



What to expect from a modern P2P solution



Introduction

Are you looking for a solution to streamline and simplify your invoice management? Or are you perhaps looking for a solution that can provide you with broader support throughout the entire P2P (Purchase to Pay) process? There are many options on the market for solutions regarding e-invoices and invoice management. However, not all companies are offering complete packages with system support for the entire P2P process on a single platform. This document serves as a good guide for the procurement of system support for the P2P process, and is aimed towards you as a decision maker.

Digitalising the P2P process means that we have electronic support processes throughout the entire chain from purchase to payment.

Digital archive for contracts

All contracts are pulled together in one place, and are then available for anyone with authorisation to have direct access to this information. This is a simple way to categorise your contracts and a safe place where you can benefit from smart features through different parts of the P2P process.

Purchasing administration

By using a system for purchasing you gain full control of every purchase before it is executed. You gain control by having an assortment that's only based on current contracts with your suppliers in the system.

Invoice administration

The ledger with administrative tools to keep track on all invoices, regardless of the status of the invoices. Gathering all invoices in an electronic system, you gain the ability to monitor invoices and let the system automatically send out reminders, and thus ensure that payment is always made on time.

Automatic matching

One of the key features when we want to take automation to new heights is to automatically match invoices to purchase orders.

Managing expenses

Managing expenses is a natural part of the P2P process. It can often be complicated and time consuming to register expenses. Adding the current regulations into a system both simplifies and speeds up the process of registering the basis for compensation.

Workflow for approvals

Flexible approval feature for purchase orders or invoices with the ability to adapt the system to suit the financial model and regulations concerning authorisations of approval of the organisation.

Reports and Dashboards

Reporting should be easy to prepare, with graphic presentation and the ability to distribute reports to relevant decision makers in the organisation. Using a common system for P2P, you can get uniform statistics throughout the entire process.

Digital venue

Access to a venue for buyers/sellers, a global network interconnected with other operators in order to best reach out to all your suppliers.



"Digitalising the P2P process means that we have electronic support processes throughout the entire chain, from purchase to payment."

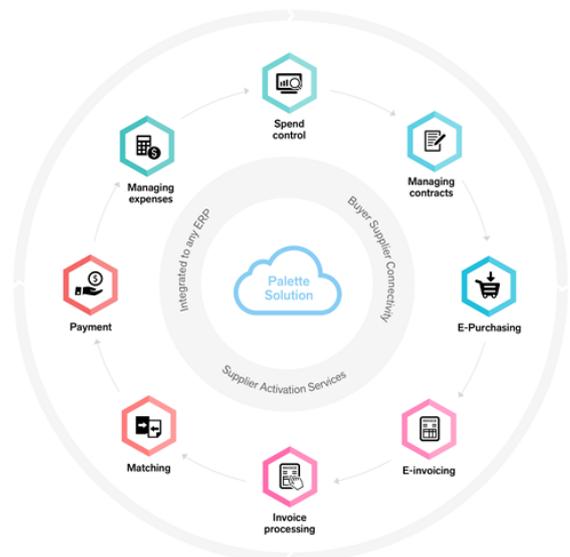
12 important requirements when you are looking for a Purchase to Pay (P2P) system solution

1. A common platform guiding you through the entire process from purchase to payment
2. Simple and efficient administration
3. User-friendly interface for workflow and purchase
4. Tested integration towards ERP
5. Tools for reports and KPI* performance measurements
6. Technological maturity/cloud services
7. Security and protection of information
8. Electronic venue for buyers/sellers
9. Experienced and competent organisation
10. Global presence
11. Tried and tested solutions from a trusted supplier
12. As-is analyse – the foundation of success

1. A common platform guiding you through the entire process from purchase to payment

In order to reach full automation, it's important to find a supplier that has complete support of the P2P process. Regardless of the support processes you need, you always have the ability to reach a little bit further with a supplier that supports the entire P2P process.

This creates transparency and visibility throughout the P2P chain, and the organisation will have a common platform (system), an administration, one single login and a common interface for all stages from purchase to when the invoice is ready for payment.



