ZYCUS

COGNITIVE AP AUTOMATION

Preventing Invoice Fraud Scams

Between 2013 – 2015, a Lithuanian invoice scammer, posing as an employee of a Taiwan-based computer manufacturer, Quanta Computer tricked Google and Facebook into paying over $100 million on false invoices. He used a combination of phishing and invoice fraud schemes to email fake invoices to these tech giants and get the money until he was caught in 2019. The large volume of invoices often makes it impossible for accounts payable teams to vet each invoice and line item before making payments.

The most common **invoice processing** scams target vulnerabilities present in just about any company. From a lack of communication to poor process controls, scammers can find any weakness and exploit it for profit. The accounts payable process in most companies is manual, has dense layers of approval, and contains cumbersome verification of whether the goods were delivered. Not only that, but there is also minimal tracking to ensure the right parties are involved in reviewing the document before it gets approved. As a result, it gets routed from one person to the next with little assurance that it has been validated.

Here are some of the common types of fraud

Duplicate Invoices: Duplicate invoices arise due to human error or intentional fraud. In such cases, the payment for the same invoice is made twice, leading to financial losses for the organization.

Phantom Vendors: Phantom vendors are fictitious vendors created by employees or fraudsters to siphon off money from the organization. In such cases, payments are made to these vendors without any goods or services being provided, leading to financial losses for the organization.

Business Email Compromise (BEC): BEC is a type of phishing scam where fraudsters send emails pretending to be a legitimate supplier or vendor, asking for payment to be made to a different bank account. In such cases, the payment is made to fraudulent bank account(s), leading to financial losses for the organization.

Anomalies in Buying Patterns: Anomalies in buying patterns can indicate fraudulent activities, such as a sudden increase in purchases from a particular vendor, or purchases made outside of usual business hours.

Wake up to the reality of invoice fraud

£14,000

Average sum lost by business who are victims of invoice fraud[1]

£18.9m

was lost from UK firms in 2021 through this type of scam[2]

20%

of finance professionals are unaware or unable to estimate the cost of invoice fraud to their business[3]

Zycus AI-led AP Automation Solution for Anomaly and Fraud Detection

Zycus AI-led AP automation solution is designed to help organizations detect and prevent fraud and anomalies in their AP processes. Some of the key features of the solution, include:

1. **Detecting Phantom Vendors:** Zycus' AP automation solution uses advanced analytics and machine learning (ML) algorithms to detect phantom vendors. The solution analyzes vendor data to identify any irregularities or anomalies, such as vendors with no physical address or vendors with similar bank account details.

2. **Flagging Suspicious Vendor Emails:** Zycus' AP automation solution flags any suspicious vendor emails for bank details change. The solution analyzes the email content and sender details to identify any anomalies or irregularities, such as emails from suspicious email addresses or emails with unusual language.

3. **Reducing the Risk of Phishing:** Zycus' AP automation solution reduces the risk of the organization being subjected to fraudulent attempts due to phishing. The solution uses advanced email security features to identify and block phishing emails, ensuring that payments are made only to legitimate vendors.

4. **Mitigating Duplicate Invoices:** Zycus' AP automation solution flags duplicate invoices based on items being invoiced, ensuring that duplicate payments are mitigated.

5. **Detecting Anomaly in Buying Patterns:** Zycus' AP automation solution uses advanced analytics and machine learning (ML) algorithms to detect anomalies in buying patterns. The solution analyzes purchasing data to identify any irregularities or anomalies, such as sudden spikes in purchases from a particular vendor.

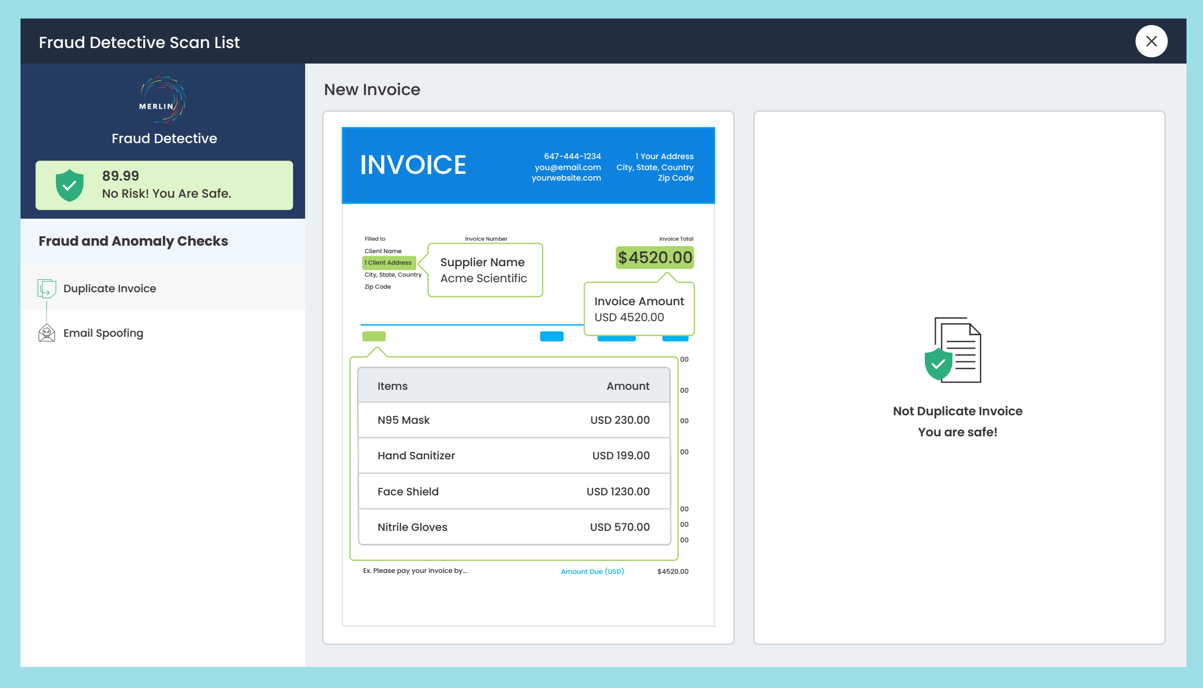
Zycus AI-led AP automation solution is built on four pillars of anomaly and fraud detection:

