



Revolutionizing Accounts Payable for Shared Services

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Executive Summary

In today's business landscape, enterprises are constantly striving to enhance efficiency, reduce costs, and centralize control. Shared Services Centers (SSCs) have emerged as a popular solution, enabling organizations to streamline operations and leverage economies of scale. However, despite the benefits of shared services, Accounts Payable (AP) processes often remain stuck in manual, siloed workflows. This limits the potential of SSCs and hampers their ability to drive value. To truly revolutionize AP within Shared Services, automation and optimization are key.

AP automation holds immense potential for shared services in driving operational excellence and unlocking value. By leveraging automation platforms integrated with ERP systems, SSCs can achieve significant benefits:

- **Reduced operational costs:** AP automation eliminates manual data entry, streamlines invoice processing, and minimizes the costs associated with printing, shipping, and storing paper invoices. It enables 2-way or 3-way matching against POs, ensuring accuracy and reducing exceptions.
- **Improved operational performance:** Automation provides real-time reporting and analysis, offering insights into process cycle times, bottlenecks, and productivity. This enables continuous improvement and optimization of the procure-to-pay process.
- **Effective working capital management:** AP automation empowers organizations to capture early-payment discounts, make informed working capital decisions, and gain visibility into cash requirements. It strengthens financial management and enables better negotiation leverage.
- **Enhanced audit and compliance:** Automation ensures compliance with diverse audit requirements and offers end-to-end visibility into the AP process. Real-time tracking, reporting, and audit capabilities help identify exceptions, strengthen controls, and mitigate compliance risks.

To truly revolutionize Accounts Payable for shared services, organizations must embrace automation and optimization. AP automation offers a transformative solution that drives efficiency, reduces costs, optimizes working capital, and strengthens audit and compliance capabilities. Leading solutions like the Zycus AP Automation Solution empower SSCs to overcome manual processing.

Introduction

In the drive to improve efficiency and productivity, many enterprises have turned to Shared Services Centers (SSCs) as a solution to centralize control and reduce costs. Yet, despite improvements, most organizations still need to get their Accounts Payable (AP) right, remaining stuck with predominantly manual, siloed processing. Without automation, even Shared Services can only go so far. Despite the efficiencies gained by centralizing control over invoices, many Finance SSCs are still held back by inefficient processes, late payments, high operating costs, overwhelming numbers of exceptions, inaccurate reporting, limited visibility of invoice spend, and a lack of invoice flow traceability. How can AP break through this to become a value driver for Shared Services?





The Shared Services Challenges

According to research by IOFM, **24%** of accounts payable departments operate as a part of regional or global shared services organizations.

The benefits of a shared services organization include economies of scale and standardized processes. While a shared services approach to accounts payable processing delivers significant long-term benefits, it creates complexities for organizations that rely on manual, paper-based processes.

As per the Institute of Financial Operations (IFO), **53%** of organizations describe their invoice processing as complex compared to two years back. Organizations are now bracing for more complexity.

What's more, enterprises are bracing for more complexity. An eye-popping two-thirds (**66.7 percent**) of organizations with more than **\$5 billion** in annual revenues anticipate that their accounts payable processing will grow in complexity over the next two years. Moreover, for one-in-five organizations surveyed by IFO, operating accounts payable as part of a shared services organization is the biggest reason for increasing accounts payable complexity.

The most common reasons why there is complexity in AP processes in SSC include:

- Multiple submission channels
- Multiple locations with multiple languages and tax regulations
- Lack of visibility across systems and processes
- The biggest challenge for most SSC is the integration of AP processes with the native ERP system.

Despite the importance of ERP in accounts payable processes, many ERP systems still need to be fully leveraged. Business processes that touch these expensive systems have yet to be optimized. Below are some challenges owing to these gaps:



The same volume of back-and-forth email, faxes, and paper

shuffling: continues well after an ERP implementation, reducing payback on ERP investments. Manual processes make it difficult for shared services to track the status of invoices. Today half of the invoices arrive as paper. One-third of invoices come via email, with 19% submitted via EDI, followed by XML (7%) and Fax (5%). Relying on manual processes to manage their multiple channels can only achieve a certain efficiency level.



