

corcentric™

Building the Business Case for e-Invoicing



e-Invoicing is already proven, with savings per invoice in the region of €6.60 (\$7.40) per invoice for Accounts Receivable¹

THE BUSINESS CASE for e-Invoicing is already proven, with savings per invoice in the region of €6.60 (\$7.40) per invoice for Accounts Receivable¹ (i.e. creating and delivering invoices). It's not just about saving money and associated process efficiencies. Electronic delivery ensures invoices still reach your customers even if they aren't in their offices, or there are unforeseen challenges for physical postal delivery services.

The degree of process automation, minimizing human error, and enhanced visibility, achievable through electronic invoicing, presents a strategic advantage, not just an operational upgrade.

At Corcentric, we deliver e-Invoicing solutions for large international brands such as 20th Century Fox, Total Gas and Power and VF Corporation, so are well aware of the need to carefully identify and articulate the value of e-Invoicing for different business needs when starting a project.

This paper sets out the recommended steps in developing a robust and compelling business case for electronic invoicing in your business.

Identify the need for e-Invoicing

The first step in defining a business plan is understanding the need. Different needs and challenges affect different aspects of the business. A well-written business case acquires support from across the business.

Business pains

Every business is different, but a business case for e-Invoicing may seek to address pains and challenges including costs, time

inefficiencies, competitive shortfalls and lack of insight. The following questions can help find the needs and quantify the benefits.

- + How many invoices does the business send each month?
- + What percentage of these are printed?
- + How much does it cost to print and post each invoice, including the time to stuff envelopes and equipment costs?
- + How often does the print and post equipment fail, leading to distribution delays?
- + Do you have a reliable way to track the invoices that were sent?
- + What is the impact if posted invoices are not received and paid on time? How did this play out in the 2020 lockdown?
- + Can your customer easily make a payment online?
- + How much time is spent chasing late payments?
- + How much time is spent on payment reconciliation?
- + What percentage of invoices are paid late and what reasons are given for these late payments?

- + What is your Days Sales Outstanding (DSO) figure, and could this be driven down by improved invoice delivery times and accuracy?
- + What percentage of invoices have inaccurate details on them (often resulting in delayed payments)?
- + How many people (Full Time Equivalents) are employed to handle invoicing? What is the cost of this (salary and benefits)?
- + Can your team process invoice remotely during Covid-19 shutdown?
- + How much time is spent reporting on invoicing status and performance?
- + How much time is spent, or is expected to be needed for, preparing invoicing records for audit?
- + Have you ever lost business, or did not win new business due to the inability to automate or integrate invoicing with a buyer or partner's requirements?
- + Do you know which buyers are late payers?
- + How much insight do you draw from your invoicing records at present? Would there be value to the business in finding what is invoiced where and when?

Who is suffering these pains?

Asking the questions above will put you into contact with the teams who are closest to the pains and stand to gain the most from a solution to them. Consider the benefits from an operational level, empowering individuals to become more efficient and supply more value, and at a strategic level where they may affect the business's ability to compete or grow.

Understanding who benefits operationally will align to objectives of specific managers and directors who can become valuable influencers or sponsors to drive the project forward.

Quantify and articulate the benefits

Articulate the impact of these pains at departmental and business-wide/strategic levels. Present the value of improving operational performance in terms of bottom-line savings, improved agility or competitive advantage.

Having quantified any financial pains, it should be possible to establish and present best/middle/worst cost savings over 1, 2 and 5 years achievable through addressing these. These savings are crucial to the evaluation of e-Invoicing impact and payback timeframe.



Removal of repetitive processes enables accounts receivable teams to focus on more profitable work.

Outline steps to address these pains through the benefits of e-Invoicing. Prioritize your recommendations to achieve the most value with the least investment in time and cost.

Winning stakeholder buy-in

Explain the benefits of e-Invoicing to key stakeholders and potential sponsors in the decision-making process. Draw attention to the specific benefits of most interest to each individual and provide context to illustrate in meaningful terms.

Focus on e-Invoicing's capacity to improve cash flow, business continuity and agility, the ability to compete and draw insight when presenting to a CEO, COO or business owner.

Financial benefits such as improved cash flow, reduced DSO and the ability to identify payment delays will appeal to

those in a CFO, Financial Director or Credit Controller role. They may also want to hear how removal of repetitive processes enables accounts receivable teams to focus on more profitable work.

Discussing e-Invoicing with the CIO or IT Director should address the fact that more and more businesses are embracing e-Invoicing each year. Enterprises need increased automation speeds cycle time to payment, reduce costs and increase options for capturing savings.² No IT leader will want their business to be left behind as this becomes the norm. Evaluating the relative merits of developing e-Invoicing processes in-house and keeping up to date with the latest EDI and formatting requirements, versus outsourcing the delivery to an expert partner should also be on the agenda. Know what their reservations and concerns are likely to be and answer these clearly before they need to ask.

