



Accounting Frontier Series:
Accounts Payable Automation

11 August 2020



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IMPACT THAT
MATTERS**
since 1845

Housekeeping

- This is a live session and all lines have been muted.
- If you have any questions, please hold on till the end of the presentation. There will be a Q&A section at the end. However, please feel free to leave any questions you have during the session using the Q&A box at the bottom of the screen.
- Webinar materials and recording will be made available after the session.
- If you encounter any technical difficulties do feel free to request for help in the Q&A box and my colleague will assist you.
- Recommended Browsers:
 - Internet Explorer 10 or higher
 - Chromium Edge 80 or higher
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Today's Speakers



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(P2P) Pitfalls

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01

Common P2P Pitfalls



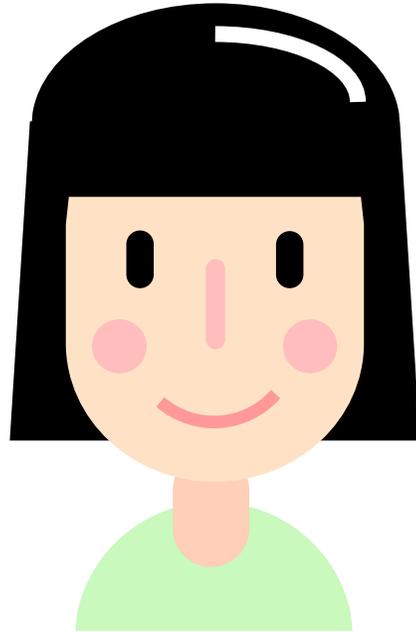
Understanding Pain Points from a User Perspective

P2P is one of the most complex business processes, as it needs to be aligned and integrated with multiple functions (e.g. sales, operations, finance, etc.) and systems (e.g. procurement, expense, ERP, etc.). Let's take a quick user journey to understand the common P2P pain points!



James

Head of BU #1
(Purchase marketing services)



Kelly

Sales Representative
(Get business trip reimbursed)



Anthony

Accountant
(Process invoices & receipts)



Mary

Financial Controller
(Manage payables & payments)

Purchase Requisition

Don't get me started! My team should be focusing on bringing in revenue, but instead we are being distracted by the accountants: wasting tons of time on these silly paper works!

We are spending significant time on:

Budget Checking

No real-time visibility on the available budget, need to check with Finance every time

Wrong Codes

Constantly get asked by Finance to amend the POs due to wrong account codes

Lengthy Approval

Need several rounds of approval, even for small purchases, and have no idea of the stage of approval

Non-compliances

Cannot comprehend the complex policy requirements and get complaints all the time



James

Head of BU #1
(Purchase marketing services)



3.1 hours

Average time to prepare requisition



15%

Purchases without PO or via unauthorized vendor



\$460

Average processing costs per requisition

Source: Deloitte internal data

Expense Claim

I hate claiming expenses! It is like I have to be the accountant as well, spending so much time entering data.

We are spending significant time on:

Data Entry

Enter expense details into the system and allocating to cost centers

Paper Work

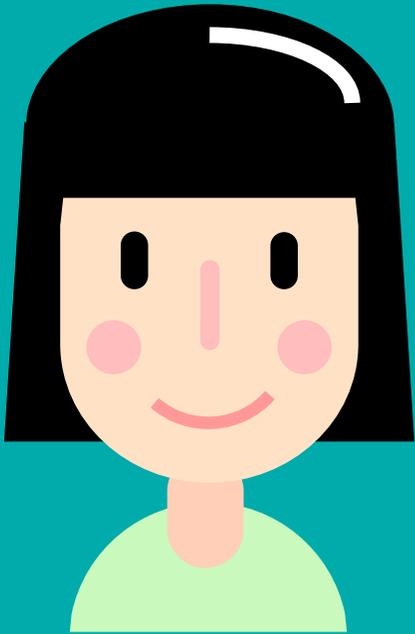
Print the expense report, attach all the hardcopy receipts and send to Finance for review

Wrong Codes

Constantly get asked by Finance to amend the expense claims due to wrong account codes

Lengthy Approval

Need to go through multiple rounds of approval, even for small claims



Kelly

Sales Representative
(Get business trip reimbursed)



20 minutes

Average time to file an expense claim (another 18 minutes to fix exceptions)



19%

Expense claims noted with exception (errors / non-compliances)



\$52

Average processing costs per expense claim

Source: Concur: Save time and money on expense report processing

Invoicing Processing

Despite numerous rounds of training and comments, front office consistently fails to comply with relevant policy requirements. We continue to spend extra time fixing their mistakes!

