fraud or compliance infraction. But there are many other areas where you have risk exposure such as the training costs or loss of tribal knowledge involved in employee turnover, inaccuracies in budget projections, sales tax calculation and reduction, and exception management.

Some questions you need to answer in order to generate your own ROI projections:

- **Is your company dependent on tribal knowledge or are all of your AP processes fully documented?**
- **What does it cost in time, money, and lost productivity to replace a staff member?**
- **How long does it usually take your accounting department to close a period (month, quarter, year)?**
- **How confident are you that your risk management/fraud prevention controls are as strong as they need to be?**
- **Is your Approval Matrix fully documented and followed faithfully?**
- **Do you have team members cross-trained on all key tasks to prevent downtime in case of absences or turnover?**
- **How accurate are your monthly forecast reports?**
- **Are you paying sales tax on invoices that do not require it?**

Every company is unique, but these questions will give you a starting place for projecting a reasonable ROI for an automation project. If you'd like to drill down into specific variables and projections, our team is happy to help.

What Do I Need to Do to Make Converting to an Automation Solution as Smooth as Possible?

We've heard many stories of vendor software purchased and installed but never initialized because steps that should have been taken during preparation were not considered until after the fact. Whether you are migrating from another accounts payable automation system or converting your manual/paper process to automation, there are change management steps you can take right now that will make your new solution a success more quickly and efficiently.

We don't want to see anyone invest in a solution that will never get off the ground. The DataServ Client Success team collaborates with you early in the process to establish a plan that includes both Project Management (tasks and milestones) and Change Management (people). We're also committed to being with you 100% until your system is initialized and working smoothly.

That said, there are steps that you can take immediately regardless of the solution provider you choose. Not only will these steps ensure a more successful conversion, completing them will most likely indicate improvements you can make in your AP department even if you do not elect to start an AP automation project right now.

There are three common hurdles that can keep initialization of a new solution from moving forward. The first hurdle is Change Management, for which the research firm Prosci offers this terrific definition: "the process, tools and techniques to manage the people side of change to achieve the required business outcome." If your people are not prepared and equipped for change, then change will be painful at best and impossible at worst.

Because there is no better way to uncover deficiencies and inefficiencies in a system than going through a process to change that system, the second hurdle usually involves something that could have been predicted but wasn't. The surprises that arise due to lack of proper assessment prior to beginning the project can easily delay or derail your launch.

Finally, there is the sometimes Herculean task of collecting, documenting, and transferring tribal knowledge. As daunting as this may seem, not doing it puts you at a tremendous risk, whether you change your level of automation or not. The process of converting to a new automation solution actually does double duty of moving all that tribal knowledge into a predictable and manageable workflow, and it mitigates the risk exposure you face from losing vital information due to staff turnover, unexpected absences, or fraud that goes undetected because your checks and balances depend on the integrity of one or two people, rather than an impartial system.

Planning For Change

No matter how well you use technology, the ultimate success of any project rests on your people. You will need to get buy-in from the people whose lives will be affected by this change.

Start by recruiting one or more managers who will act as “sponsors” for the change; people who can lead the change both materially and emotionally. This person will act as a bridge between the decision makers, the other managers and clerks, and the approvers in other departments, and will probably serve as a liaison between your company and your vendor as well.

Think of the foundation of this phase as a stool with three legs: trust, training, and support. All three are vital to the stability of your project. You and your team must trust the technology and must believe they can rely on the people your vendor provides to help you through this transition period. You also need to define the level of training and support your people need to have confidence in themselves and their ability to succeed. Listen to the concerns of your key people, and make sure that you and your vendor are prepared to work together to make sure those concerns are addressed and that everyone has the resources they need.

Assessing The Current State

Chances are that your AP systems have evolved organically, rather like the layers of an onion. That means there are probably wheels being recreated and fires being put out every day that could, and should, be managed by a decision matrix and automation, instead of your hardworking staff. That also means there are probably steps built into your process that you don't know about and some that are no longer meaningful.

Avoiding surprises during automation setup requires much of the same preparation as avoiding surprises like theft, fraud, accidental overpayments, or missed payments.

Collecting The Tribal Knowledge

Almost every client we've worked with is astonished at the amount of tribal knowledge that cannot be accessed unless you know who to ask. It's not really that people hoard vital information (at least that isn't usually the agenda), it's just that having go-to people has always been more expedient than having a go-to system.

What Role Should I Expect the Solution Provider to Play in Getting Us Fully Functional on the New System?

The level of involvement you can expect from your automation partner will vary greatly from provider to provider, as will the fees charged for that support. Beware of vague offers of “implementation services” or “professional services,” as those are often code for expensive hourly consulting. You’ll want to be extremely diligent in clarifying expectations about software set up, staff training, and access to support prior to making your decision.

The first role your new partner should play, and one that should take place before you make your purchase decision, is determining what you really need, and what you don’t. If they provide a modular option, what we fondly refer to as the “bite-sized chunks” approach, then together you should determine what modules you need to integrate immediately and what should be added to future phases or omitted altogether.

Once you have decided on your requirements, you should expect a clear proposal that specifies all of the options you need and their corresponding prices. Also pay close attention to who will be doing the work in the proposal and who will be responsible for results. Does this solution provider rely on a third party or your IT team for implementation? Do they own the results or just the steps in the project plan? A true partner will offer fixed price projects, as their experience allows them to assume more of the risk. Any proposals based on “time and materials” will be unpredictable, so you should seek a partner that will commit to outcomes rather than hours.

