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Invoicing Beyond an ERP System

An appraisal of typical ERP system's electronic invoicing capabilities, and how businesses can extend beyond these to streamline and enhance invoice delivery.

Contents

Introduction	pg.3
Complex Invoicing, Simplified	pg.3
Invoice Delivery Rules	pg.3
Printing and Posting Invoices	pg.4
Attachments, Portals and EDI	pg.4
Billing Portals - Pull, Don't Push	pg.4
Secure Invoice Delivery	pg.5
Administration and Management	pg.6
Reporting and Auditing	pg.7
Return on Investment	pg.7
Conclusion	pg.8
About Corcentric EIPP	pg.8

Introduction

ERP systems are superb for planning enterprise resources, and are designed to do exactly that. However, this does not make them superb billing platforms. With all the purchase and delivery details held inside an ERP, it's tempting to try and send invoices from here, too.

This is where things get complex.

For many large businesses, the range of billing requirements is simply vast. The variety of invoice delivery formats alone is large and constantly growing, with new regional standards and platform-specific requirements to consider all the time.

Furthermore, in light of supply chain disruption from the coronavirus (and associated lockdown), businesses have increasingly faced the need to adapt and adjust their commercial relationships – requiring a set of billing changes associated with each supplier.

Multi-national invoicing requirements, across a range of commercial partners, require a complex set of rules, as well as rigorous exception handling processes. Exactly who receives what, when, and how, and what to do when receipt isn't acknowledged – or invoices paid – within a certain timeframe requires a sophisticated set of procedures and processes.

The ability to boldly expand into new territories, signing up commercial partners, and setting them up to receive invoices, should be one smooth process. New billing requirements should not impede the progress of business growth.

Complex Invoicing, Simplified

Businesses looking to thrive in a post-coronavirus world now seek an electronic billing strategy that manages, primarily, the electronic delivery of business-critical documents, and which ensures accurate and efficient delivery of invoices to customers in the medium which suits them.

Beyond saving time and cost through invoice automation, businesses need a risk-free and seamless shift towards electronic invoicing, reducing errors, and driving down delinquency and DSO.

This paper discusses how businesses can and should deliver invoices in any imaginable format, connecting with any EDI or other type of invoicing network, all through one easy-to-use platform. The platform

should be configurable to allow individual users to operate at group, brand, office, or region level with reporting run at any or all levels.

Rather than trying to build a complex set of rules to enable this to be achieved via ERP (and connected) systems, businesses can outsource this headache and use the savings in time and money to focus on their core business.

Invoice Delivery Rules

Large businesses face ever increasing complexity in their billing requirements. Requirements such as the need to support a growing list of SKUs driven by product development, international distribution, and evolving commercial partnerships mean that billing rules need to be flexible and intelligent enough to cope dynamically with these changes. A typical set of billing rules might include any/all of the following:

- + If zero value, suppress the invoice from being sent.
- + Send to a different contact or address than the delivery.
- + Send to a group.
- + Send different format (e.g. PDF attachment, HTML, email or even print) and posted to different contacts at different locations.
- + Send to different individuals if total value is higher/lower than a certain amount.
- + Send by one route (e.g. email) and then follow up with another (e.g. print and post) if no response to initial send after a specific amount of time.

These rules get more complex when taking into account the full range of documents created and sent by accounts receivable. It's not just invoices. Credit notes, statements,

and dunning letters may require different rules. For example, some countries require dunnings to be received by post. It is this level of rule structure that can make for lengthy (read: expensive and time-consuming) customisation of an ERP system.

Using a dedicated third-party to set up and maintain these rules takes the load off your ERP development and maintenance requirements and dramatically reduces deployment time. Plugging into predefined best-practices reduces configuration time and frequently highlights opportunities to improve on existing delivery processes.

Printing and Posting Invoices

It is almost unheard of to convert all customers to receive electronic invoices, therefore billing processes must take into account the need for print and postal delivery, alongside electronic. Printing, inserting invoicing into envelopes and then posting, from contacts in an ERP system can be a very manual process.

Working with an outsourced billing service provider can remove the manual effort involved in delivering invoices by post. An outsourced provider can take billing details from the ERP system and then ensure each invoice, statement, or other billing document, is printed and posted to the right recipient.

Outsourced billing services can leverage economies of scale to drive down print costs. There is also an opportunity for printing to be done in bulk in the same country as the recipient, reducing postage time and cost.

Attachments, Portals and EDI

Many ERP systems offer the ability to send attachments to emails. Setting this up to enable different documents (or multiple documents) typically requires coding into the packing list. The rules to determine what is attached and sent to whom can keep developers busy for quite some time.

Sending documents as attachments may suit some recipients, but many are going to require EDI or other structured data formats. Additionally, a growing number will expect a portal where they can access, download, and print from archived documents.