AP resources manually rekey data into the ERP system: Reducing invoice processing costs was the second-biggest driver of accounts payable automation, yet manual keying is a major contributor to the cost of invoice processing.



Information in the ERP system is delayed, incorrect, or incomplete: In a shared services environment with manual, paper-based accounts payable processes and fragmented systems, information about a supplier, purchase order, or invoice can be scattered across applications and databases and buried in electronic or paper documents.

Shared services organizations need to understand the productivity of staff and the effectiveness of processes, such as capture, classification, extraction, validation, the number of invoices processed or awaiting action for approval or dispute resolution, and the average time it takes to process an invoice. Similarly, treasury and finance need insights into which high-value invoice payments are due, which early-pay discounts are about to expire, and a forecast of accounts payable's cash requirements for the next period.

Linking invoices and related accounts payables documents such as purchase orders is nearly impossible in a shared services environment that relies on manual, paper-based processes. As a result, staff frequently spend an enormous amount of time searching for the payables documentation they need, and organizations leave themselves vulnerable to compliance and security risks.



Why AP automation matters and how to get to utopia!

AP platforms extend the value of ERP systems in a shared services environment in four ways:

1

Reduced operational costs

Shared services organizations can fully automate and accelerate invoice data management by integrating an AP automation platform with their ERP applications. With AP automation, invoices are digitized and validated and can be 2-way or 3-way matched against PO without manual data entry. AP automation solutions capture invoice data, regardless of the format or language, eliminating the costs of printing, shipping, and storing paper. In addition, any invoice exceptions are electronically routed to the appropriate approvers based on preconfigured business rules.

2

Improved Operational Performance

Increased complexity for AP invoices potentially means increased costs for shared services organizations, which either translates into lower profits or reduced-price competitiveness.

To continue to increase efficiency, shared services organizations need to understand the productivity of staff and the effectiveness of all the steps in the AP invoice process, including data capture, classification, extraction, validation, and the average time it takes to process an invoice.

AP Process automation optimizes the efficiency for each step in the procure-to-pay process. It provides real-time reporting and analysis of process cycle times, providing the ability to improve the process and eliminate bottlenecks continually.

3

Working capital management

According to research from The Hackett Group, AP Automation empowers organizations to capture seven times as much in early-payment discounts (as a percentage of spend) compared to manual processes. In addition, timely access to this information helps organizations make better working capital decisions, gain visibility into trends related to Cash Conversion Cycles, Days Payables Outstanding, and Days Sales Outstanding, and gain leverage for contract negotiations.

4

Audit and compliance

Shared services organizations have diverse audit and compliance requirements. The ability to instantly access images and data of processed invoices makes it easier for SSOs to comply with increasingly complex and varied compliance requirements. In addition, automation provides visibility and insight into every stage of the accounts payable process, from receipt through validation, approval, and posting.

Relying on automated AP solutions, managers have real-time visibility into the status of invoice approval and exception resolution and audit reporting on each review, edit, or approval function. Shared service organizations can use historical and current information to identify the source of exceptions or bottlenecks; take manual or rules-based actions, such as approval or escalation; and adjust staff functions to optimize performance.

Zycus AP Automation Solution

The **Zycus AP Automation Solution** targets holistic AP transformation and leverages the AI/machine learning capabilities of the **Zycus Merlin AI platform**. Key features and capabilities of the Zycus AI-led AP Automation Solution include:

- **Time and cost savings:** A template-free approach that delivers improved rates of straight-through processing with high accuracy and relatively low total costs of ownership (TCO)
- **Better supplier communications:** Automated email review and reply via AP Smart Desk that improves supplier satisfaction and strengthens buyer-supplier relationships with faster response times and no missed emails
- **Anomaly and fraud detection:** Identification of potential fraud cases (duplicate invoice, phantom supplier, etc.) plus safeguards against phishing and spoofing
- **Global compliance:** Consistent and up-to-date support for compliance around invoice content, e-invoice, and tax regulations.