2. Simple and efficient administration

Using a common system for the entire P2P process, we get a simple and efficient administration. All information regarding the company, suppliers, users, accounting etc. are pulled together in one place. This is a calming force in the administrative organisation that can manage both the daily operation and maintenance, while there is still room to easily adapt the system to new business related requirements and requests.

3. User-friendly interface for workflow and purchase

Using a common login for users and a recognisable and easy to use interface, we avoid stress and irritation in the business. Regardless of whether I'm approving an invoice or making a purchase, the system is recognisable, intuitive and fast.

When you're able to approve directly in an e-mail or using a smartphone, the availability increases and it's easier to keep up without being at the office.

When making purchases of goods, only approved suppliers are visible. Alternatively, only approved assortments are available. This creates security and speeds up the process of locating the suppliers and the goods I'm looking for. It should be possible to shop for products and services using free text forms, searchable articles, or by using the supplier's own web-shop (so called punch-out).

4. Tested integration towards ERP

Integration with the ERP system is essential and perhaps the single most important component when we are implementing new types of technology support systems in the organisation. Having a flexible system park today means freedom – the freedom to easily add values with, for example, a specialised solution for P2P. Implementation and upgrading projects will be smaller and thus safer to conduct. In an ever-changing world, it's important to easily be able to upgrade your systems in order to implement and benefit from new, innovative solutions meant to develop the business.

Today, integration towards ERP usually happens in accordance with the recommendations of the ERP suppliers. To use an example, Palette offers packaged solutions for a variety of ERP systems (see link). In some cases, we improve our competence when we use close collaborations with our affiliates with expertise on related ERP.

5. Dashboards and efficient tools for reports

Dashboards and good tools for reports are a key feature, giving us the ability to efficiently follow up on financial key figures/KPIs in the process.

With the ambition to automate and streamline, we also need to bring P2P into our work on improving the organisation. In order to secure our success and ensure that we are always one step ahead of our competitors, set targets need to be followed up on regularly.

It can be set savings targets for individual sets of goods, but it can also be set targets to reach higher efficiency, e.g. to increase the proportion of e-invoices or to increase the matching rates of recurring invoices or purchase order invoices.

Global Spend Control and full P2P visibility



6. Technological maturity/cloud services

Implementing a system today should be easy and should support current technologies. Systems should be web based, mobile, responsive and available in the cloud. Security and user-friendliness are two other keywords. As a customer, you should now be able to set the same requirements on a cloud based solution as the solution you earlier installed in your own environment.

The choice of cloud solution or individual installation (on-premise) should be similar in terms of functionality and accessibility. Platform decisions are instead made based on internal IT strategies regarding operation, maintenance and cost.

Being able to keep up with the development and use of new technologies is important. So when choosing innovative technologies, it's also important to ensure that upgrades are continuously available, and that it's easy and cost effective to quickly receive updates.

7. Security and protection of information

Focusing on security and protection is important, in regards to both cloud based solutions and IT landscapes inside your own firewalls. It's a recurring question for requirement specifications – how we manage sensitive information about employees in

the organisation. The question is relevant, but in PaletteArena, sensitive information isn't stored per user, and login information is encrypted in the database.

Document security applies in general for business critical documents, and in particular for documents that are only supposed to be available to a few people in the organisation. Invoices with sensitive information about staff can be classified, thus preventing unauthorised people gaining access to the documents.

As part of the work on security and quality, Palette has conducted an audit review of the PaletteArena system. The review was made by an independent third party security consultant to ensure that the solution is safe. The objective of the audit has been to verify security of the following aspects:

- Unauthorised access
- Ability to read/write information without permission
- Execution of malicious code in order to take over systems and infrastructure

The results of the audit of PaletteArena show that the application is safe.

8. Electronic venue for buyers/sellers

In this day and age, no business can avoid digitalisation. E-invoices strongly contribute to helping businesses grow towards 100% digitalisation, and it's important to be able to provide services to reach all of your suppliers digitally. Providing technological solutions to achieve both small and large exhibitors of e-invoices is important – and when working on this, an electronic venue is necessary. This is done in order to get rid of redundant and expensive administration of technological solutions in the organisation.