Most ERP systems allow the sending of information, such as invoices, via EDI, XML or other structured data formats through a conversion process. This conversion process typically relies on third-party solutions and support to customise the EDI/XML conversion for each customer's requirements.

Billing Portals - Pull, Don't Push

The first step many businesses take towards electronic invoicing is often just a PDF, of an otherwise printed invoice, attached to an email. Whilst this certainly reduces print and postage costs, it misses much of the available potential.

Sending invoices from an ERP system often relies on this PDF attachment route, but an ideal electronic invoicing solution would emphasise a pull, rather than push, approach: pulling customers to a portal to get access to their invoices. There are considerable advantages to this over pushing invoices out as emails or email attachments.

- + Emails with a link (rather than attachment) are smaller, taking up less space on servers.
- + There is no dispute as to the most current version of an invoice, statement, or other document.
- + Historic documents (or versions) can be made easily available.
- + Invoice delivery, receipt, readership, or even commitment to pay are tracked and can be used to trigger follow-up actions (e.g. resend the invoice by an alternative route).
- + Analytics can be applied to determine how many times a document is accessed, who accessed it, when and what related actions were taken.

- + Documents are more secure. If the document portal requires a login from each visitor, this prevents the interception and misuse of billing documents – e.g. invoice redirection fraud.

Given a single, online location for their documents, recipients can access, print, download, and approve documents. This portal approach can be extended further, allowing online payment of invoices, updating contact details and other items that would normally require the involvement of customer service or support staff.

An ERP system can be used to achieve this by setting up and configuring the document management system, which then needs to be integrated with the sending rules to enable links to documents to be sent via email, rather than as attachments. SharePoint and ArchiveLink can also be used in conjunction with many ERP systems – both requiring not inconsiderable setup and configuration time.

The fastest, most cost-effective, and future-proof route to enabling all of these requirements is to deploy a dedicated service layer that provides an extension to the ERP system. The goal should be a highly customisable portal with capabilities including:

- + Control and transparency
- + Reporting and performance metrics
- + Audit trail & proof of delivery
- + Document analytics
- + Archive and copy request fulfilment
- + Customer account tools including credit card payments
- + Online statement view
- + Integration with Single Sign-On technology
- + Connectivity with Credit workflow software
- + All documents are stored online for a minimum of 12 months, creating an instant archive for easy document search, retrieval, and re-sending.
- + Documents can be stored online indefinitely, enabling clients to take advantage of this facility to meet auditing and VAT archive requirements.

Secure Invoice Delivery

Invoices and other documents associated with accounts receivable are inherently sensitive, therefore need to be delivered with the utmost security. The growing threat of [invoice redirection fraud](#), with more than \$12.5bn reported stolen² between October 2013 and May 2018, means businesses have a responsibility to limit their risks in this area.

Invoice delivery via email from an ERP system is typically reliant on encryption applied by the mail server (not natively by the ERP system), compromising the integrity of the invoice. Furthermore, additional coding may be required to achieve encryption beyond the message content (e.g. encrypting attachments).

An extension beyond the ERP system that delivers invoices and associated documents is able to funnel everything through a secure, online, portal. This prevents invoice redirection fraud and limits the risk of the accidental sharing of invoices beyond the target recipient.

Digital signatures and other [trust services](#) can also be used as part of the invoice delivery process, adding further layers of security and authentication.

With the currently turbulent state of global markets, businesses may face ongoing changes to their distribution and reseller networks. Contracting with a provider that mitigates some of the inherent security risks in invoicing previously unknown retail partners will go a long way toward maintaining a highly secure billing process.

Invoicing Beyond an ERP System

Any ERP system should provide excellent visibility into, and control over, many aspects of stock, distribution, and supply chain resource planning. Extending this same level of control to cash flow, through real-time visibility of invoicing and payment status, presents a considerable business advantage.

Credit and receivables teams in large businesses may need to see invoice status at group, brand, region, and even office level. Some users may only need low-level access, others may need a broader overview. A well-managed electronic invoicing platform should accommodate complex user roles and hierarchies.

It makes perfect sense to enhance native ERP system capabilities to offer this mix of visibility and flexibility, empowering credit and receivables teams to identify, manage, and act on payment status delays before they create cash flow problems for the wider business.

An example of this done well is mentioned in the quote above from Movianto, talking about their use of [Corcentric EIPP](#), a top provider of electronic billing, invoicing, and document distribution services.

You can read more about how Movianto use Corcentric EIPP, and the benefits they have experienced, in the [Movianto Case Study](#).

“We were using SAP and it was proving difficult to get invoices out. There was no mass send function, nor the level of control we needed.”

“It was even more of a problem, due to the way we needed to invoice our clients’ customers (for the order to cash service), as they’re not necessarily our own customers. It’s important for us to have a solution which adds on to our ERP, regardless of what that ERP is, to enable us to get invoices out in the right way and manage the process effectively.”