Zycus AP Smart Desk

The screenshot displays the Zycus AP Smart Desk interface. On the left is a navigation sidebar with icons for 'Compose', 'My Emails', 'Sent Items', 'Drafts', 'Folders', 'BOT Emails', 'AI Emails', and 'Spams'. The main area is titled 'AP smart desk' and shows an email from 'Smith John' with the subject 'Process this invoices'. The interface is divided into sections: 'Process this invoices', 'EMAIL RECEIVED', 'ATTACHMENT FILES & ANALYSIS', and 'AUTO SUGGESTED REPLY'. A table lists the attached invoices:

File Name	Company Name	Invoice Number	Invoice Status	File Processing Status	Action
Invoice_1.xml	Harrington	1000	Auto draft success	Review	Review Draft & Submit
Invoice_A.pdf					Download
Invoice_2.xml	Harrington	2000	Auto draft success	Review	Review Draft & Submit
Invoice_B.pdf					Download

Source: Zycus

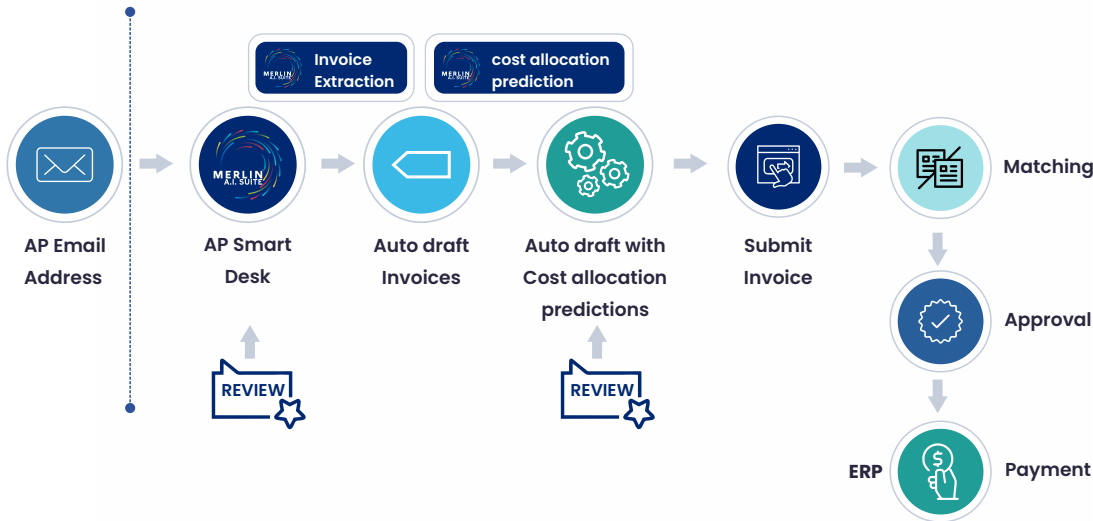
Zycus AP Smart Desk connects to and manages your AP email inbox, automatically checking, processing, and simplifying response processes.

The solution automatically suggests relevant replies to supplier query emails, making life easier for the AP team. For emails containing invoices, the system automatically extracts and sends invoice documents to the Zycus eInvoice module, where it matches (two- or three-way) with POs extracted from eProcurement. After matching, the module sends supplier invoices through relevant approval workflows for on-time payment.

Zycus AP Smart Desk reduces AP resource requirements for processing supplier emails and improves supplier satisfaction with faster replies.

With Zycus AP Smart Desk, enterprises can achieve savings of approximately \$2.70 per email.