Similarly, providers should be connected to purchases. Here, diversity is important, as not all suppliers support current standards, making technological flexibility important. We are also observing a trend towards more and more businesses using the suppliers' web based marketplaces as a means to make purchases from their own purchasing system. It's important that you, as a customer in your own technological platform, can reach all of these suppliers.

The relationships with our suppliers are often long term. Similarly, it's important to find a long term partner that can provide services regarding digital connection of suppliers, in terms of both e-invoices and purchase related transactions like catalogues, e-orders and connection to the provider's own web shop (so called punch-out).

9. Experienced and competent organisation

We are constantly reading that IT projects are often delayed and thus also made more costly. It's important to have a professional and experienced organisation for projects to be able to deliver the contracted system solution on time and within cost restraints.

Similarly, a continuous, value based relationship is important to create a long term, strategic collaboration with your P2P supplier. This means that the supplier continuously hosts competence strengthening activities like webinars, user-conferences and other activities that add value.

A streamlined support organisation can quickly and efficiently resolve any issues that arise in daily operations. Consultants and experts should in reasonable time be available to help make changes or improvements in the existing environment.



91% of our customers think that our customer service has high quality and skills.



94% of our customers find our project managers knowledgeable and responsive.

10. Global presence

Global or local (Glocal) – both aspects are important if I'm living in a global world. This can include transaction management (e-invoicing) across borders if I shop from foreign suppliers, but it can also include my own business if I operate in several countries.

A local presence can often contribute towards a healthy dialogue with the supplier in strategic issues. Similarly, it's often easier to communicate in a native language in support of issues arising during daily operations.

For example, Palette is represented by individual companies and/or strategic affiliates on five continents. Local presence is important in a globalised world.

11. Tried and tested solutions from a trusted supplier

When choosing a supplier, it's important to ensure the supplier's credibility in terms of customer satisfaction. Is there an established customer base of satisfied customers in regards to the product and project? Are customers getting the help they need when they need it, and are issues resolved in a reasonable amount of time?

Are resources available when customers need to develop further, or when they are faced with other decisions where they need representation from the system supplier?



95% of our customers feel that we are worth the investment.



95% of our customers recommend our products to others.

12. As-Is Analyse – the foundation of success

Needs and conditions are a big factor when choosing new technology support processes for P2P. Increasing profitability and ensuring efficiency within the organisation are often driving forces governing procurement. In many cases, there's also a clear requirement on reducing staff, or on the ability to grow without needing to recruit more administrative staff.

You have to make a feasibility study/analysis of needs, or in other words an analysis of the present situation of what your organisation looks like. During the work on this analysis, the current situation, targets and ambitions are identified. The results of the analysis give you the answer to what you need to do in order to reach your targets, and show the need for a technological system support.

A well executed analysis of needs breeds success

Needs and conditions are a big factor when choosing support processes for P2P. Increasing profitability and ensuring efficiency within the organisation are often driving forces governing procurement. In many cases, there's also a clear requirement on reducing staff. If we translate this to more practical needs, we can divide it into two areas of focus:

- Streamlining and efficiency. The demand to reduce time spent on administration
- Process improvement, control, and savings in regards to purchases

You need to initiate an analysis of the current situation/needs related to your organisation. This analysis will identify the current situation and will give you suggestions for targets and ambitions. To reach the targets, the results should suggest appropriate changes and needs of technological system support.

P2P includes both purchases and invoice management. This requires cooperation between the purchasing department and the finance department. Apart from good

administrative features in the system solution, we also need to meet the needs within the organisation. A large number of users will use the solution, both when making purchases and when approving invoices.

A broad representation during the feasibility study provides a good foundation for success. Working on change management helps to anchor the project, and to get the entire organisation to move towards the same goal. You need to have the organisation on your side when new processes, new regulations and new system supports are to be realised.

Listen to those who have experience, listen to those who have done it before. This can be the P2P software supplier as well as their customers.

