

Accounts Payable Overview



Cardiff Intelligent Documents for Accounts Payable (AP)

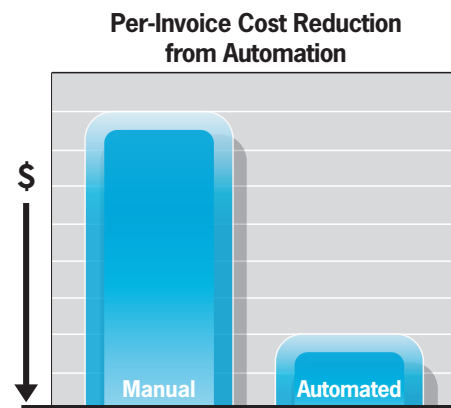
Accounts Payable departments are under constant pressure to reduce costs, and most of those costs are directly attributed to the manual, inefficient methods of processing that take place throughout the entire AP lifecycle, from transporting hard copies of invoices from distributed office locations, to manual preparation and sorting, manual data entry, tracking discounts, and researching payment terms. And according to the International Accounts Payable Professional organization¹, labor-intensive manual and paper-based processes have always been the biggest problem in accounts payable departments.

Because manual processing methods are so error prone and inefficient, they can lead the organization to even greater associated costs that result from issues like duplicate and unauthorized payments, lost documents, missed discounts, compliance fines, late fees and more.

This is why so many organizations today are turning to Cardiff to automate their Accounts Payable processes. By automating not only the manual preparation and data entry steps, but also employing automated business processing rules to ensure best practices are being followed, organizations significantly reduce or eliminate the costs and risks associated with previous processing methods.

Cardiff Intelligent Documents

For the past 15 years, Cardiff has provided organizations of all sizes, including the Global 2000, the premier solution focused on streamlining and simplifying the myriad of complex connections between the people, documents and processes that are critical to their businesses. With a flexible architecture and the ability to process both paper documents and online information, the Cardiff solution extends the power of existing business systems in a way that enhances their value and makes them easier for people to



work with. The result is smoother processing for both organizations' customers and staff, dramatically reducing costs of data entry and offering complete visibility into process status at every point in the cycle.

Intelligent Document Processing for Accounts Payable

With Cardiff Intelligent Document Processing for Accounts Payable (AP), departments rest assured in knowing they are gaining the highest level of efficiency and accuracy, from data and document capture through

post, all the while benefiting from seamless integration into the overall AP process, including real-time access to SAP R/3, Oracle business solutions and all other key AP components for critical validations, postings and more.

Key Aspects of Cardiff Intelligent Documents for AP

One Solution for Capturing Paper and Digital Information

By providing the only seamless solution for handling the on-ramping and processing of both electronic and paper-originated invoices into the same AP workflow, the Cardiff Intelligent Document Solution allows organizations to reduce operating costs and accelerate processes. For paper-originated invoices, this solution automatically captures, identifies, extracts and validates key data elements from invoices. Once effectively digitized, these images and their data follow the same workflows as their electronically-originated counterparts, providing for maximum throughput and efficiency.

Flexible Document Input Options

For those invoices that enter your organization as paper, whether at distributed locations or submitted directly to corporate, Cardiff offers a variety of capture options, such as fax, email, scanner and web-browser. As a result, each employee type in the organization, from distributed knowledge workers like regional store managers and brokers, to dedicated centralized scanning operators and AP clerks, can submit invoices in a way that best fits into their day to day activities.

Case Study

Cost Savings/ROI with Cardiff Intelligent Documents

Automated AP solution implementations will result in annual savings of 60% or more for the average company, with Cardiff customers achieving direct ROI from reduction in transportation and manual data entry costs alone, in a matter of months. Considering the following example of a national U.S. retail chain brings such savings to light.

The Process

- The AP department processes more than 500,000 invoices annually
- 400,000 entered the organization as paper, mostly from 800+ distributed chain locations, and were transmitted to corporate for manual data entry
- 100,000 were submitted to corporate via electronic data interchange (EDI).
- 4 full time clerks manually entered invoice data into Line of Business systems and scanned images for archiving purposes
- Invoices then ran through the rest of the AP process, including reconciliations, payment approvals, submissions and more

The Costs

Manual Data Entry

- Industry average for manual data entry = 6000 characters per hour per clerk
- On average, each invoice had 8 – 10 fields per invoice requiring manual data entry of a minimum of 9 characters per field
- Each clerk was able to process approximately 500 invoices per day
- Salary and benefits from data entry alone = \$210,000+ per year

Transportation

- 800 stores would Fedex 1 invoice package each week at \$15 each
- These total transportation costs far exceed any other expenditure at \$600,000 per year

The Solution

With the Cardiff Intelligent Document Solution for Accounts Payable, this customer was able to realize a full ROI in less than 3 months. This was partly achieved by eliminating all transportation costs associated with sending invoices from distributed offices by utilizing the distributed Web Capture Option for submitting clear, crisp images of the invoices instantly from the stores to corporate for automatic processing. In addition, all AP staff but one clerk was reassigned to other responsibilities in the organization, reducing annual headcount costs attributed to previous AP clerk responsibilities to less than \$50,000 per year.

Indirect costs related to the former, error-prone, time-inefficient method of manual processing were also significantly reduced due to Cardiff Intelligent Document's strong processing capabilities, allowing companies to enforce best practices associated with standard workflows and exception handling procedures.