“It was all manually done. We ran the invoices off and used the contact details stored in the master data to direct the invoices to the correct people. But this got really complicated, because of the limits on how many contacts could be stored in those fields, which details were assigned as primary contacts, non-primary contacts, etc. We needed a solution without these restrictions and reliance on very manual workarounds.”

– Steven Dee, Credit Support Manager, Movianto

Reporting and Auditing

Reporting is made far easier and more accurate by centralising all invoicing processes on one platform. High-level business decisions can demand reporting insight into cash flow performance at many different levels. The more accessible and timely this reporting data is, the better informed the decisions are.

In the fast-paced world of business, competitive advantage is predicated on the ability to adapt quickly, capitalising on new market opportunities more swiftly than your competitors. Accurate, detailed, and up-to-the-minute performance reports provide the insight needed for agile growth in this way.

In the past, audits have had the capacity to tie up vast amounts of resources to extract billing histories and associated data. Centralising invoice delivery means that billing histories are all stored electronically, in one place. This makes auditing as time-consuming as running a predefined report.

Even when a percentage of your invoices are still printed and posted, doing this through a single provider ensures all the data is in one place – making reporting and auditing a simpler, faster process for all involved.

Return on Investment

Translating all of the above benefits into business value, it's clear that partnering with a provider to manage the outlined activities is likely to yield a faster return on investment in any ERP system.

Aside from the enhancement of an ERP system through improvements to the cash collection process and better visibility of cash flow, there are more immediate cost-saving benefits to deploying this type of provider on top of an ERP system. Two of the most immediately tangible cost savings are the following:

1. Centralising existing print and post of invoices.
2. Encouraging greater migration of customers away from print, to electronic invoices.

Channel shift, from post to electronic invoicing, is estimated to save somewhere in the region of €6.60 per invoice sent³. Top providers can deliver an average conversion rate of over 81% to client customers accepting invoices by electronic means. There is huge growth potential for most businesses to drive higher e-invoicing uptake, through such a highly effective conversion process.

Furthermore, electronic invoicing ensures immediate delivery without the delays and risks of disruption from

a postal service struggling under the strain of a pandemic lockdown or other environmental factors. Electronic invoices reach customers wherever they are, even working remotely, avoiding delays waiting for paper invoices to be received and processed.

Where printed invoices are still required, centralised print and post enable both economies of scale and reduced stamp costs. When local print and post services are managed by a centralised provider, mail is processed close to its final destination point. This improves delivery speed, whilst reducing stamp expenditure.

Conclusion

ERP systems are central to many business processes; typically robust and reliable systems capable of handling a broad range of demands. However, the work required to extend an ERP system beyond its intended remit, into the realm of electronic invoicing, can be prohibitively expensive and time-consuming. Few businesses could survive the risk of invoicing complications, cash flow disruption, or systems downtime this is likely to involve.

However, electronic invoicing is essential for any modern business to thrive.

As a best practice, businesses should be oriented toward taking information from an ERP system, merging with additional data sources where required, and delivering a flawless billing process. The most direct way to achieve this would be through aligning with a partner that can provide these capabilities.

In order to compete, businesses must deliver electronic invoices in a

broad range of formats, including all flavours of EDI and XML, connecting with any network requirements. This requires a provider that supports the vast range of invoice delivery rules, and automated exception handling, in order to drive optimal cash flow in a fast-paced and dynamic market.

Customers benefit from direct EDI or alternative delivery methods, backed up by a secure online portal

giving access to invoice history and associated documents, as well as access to modify their contact requirements when needed.

The overriding message for today's global businesses is that they need to work with a trusted, outsourced solution provider, experienced in solving the billing challenges faced by their growing business.

About Corcentric EIPP

Corcentric EIPP is a managed service dedicated to streamlining, automating and enhancing business invoicing, from delivery, through to payment. Corcentric EIPP ensures accurate and efficient delivery of invoices to your customers in the medium which suits them.

Beyond saving time and cost through invoice automation, Corcentric EIPP enables a risk-free and seamless shift towards electronic invoicing, reducing errors and driving down DSO.

Corcentric EIPP also removes the classic challenges of document storage and retrieval for auditing and compliance. Businesses depend on Corcentric EIPP to provide secure online access to their document distribution

history, facilitating ease of reporting, performance analysis and proof of delivery along with a range of other document management functions.

Headquartered in the United States, Corcentric helps more than 2,000 of the largest companies leverage smarter technology and services to reduce operating costs, improve cash flow, and unlock the hidden value within their enterprise.



15 global office locations - US and Europe



\$245 Billion in invoices sent each year



2,000+ customers and growing

Reference sources

1 [http://tadviser.com/index.php/Article:ERP_systems_\(world_market\)](http://tadviser.com/index.php/Article:ERP_systems_(world_market))

2 <https://www.ic3.gov/media/2018/180712.aspx>

3 [The Business Case e-Invoicing/e-Billing, Billentis 2017](#)

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.



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