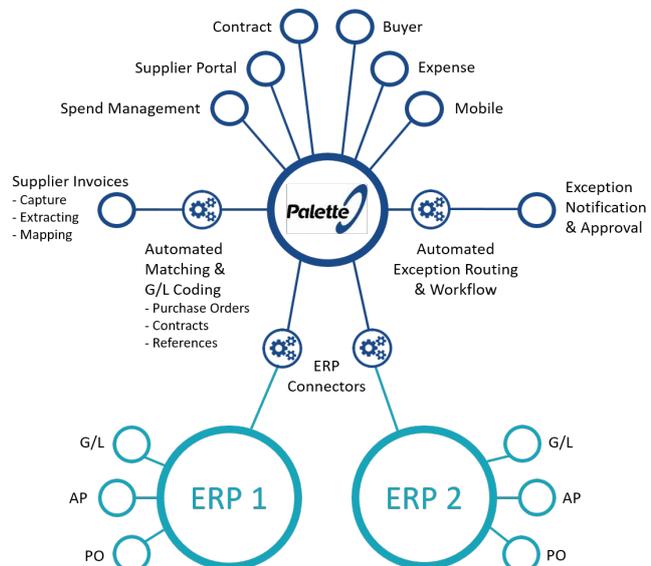
Why a system outside of my ERP? (ERP-Independent)

Many ERP systems on the market today offer total solutions, including software support for P2P. However, it's often better to look for niche suppliers for P2P. These are more advanced and offer more functionality, greater ease of use, mobility and cloud solutions.

Investing in an ERP system for all processes also creates a more complex world during system implementation or during upgrades. A flexible system park means freedom – the freedom to easily add values with, for example, a specialised solution for P2P.

Implementation and upgrading projects will be smaller and thus safer to conduct. In an ever-changing world, it's important to easily be able to upgrade your systems in order to implement and benefit from new, innovative solutions meant to develop the business.

In a mixed system park, you can have more than one ERP system, all of which are connected to the common P2P system. This makes it easier to make changes in the ERP system park while you at the same time keep the surrounding systems operational during the entire upgrade.



PaletteArena for Multi-ERP landscape

Digitalise your P2P process: complete function overview

To understand what demands we can make on a system for P2P, we split the solution into different components and within this framework list the most important features.

The choice of components is governed by our needs, and in dialogue with the system supplier we find the technological solution that best fits our needs.

PaletteArena:
Full P2P coverage



Contract management

All contracts are pulled together in one place, and are then available for anyone with authorisation to have direct access to this information. This is a simple way to categorise your contracts and a safe place where you can benefit from smart features through different parts of the P2P process.

One of the key features when we want to take automation to new heights is to automatically match invoices to contracts (recurring invoices). The volume of contract based invoices can be high, up to 30% of the total volume of invoices. This contributes greatly to the automation rate.

- Automatic matching of recurring invoices towards contracts
- Deviation management via workflow if invoices are deviating from tolerance limits
- Automatic reminders when contracts are about to run out
- Visualise contracts or adequate contract information in the purchasing process
- Visualise contracts in connection with the approval of the invoice



Has the contract expired?

Keep track of your supplier contracts and be reminded when they need action.

up to
30% of the
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Purchasing

By using a system for purchases, you get full control of all purchases before they are executed. The control is achieved by having an assortment that is only based on contracts with our suppliers in the system.

Through access control, you give users access to various parts of the assortment. In addition, electronic approval is required by an authorised person before the order is affected and sent to the supplier.

This provides control over purchases, and it also makes it easier for the business, which can feel safe in knowing that everything that's available is approved for purchase. It's faster and we gain time to work on our core business.

- Goods and services can be purchased in the system.
- Automatic accounting based on product and organisational affiliation
- Ability to connect your suppliers digitally via e-invoices, e-orders, e-catalogue, punch-out.
- Simple administration of catalogues, import of new or changed catalogues.

Who is buying what?