End-to-end AP Automation using the Zycus Merlin AI platform

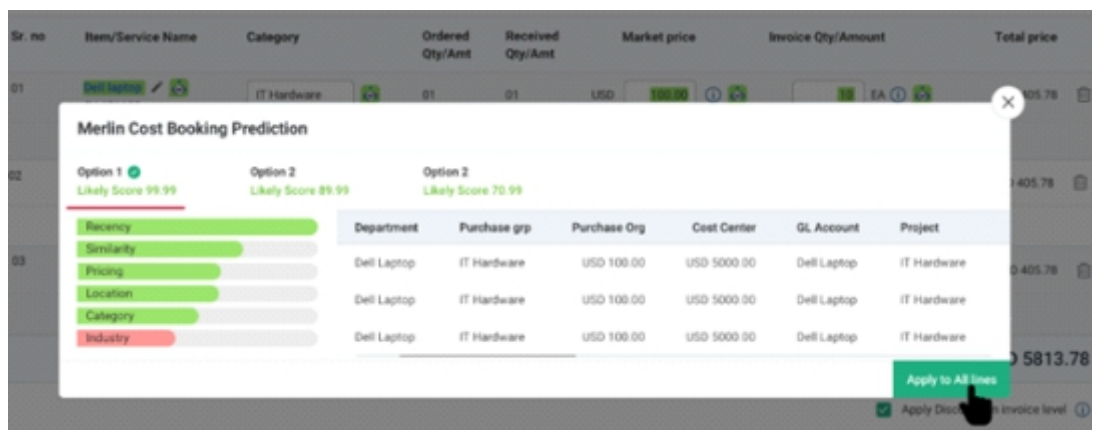


SOURCE: ZYCUS

Zycus Invoice Extraction uses Merlin AI to automatically extract and structure invoice data. It reduces costly manual effort, increases AP team productivity, and **accelerates average invoice processing speed by over 50%.**

In a manual or partially automated invoice processing system (using OCR tools), AP team members typically spend loads of time looking up and adding cost-booking information to individual PO/invoice line items, especially for non-PO invoices. **Zycus Cost Allocation Prediction** takes over this process, automatically predicting, with confidence scores, the correct cost-booking information at a line-item level. Auto training cuts time and effort needed for invoice coding, improves AP team efficiency, and accelerates invoice review and processing.