Business Email Compromise: This pillar focuses on identifying signature anomalies and suspicious sender emails to detect potential phishing scams.

Duplicate Invoice Detection: This pillar focuses on identifying and flagging duplicate invoices to avoid double payments.

Requisition Splitting: This pillar focuses on detecting pseudo low-value transactional requisitions raised in quick succession, relative to usual buying patterns, to be flagged as fraud.

Phantom Vendor Identification: This pillar focuses on identifying fictitious vendors created to siphon off money from the organization.



Fraud Detective Scan List

Fraud Detective

89.99
No Risk! You Are Safe.

Fraud and Anomaly Checks

- Duplicate Invoice
- Email Spoofing

New Invoice

INVOICE

647-444-1234
you@email.com
yourwebsite.com

1 Your Address
City, State, Country
Zip Code

Filled to
Client Name
1 Client Address
City, State, Country
Zip Code

Invoice Number

Supplier Name
Acme Scientific

Invoice Total
$4520.00

Invoice Amount
USD 4520.00

Items	Amount
N95 Mask	USD 230.00
Hand Sanitizer	USD 199.00
Face Shield	USD 1230.00
Nitrile Gloves	USD 570.00

Ex. Please pay your invoice by...

Amount Due (USD) $4520.00

Not Duplicate Invoice
You are safe!

Key Use cases

Zycus AI-led AP automation solution can be used in various scenarios to detect and prevent fraud and anomalies. Here are some of the use cases:

1. **A hacker gains access to a supplier account and changes the banking details, which if undetected, can lead to payment being made to a wrong account:** Zycus' AP automation solution detects any changes to bank account details and flags any suspicious emails requesting such changes to prevent fraudulent payments.

2. **The Buyer receives emails from suspicious emails for banking details change which goes undetected and gets paid:** Zycus' AP automation solution identifies suspicious emails and flags them for further investigation, ensuring that payments are only made to legitimate vendors.

3. **The Supplier sends a non-PO (purchase order) invoice which is a duplicate of an already paid invoice and gets paid again:** Zycus' AP automation solution flags duplicate invoices, ensuring that duplicate payments are avoided.