Outsourcing and Resource Considerations

One of the most common roadblocks to selling e-Invoicing internally within a business is the involvement of the IT department. Unless your business has experience in delivering e-Invoicing solutions, it will be more cost effective to consider outsourcing the project to an expert partner.

Outsourcing may raise concerns about control and risk, but these are easily answered. The control remains within the business, as you dictate the requirements, and the outsource partner provides assurances by way of contractual obligations and service level agreements.

By delegating the responsibility you're allowing someone else to take care of the details and address any risks. Outsourcing allows you to tap into the knowledge, experience and capabilities most suited to successfully realize the task.

Evaluate the market

Identifying and quantifying the need for e-Invoicing is relatively straightforward, but the benefits vary significantly depending on the type of e-Invoicing solution you implement. It is important that you identify the differences between closed-network vendors and open, flexible solutions (e.g. Corcentric) where you are not tied to a single platform which all of your customers and partners need to adopt.

Solution cost is not the most relevant metric to use in this context. Solution value, in terms of the savings and value of business enablement, is far more appropriate.

Present the possible solutions, explaining relative merits and challenges of each. Propose the most appropriate solution for your business needs and highlight the potential savings and capability to support present and future customers and partners.

Present the possible solutions, explaining relative merits and challenges of each. Propose the most appropriate solution for your business needs and highlight the potential savings and capability to support present and future customers and partners.

Going beyond the necessary

Explain added benefits of the proposed solution going beyond addressing current pains. For example, the ability to analyze common traits amongst late payers and use this to refine the approach to new business.

Try to map the potential extras from any solution to high-level, strategic business benefits.

Setting expectations

While there isn't a requirement to outline the deployment and integration process as part of the business case, it can pay to set expectations at this early stage. E-Invoicing undoubtedly saves time and money in the mid to long-term but requires an investment in time to set up.

The internal resources and systems/processes impacted by the implementation process will vary significantly depending on your recommended solution. Working with an outsourced e-Invoicing partner should help minimize these impacts. Businesses that choose to develop and keep their e-Invoicing solutions in-house need to set aside significant IT budget and dedicated headcount to ensure compatibility

with changing standards and formatting requirements across EDI and customer/partner needs.

Providing a sign of timings, costs, return on investment window and who the internal sponsors would be for the project, makes it easier to transition from business case to project kick-off.

Next steps

Creating and presenting a business case can take up valuable time. At Corcentric we can work with you, to aid in this process, sharing knowledge and experience gained from years of successful e-Invoicing deployments.

Get in touch and we'll help you ask the right questions, and present the most compelling facts, to develop a comprehensive business case and ROI model.



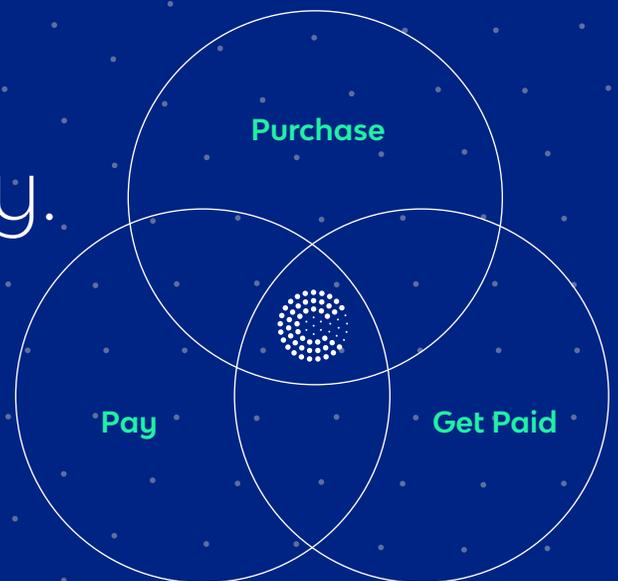
Providing a sign of timings, costs, return on investment window and who the internal sponsors would be for the project, makes it easier to transition from business case to project kick-off.

NOTES

1. E-Invoicing Entering a New Era
2. Success With AP Invoice Automation Requires More Than Paper to Digital, July 2019

Spend smarter,
optimize cash flow,
and drive profitability.

Corcentric is a leading provider of procurement and finance solutions. We help companies reduce costs and improve working capital by optimizing the way they purchase, pay, and get paid.



Procurement and Finance Solutions

ABOUT CORCENTRIC

Corcentric is a global provider of market-leading source-to-pay, order-to-cash, and fleet solutions. From the mid-market to Fortune 1000 businesses, Corcentric delivers technology, managed services, and strategic advisory focused on reducing costs, optimizing working capital, and unlocking revenue. Since 1996, thousands of companies have trusted Corcentric's expert team and its suite of world-class solutions to spend smarter, optimize cash flow, and drive profitability. Learn more at [corcentric.com](https://www.corcentric.com).