Manage purchases and data to achieve spend controls

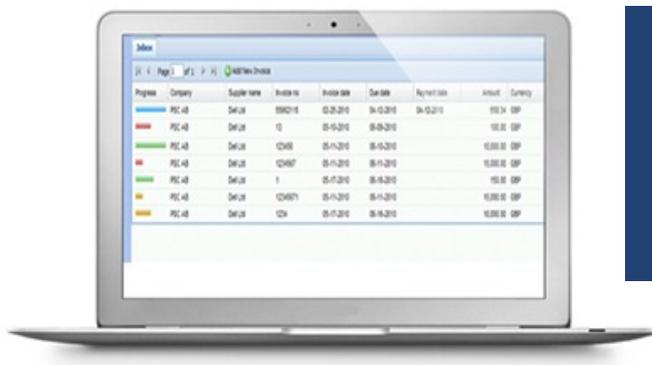


E-invoices and venues for buyers/sellers

E-invoices create the best foundation for automating the receiving of invoices. E-invoices can be managed completely without the involvement of humans, get accounted for automatically after arrival, and then sent for approval or get matched against order or contract.

As long as we don't fully adapt to e-invoices, we need to have a flexible solution that can also easily process paper invoices. A proven technology is to scan and automatically interpret the information of the invoice. The choice is often about if we are doing it ourselves, or if we are outsourcing the service for opening mail, scanning and archiving paper invoices.

- Access to a venue for buyers/sellers, a global network connected with other operators to best reach all your suppliers.
- The supplier has the option to check status on invoices via the venue.
- Managing of e-invoices according to current standards, both local and global – this means i invoices in traditional EDI, different XML formats, PDF invoices etc.
- Simple, user-friendly system for scanning and interpreting, with the possibility to manually verify paper invoices.
- Access to a strategic partner who manages opening mail, scanning, interpretation and archiving of paper invoices. Archiving is usually an optional alternative and must be set against the current regulations or organisational policy.



Have you paid me?
 Let your suppliers find answers to their questions themselves

Automatic matching of order invoices

One of the key features when we want to take automation to new heights is to automatically match invoices to purchase orders. It doesn't matter if we use matching towards article data or towards an individual order.

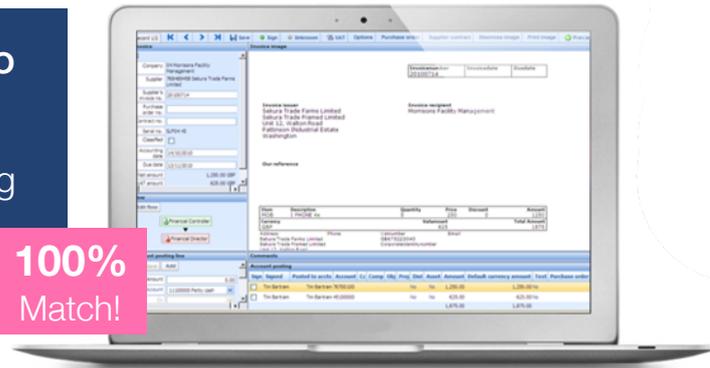
When matching, it's important that we are using good reports and follow up on invoices that aren't matched. This is done in order to make follow up easy and to continuously strive towards a higher matching rate.

- System installation is usually done using a template that applies to the entire business. However, it's important to be able to administer deviations for different companies in the group, or when we need to for different suppliers.
- Tolerance limits are set in the template for the group, but can also be adjusted for individual suppliers. Levels are set in percent and/or actual amount.
- Manual management of deviations in user-friendly interfaces with access to order information as effectively as possible to be able to make adjustments manually.

Take your automation to new heights

Unique cascading matching & routing technology

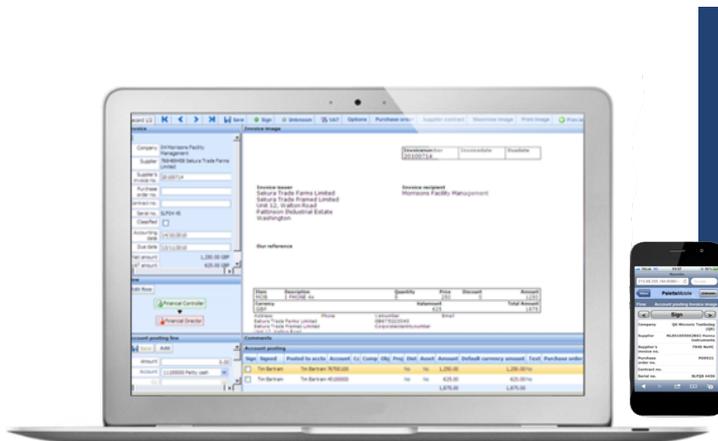
100%
Match!