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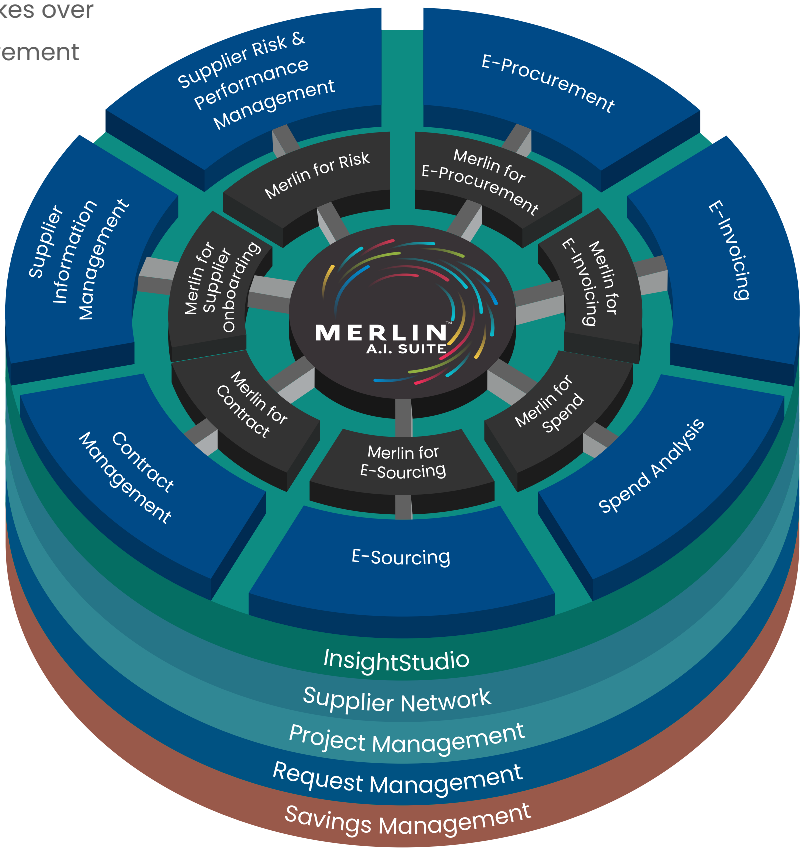
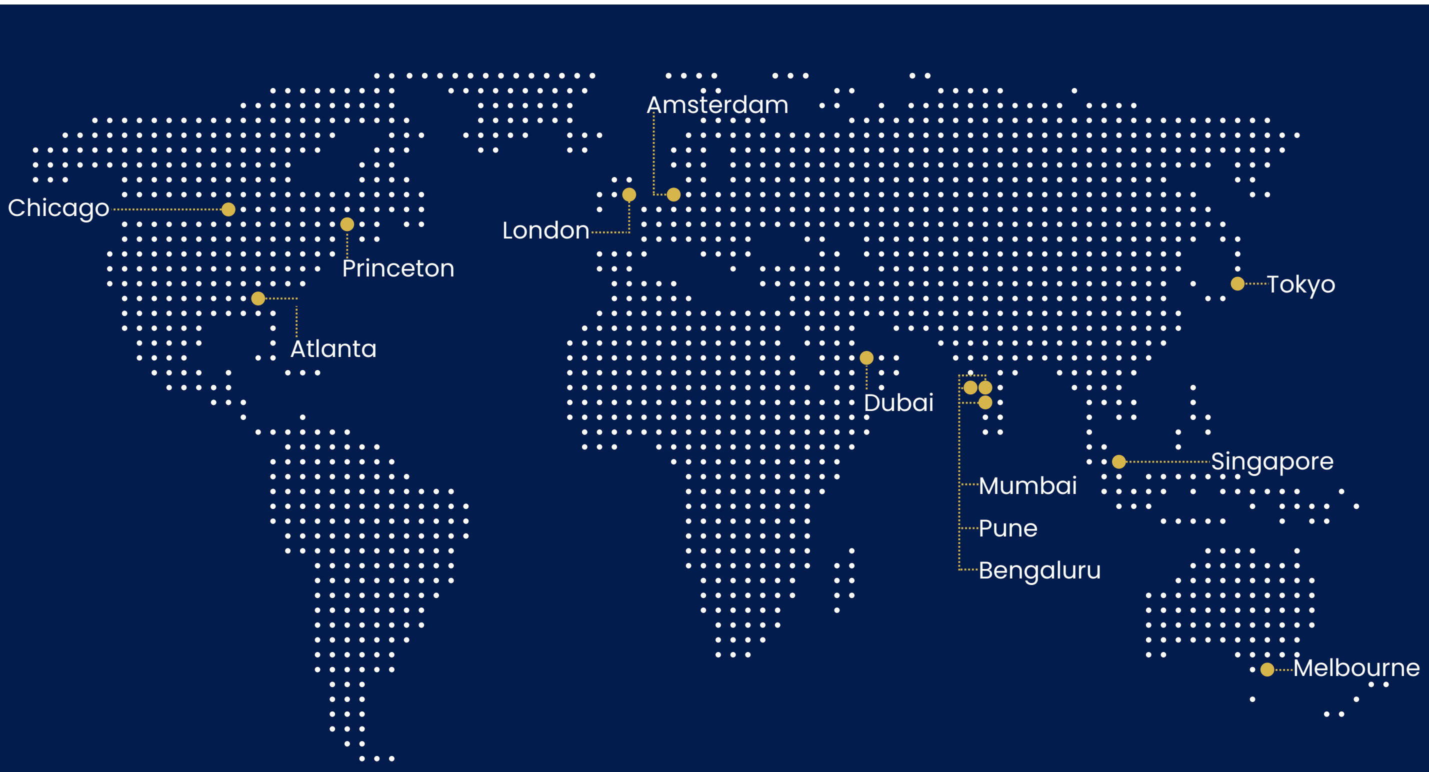
Zycus is the pioneer in Cognitive Procurement software and has been a trusted partner of choice for large global enterprises for two decades. Zycus has been consistently recognized by Gartner, Forrester, and other analysts for its Source to Pay integrated suite.

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.


Supplier Risk & Performance Management
E-Procurement
E-Invoicing
Spend Analysis
E-Sourcing
Contract Management
Supplier Information Management
Merlin for Risk
Merlin for E-Procurement
Merlin for E-Invoicing
Merlin for Spend
Merlin for E-Sourcing
Merlin for Contract
Merlin for Supplier Onboarding
MERLIN
A.I. SUITE
InsightStudio
Supplier Network
Project Management
Request Management
Savings Management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