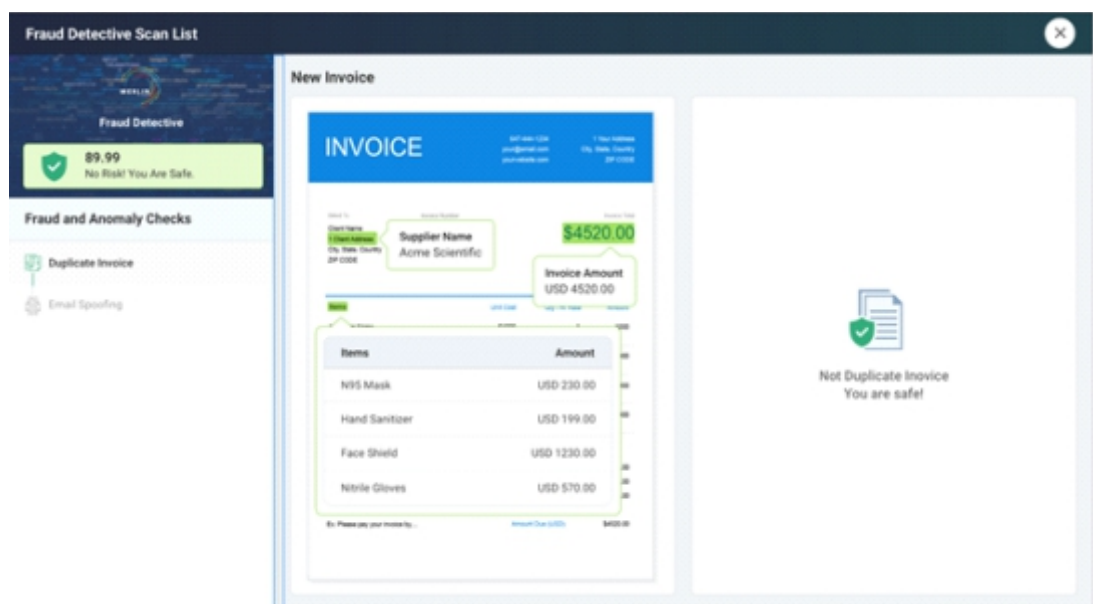
Cost booking prediction using Merlin AI



SOURCE: ZYCUS

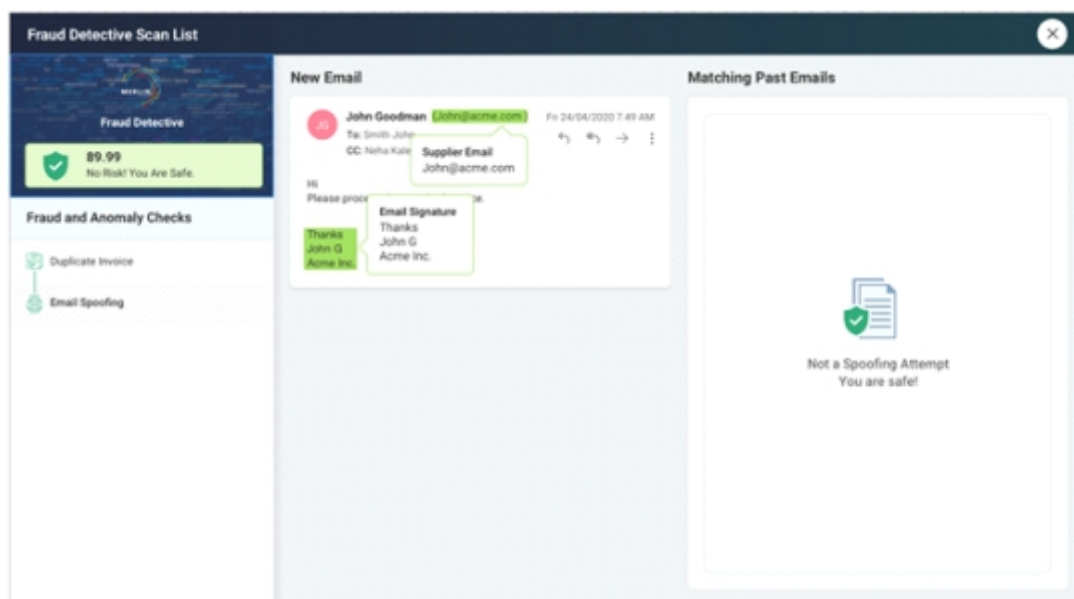
In terms of **anomaly and fraud detection**, the Zycus AP Automation Solution enables consistent identification of potential fraud cases (for example, duplicate invoices, phantom suppliers) and safeguards against phishing and spoofing.

Fraud detection using Merlin AI



SOURCE: ZYCUS

Anomaly detection using Merlin AI



SOURCE: ZYCUS

Traditional OCR solutions often return information that must be manually compared to original invoices and tweaked. The activity is time-consuming and may be even more laborious than 100% manual processing.

An advanced AI-led solution, Zycus AP Smart Desk handles both PO and non-PO invoices and, compared to non-AI solutions, offers greater accuracy in extracting both header and line-item invoice data. This leads to more straight-through processing (STP) and fewer manual interventions.

The global solution also offers dedicated features and capabilities to ensure local and regional compliance with relevant invoice content, e-invoice, and tax regulations.

The Zycus AP Automation Solution also provides support for **multiple languages** and delivers **significantly high field-level accuracy for headers and line items**, reducing the number of instances requiring human intervention.

Conclusion

Organizations rely on access to accurate and timely information to make faster and smarter operational and financial decisions. But in a shared services environment with manual, paper-based processes, massive amounts of information often reside within multiple, disconnected platforms, applications, locations and devices

The solution is, first, to streamline invoice processing end-to-end; second, to drive real-time data through the system; and third, to translate this data into valuable insights that provide a new profit context. Leading organizations are already targeting seamless,

paperless invoice processing – from sourcing through to payments – by leveraging one global platform for all invoice, Tax, and compliance needs. This is also the key to reliable, structured data that not only drives process improvements but also valuable, insight-driven reporting leading to unprecedented levels of transparency.



Zycus is the pioneer in Cognitive Procurement software and has been a trusted partner of choice for large global enterprises for two decades. Zycus has been consistently recognized by Gartner, Forrester, and other analysts for its Source to Pay integrated suite.

Zycus powers its S2P software with the revolutionary Merlin AI Suite. Merlin AI takes over the tactical tasks and empowers procurement and AP officers to focus on strategic projects; offers data-driven actionable insights for quicker and smarter decisions, and its conversational AI offers a B2C type user-experience to the end-users.

Zycus helps enterprises drive real savings, reduce risks, and boost compliance, and its seamless, intuitive, and easy-to-use user interface ensures high adoption and value across the organization.

Start your #CognitiveProcurement journey with us, as you are #MeantforMore.