Invoice management

The system includes a ledger with administrative tools to keep track on all invoices, regardless of the status of the invoices. Gathering all invoices in an electronic system, you gain the ability to monitor invoices and let the system automatically send out reminders, and thus ensure that payment is always made on time.

- One system fits all kinds of companies, no matter size or geographical spread. Management of more companies, regulations that are country specific and different languages.
- Flexible workflow feature for purchase orders or invoices has the ability to adapt the system to suit any financial model and regulation required concerning the authorisation for invoice approval.
- Predefined flow and accounting proposals determine how the invoice will get managed and accounted for in the organisation before it's fully processed.
- You can approve in user-friendly interfaces and accessible environments. You can approve directly in an e-mail or on a mobile device, like a smartphone.
- Ability to adapt the solution to your individual or industry specific requirements. This will reduce manual labour, assure the quality of information and create the best conditions for automation.



Are you free to leave
your office?

Approve and check invoices
using your mobile device

Reports and Dashboards

Working with a niche supplier, you as a decision maker get increased support for your decisions regarding the P2P processes. Reports in real time go without saying, but are perhaps more of a buzz word than a requirement. More important is that the reports are simple, graphically presented and include the ability to be distributed to relevant decision makers in the organisation. Using one system for P2P, you get uniform statistics throughout the entire process.

Dashboards and good tools for reports are a key feature giving us the ability to efficiently follow up on financial key figures/KPIs in the process.

With the ambition to automate and streamline, we also need to bring P2P into our work on improving the organisation. In order to secure our success and ensure that we are always one step ahead of our competitors, set targets need to be followed up on regularly.

- Click, twist, filter and turn the data around to get 360^o view of the organisation's expenses
- Total control throughout the entire P2P process, from purchase to payment
- Supplier statistics: volume, transactions, articles etc.
- Up-to-date information available daily
- Identify bottlenecks in the organization

How are we performing?

Control the entire P2P process, live, as it happens

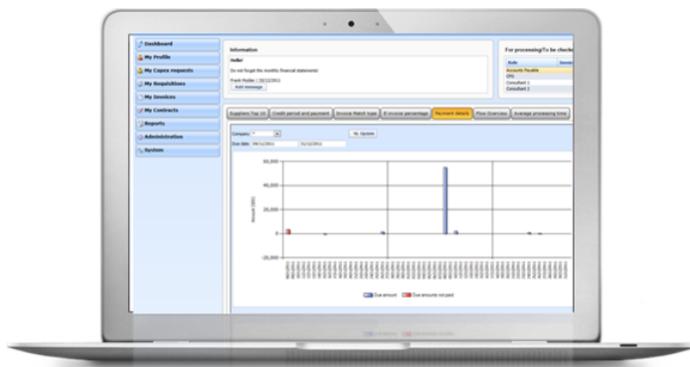
360^o view of the organisation's expenses



Expense management

Managing expenses is a natural part of the P2P process. It can often be complicated and time consuming to register expenses. Adding the current regulations into a system both simplifies and speeds up the process of registering the basis for compensation.

- Register expenses where you are. Take a picture with your smartphone and e-mail the picture directly to the system.
- Expenses can also be scanned or attached by e-mail if receipts are arriving electronically.
- Automatic accounting when expense type is registered.
- Automatic scan of credit card transactions streamline and make the managing of expenses faster.
- Expenses are sent according to predefined regulations for approval and are then booked automatically.



How do you process your expenses?

Mobile expense capture via internet enabled devices

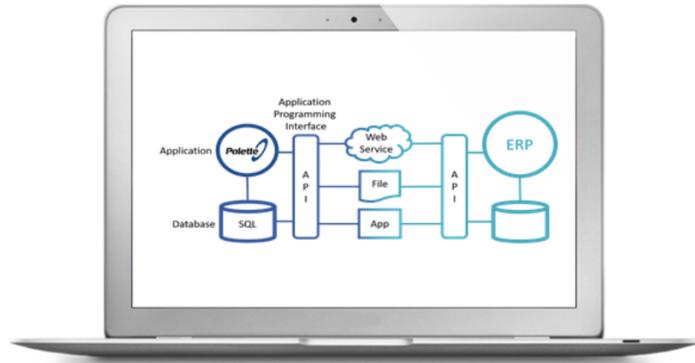
ERP – Connector, integration towards ERP

Integration with the ERP system is essential and perhaps the single most important component when we are implementing support systems in the organisation. The ERP systems we have today have become more of a container for gathering data for accounting, and it becomes natural to search for niche products for different support processes, e.g. P2P.