Process improvements minimized costly errors associated with:

- Duplicate payments
- Unauthorized payments
- Missed discounts
- Late fees

Process improvements decreased costly resource drain associated with:

- Manual preparation and sorting
- Payment creation
- Processing payment authorizations
- Investigating receipt status
- Tracking discounts and outstanding debts
- Researching payment terms

Rapid Understanding

Identification - By utilizing Cardiff for their automated accounts payable requirements, organizations eliminate manual and error-prone preparation steps formerly associated with the identification and sorting of invoices. Manual methods and less robust solutions are simply unacceptable as organizations can have up to tens of thousands of unique vendors registered in their AP systems, each of which submits invoices with slightly unique formats of varying lengths. Distinguishing between where the last page of one invoice ends and the first page of the next one begins can become extremely time-consuming, especially if this sorting is completed manually via separator sheets or barcode applications for identification purposes. In addition, any supporting documentation needs to be uniquely handled as well.

Data Acquisition - After automatically identifying and sorting each unique invoice type, the Cardiff Intelligent Document Solution for AP will automatically handle the application of all appropriate data acquisition rules, based on document type. This is important because some invoices, like consolidated company-wide cellular bills, have slightly unique requirements. In addition, regional data extraction requirements (i.e. European vs. U.S.) will vary as well.

Validation - With Cardiff Intelligent Documents, in-process data is automatically validated against a number of criteria, in real-time, prior to final commit to any and all line of business systems. This step in the processes is critical, because once that data is converted, or directly received via EDI, the data must be validated as superior prior to feeding into financial systems in order to avoid any false assumptions or misinformed business decisions. In addition, any suspect information flagged for review is easily and securely accessible by validation operators via Cardiff's intuitive user interface. Validated

tion operators can also connect securely from both central and distributed locations.

Detecting Fraudulent Activities²

Cardiff Intelligent Documents automatically checks for fraudulent activities and prevents these activities in real-time

- 1) Rounded amounts
- 2) Invoice totals just below approval amounts
- 3) Sequential invoice numbers
- 4) Above-average payments per vendor
- 5) Mail drop as an address

Intelligent Processing

The Cardiff Intelligent Document Solution for AP provides automatic standard and ad hoc work-flow routing, efficiently moving information into the next logical processing step(s). The system supports secure user-directed, pre-defined rules based and email routing workflows. Authorization requests can also be routed to multiple users for managing parallel modifications and approvals.

In a perfect world, all incoming invoices have the same payment terms, reference valid P.O. numbers, and are assigned to approved vendors. In addition, line items match items ordered and received, and totals match totals. As a result, these invoices are easily postable for payment in an acceptable timeframe. In reality, however, invoices are submitted without P.O.'s, suppliers are not in the certified list, items billed for don't always match items ordered, duplicates are submitted, and payment terms vary widely from vendor to vendor. Therefore, managing perfect world scenarios with pre-defined automatic processes in place is not enough. Without automated exception and automated workflow routing to efficiently manage the typical, widely variable conditions, organizations suffer massive inefficiencies and errors, resulting in duplicate payments, unauthorized payments, late fees and more. By applying Cardiff's automated, intelligent

processing capabilities, these organizations rapidly and cost-effectively manage all of these real-world scenarios.

Enterprise-Class Rapid Design & Deployment

While most industry solutions may take many months to a year or more of development before they are production ready, the Cardiff Intelligent Document Solution for AP is up and running in no time due to its rich, graphically user-friendly Design Studio interface. Via intuitive point and click functionality, the design studio allows the organization to rapidly automate and embed intelligence into its organization's unique business process rules. For the most complex, unique business rule development requirements, the Cardiff Intelligent Document Solution for AP offers a suite of APIs, accessible via standard industry scripting languages, including Javascript and VBA.

- Easily decide how and when to on-ramp paper and electronically originated invoices into the AP system
- Capture and extract data from all variations of invoices with as little as 1 rule set definition
- Efficiently handle any associated supporting information
- Implement real-time interactions with Line of Business systems (SAP/Oracle) for data transport and validations
- Rapidly set up approval process and exception handling rules

Features and Benefits

Capture

- Centralized and distributed offices
- Email, fax, MFP, image archive, scanner
- Thin client, intuitive and customizable web-browser interface
- Power-user, feature rich user interfaces

Identification

- Only handful of rules required to automatically sort and classify 1000s of uniquely formatted invoices
- Single and multipage invoices, and supporting documents, without the need for dividers like separator sheets or barcodes
- Suite of content-based classification, including full page keyword, rules-based and phrase identification algorithms, image analysis, barcodes and more

Data Acquisition

- Key data located and extracted regardless of location on page
- Preconfigured rules for regional variations (i.e. U.S. and European standards)
- Single and multi-page data extraction, including line item details
- Customizable rule set development for unique organizational requirements
- Automatically reads machine print (OCR), handprint (ICR), barcodes, and more
- Multi-voting engines for utmost in accuracy of extracted data

Validation

- Accuracy confidence threshold of paper-to-digital data conversion
- Vendor authorization
- Subtotal and total calculations
- Correspondence to an approved purchase order
- Partial or total purchase order matching

Intelligent Processing

- Payment processing authorizations/declinations
- Receipt status investigations
- Tracking discounts and outstanding debts
- Researching payment terms
- Identifying duplicates
- Real-time interfacing with the financial systems organizations depend on, including SAP R/3, Oracle Financials, and more

Security, Visibility, Auditability

- Customizable by business process
- Operates seamlessly behind the scenes
- Every single keystroke recordable
- Supports internal and external compliance and anti-fraud initiatives
- Data rollup for system-wide A/P report