The next item you will work on together is a plan to tailor their solution to your unique needs. You never want to violate best practices, but we’ve found that there are multiple ways to conform to those standards while molding the solution to match your usual workflow as closely as possible. Before you commit to this process, you’ll want to ask if their platform is built with the ability to be easily tailored to your needs or if flexibility requires time-consuming and costly customization.

If possible you should ask that your vendor collaborate with you on both the project (tasks and milestones) and change management plans (people). Ideally, they have been part of many conversions, and their expertise, combined with your team’s deep knowledge of your IT environment, AP process, and staffing composition should provide you with a clear roadmap for a successful initialization. You’ll want to review their rollout plan carefully, ensuring that you have clearly defined areas of responsibilities and costs. It isn’t unusual for additional hours or resources to be required during this phase, so make sure you know how those costs are calculated to avoid surprises.

Naturally, you can expect that your vendor of choice will install the software and offer some level of training. But beyond that, the level of service provided might run the gamut from nothing more than software set-up, to some assistance with tailoring the options, to comprehensive handholding until your people

have confidence in the new process and technology and their ability to use it. Testing will also be part of this phase, and you'll want to be sure your proposal is clear about testing costs, as well as who will be responsible for testing, revising, and retesting until your new solution is functioning as promised.

Training and support are also areas where you'll want to clearly define expectations prior to making a commitment. Some vendors offer only initial training for one or two key people, and those internal trainers will be responsible for getting you up and running and training new team members as they come on board. Other options range from initial training for the entire department with additional fees for ongoing or additional training support to initial and ongoing training as well as ongoing Executive Business Reviews to assess performance and improve utilization and efficiency.

All in all, determining the role your software solution provider should play is really about making sure they are prepared to play the role you require to make your AP automation project as easy and as successful as it can possibly be.

What Questions Should I Ask During Reference Checks to Ensure I'm Getting the Right Information?

The best way to determine whether a company is a good partner for you and if their solution will meet your needs is to ask the company's current clients. But before you check references, you need to define what you want to get from a reference call.

There are basically two approaches to checking references: 1) Validation or confirmation of the choice you have already made, and 2) Educating yourself on what the post-sale/implementation process will be like if you choose this provider.

We see several common types of reference requests, all of which are valid. Generally, they fall into one of these three buckets:

- 1. *Technical*** – how much and what type of work is required from IT?
- 2. *Results*** – did the solution deliver the desired ROI/business case?
- 3. *Experience*** – what has it been like working with this firm/platform?

Most commonly however, we are helping companies narrow down their requests and be more specific about what they ask when they ask for references. Specifically with AP automation which is not a short term or a one-time project, you should pay close attention to the longevity of a client relationship. As with a house (or your spouse), living with something or someone for a long period of time reveals both the good and the bad.

If you've been through the rest of this Buyer's Guide, you've already done a lot of the work to determine your needs for a AP/IA solution. You've considered a multitude of options and possibly even done some investigation of your current AP systems and process. So, you have a vision for how the ideal solution will work for your company and how the ideal vendor will partner with you to make that vision a reality.

When you contact references for any potential partner, your goal is to validate whether the vendor's sales story matches their clients' experience and whether their experience fits your ideal. That's why having your vision in place prior to making those calls is important – because it is that vision that will inform the questions you ask and how you rate the responses given.

That said, here are some non-technical reference questions we are commonly asked (they're great questions because we've been interviewed by some brilliant professionals) and some we think we should be asked (because they are the great questions that are often overlooked but can make all the difference in your decision-making process.)

Non Technical Reference Questions

1. How long have you been working with this vendor?
2. How well has the platform been maintained and supported over that period of time?
3. How well have your people been trained and supported over that period of time?
4. What were your goals/expectations when choosing this vendor?
5. Have you achieved your desired return on investment/business objectives with this project?
6. How long did it take to achieve those goals?
7. Was that your expected timeframe?
8. How did your costs compare to the proposal you received?
9. In what ways did this vendor/partner exceed your expectations?
10. In what area did they not meet your expectations?
11. What has your experience been during upgrades/enhancements?
12. Has the partner continued to support and develop the platform over time?
13. What experience with this technology did you have before working with this vendor?
14. What were the internal resources from your team did the vendor require to make this work?
15. Now that you have done this, what advice would you give to someone about to embark on the same journey?

Once you've collected responses from companies who have worked with your top two or three picks for a solution partner, you can rank their answers against your priorities.

Wrap Up

At this point, you're probably ready to make the decision to move forward with APIA. We've enjoyed putting this information together for you, and we'd love your feedback so that we can continually improve this guide, our products, and our services.

Jeff Haller, Founder and CEO



Jeff has spent over 20 years in sales, marketing and company-building. His expertise spans software consulting, information technology, and the telecom industry — together with programming experience in college formed the basis for the founding of DataServ in 1994. Although the term SaaS had not been coined, DataServ was the first Software as a Service provider of document and process automation. By working closely with DataServ's early clients, the focus quickly became financial operations and

Jeff became a strong evangelist for the SaaS movement. His experience spans a range of professional services, consulting, information technology, and telecom and he has an innovative vision for the future coupled with an eye towards helping to improve lives through business technology. He serves on the Board of UMSL Business, the Business School at University of Missouri St. Louis. He is also former Board President of the Foster and Adoptive Care Coalition, which is focused on eliminating the time kids spend in foster care by quickly finding them homes.

Connect with Jeff!



<https://www.linkedin.com/in/jeff-haller-29a0309/>



@JeffreyLHaller