- Proven experience and technological functionality that corresponds to demands on the ERP side is a good prerequisite for successful project implementation.
- The technology is adapted after the interface of the ERP system, API*.
- Ready, proven APIs are available.
- Find customer references with the same ERP, preferably using the same or similar version.
- Expertise in specific ERP is available at the system supplier or at experienced partners who are working exclusively with the relevant ERP.

How do you connect your ERP?

Integration API supports several integration technologies



How do I create my business case?

Regardless what you want to achieve in your ambitions to streamline the P2P processes, you need to know where you are today. In order to create conditions for an investment, you create a business case that can verify your ideas, primarily to ensure the investment. The results of where you are today are put in as measurable KPIs* (the results you expect of the investment) and are used as the basis of decisions for the investment. It's important to add these KPIs into the technological solution that eventually becomes the solution for your challenges. If you are implementing a new system, the results should be apparent from day one, regardless if it's about:

- Realisable financial profits (savings)
- Work efficiency
- Reduced work stress

Want help to build your business case?

Visit www.palettesoftware.com to get in contact with one of our experts.

Important traps to avoid

Procurement of P2P systems should be treated in the same way as general IT procurements of system support. Usually, there are internal guidelines that show how these procurements should be conducted, and the process that applies to your organisation. However, a couple of important points are worth noting:

- **Contract negotiations can take time.** In order to not delay the projects, it can be valuable early on in the procurement process to clarify between respective parties

what a contract structure will look like. Expectations from both parties will be raised and a process for contract writing will start early on in the procurement.

- **A clear requirement specification.** Traditionally, specifications tend to be very detailed. The market for P2P is now mature and globally considered. This means that standardised systems are delivered. To relate as much as possible to the standard makes procurements easier, reduces project size and makes support and operation easier. On occasions there may be a need for us to request increased functionality outside the scope of the project which would be justified by adding significant value to the original solution.
- **As the operator of system solutions, we usually have many internal commitments and obligations towards the business.** This can include support commitments and promises about reliability in our operation. Make sure that the internal SLA guarantees* match the SLA guarantees that the supplier receives.
- **Remember to compare different price models.** As cloud solutions have become increasingly common, the price models have also developed over the years. What we are seeing today is that rental solutions are becoming more common. Instead of buying software licenses you pay a monthly fee to rent the service. Make an analysis of what model suits you best.

Important to consider when implementing systems

Implementing new system solutions internally in the organisation requires good preparation and support. Involve the organisation in the change management as early as possible. Describe clearly why we are doing this, and what we want to achieve. The staffing of the procurement project should of course not be too big. However, the importance of good referees, representing a large group of users in the organisations, should never be underestimated.

Other success factors for project implementation of system support for P2P:

- Follow the suppliers' individually developed project models. They are proven and can be verified by other customers.
- Work in parallel with possible business process changes and other changes that will occur in connection with the new system launch.
- Make sure that there is a mirrored version of the ERP system production environment in a test environment that is installed with all the required modules to manage integration towards purchasing system for P2P.
- Thorough testing. Prepare test cases early on. Usually, the supplier can provide great templates as a starting point.

- If we have a clear requirement specification from the procurement, it can be used in the final tests to verify that the purchased solution is also the delivered solution.

Abbreviations:

KPI – Key Performance Indicator

SLA – Service Level Agreement

API – Application Programming Interface

Follow our blog
to stay updated on
other purchase to pay
related issues!

Palette is a market leading provider of financial process automation software with over 4500 customers across 50 countries. We help companies transform and automate their Purchase to Payment Processes utilising their existing ERP and finance system investment.

www.palettesoftware.com