We are spending significant time on:

Data Entry

Enter invoice details into the system, allocate to cost centers and prepare journals

Matching & Review

Match invoices to PO and/or receipts and check for policy compliance and other exceptions

Exception Follow-up

Identify, investigate and resolve exceptions (errors/non-compliances) with stakeholders

Lengthy Approval

Need to go through multiple rounds of approval and many invoices do not have PO



Anthony

Accountant
(Process invoices & receipts)



39 minutes

Average time to process an invoice (from data entry to approval)



23%

Invoices noted with exception (errors/non-compliances/discrepancy)



\$79

Average processing costs per invoice

Source: Ardent Partners: Accounts Payable Metrics that Matter in 2020

Payable Management



Mary

Financial Controller
(Manage payables & payments)

Our P2P process is plagued with disparate systems and policies among business units. I have limited visibility on our spending and often have overdue invoices that I don't know about.

We are spending significant time on:

Reconciliation

Reconcile data from different sources and investigate any differences

Spending Analysis

Gather and manipulate data from different systems to analyze payables & spending

Payment Run

Identify payables that are due soon, arrange payment requests and prepare journals

Exception Follow-up

Investigate and resolve issues raised by vendors (late or contested payment, reconciliation, etc.)



15 minutes

Average time per payment run



12%

Payments noted with exception (late / contested / discrepancy)



\$30

Average processing costs per a payment run

Source: Deloitte internal data

Impacts of an Inefficient P2P Process

Due to the cross-functional and cross-system nature of the P2P process, inefficiencies in the P2P process could have pervasive impact to your organizations:



Lost Productivity

Manual process uses lots of staff time that could otherwise be spent on more value-add areas



Cost Inefficiency

Inefficient process results in higher costs per requisition / invoice / expense claim



Higher Risk

Inability to spot exceptions exposes you to higher risk of error/ non-compliance/ fraud and supply risks



Damaged Goodwill

Frequent delay/ dispute in payments will impact vendor relationship, limiting your chance of getting better payment terms



Limited Visibility

Disparate systems and processes limit your capability to:

- Forecast cashflow
- Manage spending
- Devise cost saving actions

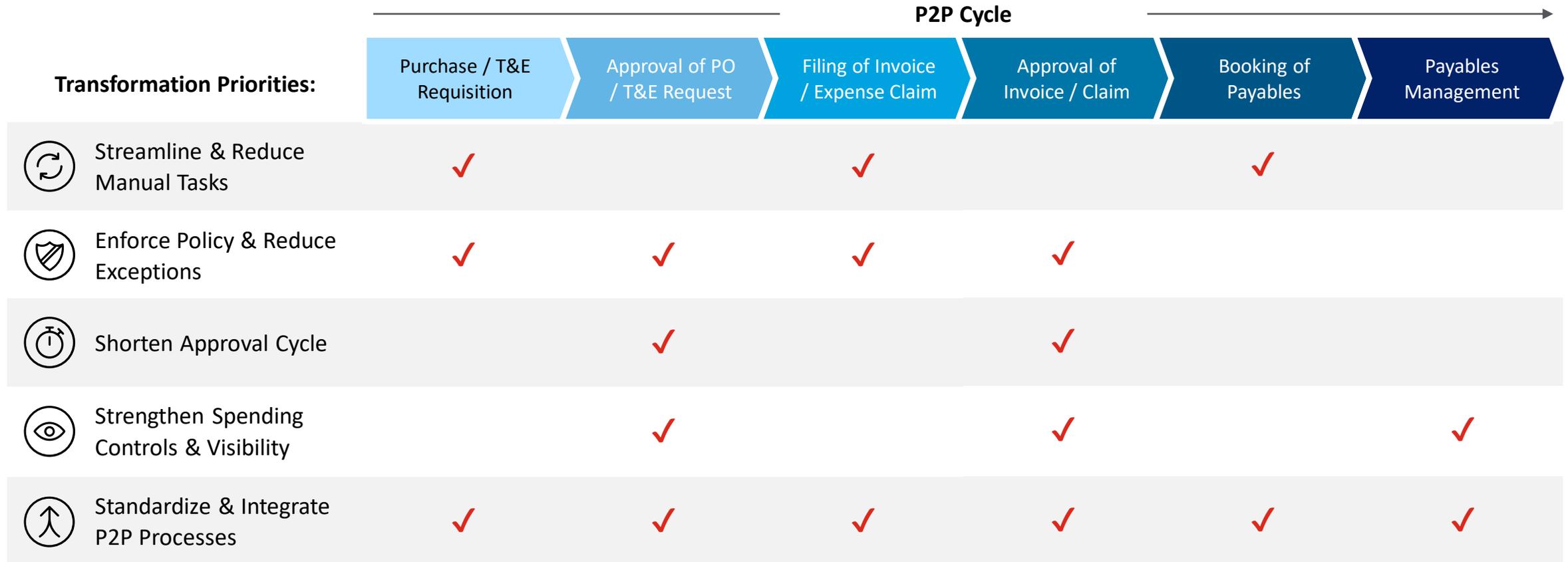
02

Transforming P2P Process



Key Transformation Priorities

To successfully transform the P2P process, you need to address the common pitfalls and automate the processes as much as possible. This requires you to achieve the following strategic priorities:



Streamline & Reduce Manual Tasks



Target State

- Mobile P2P process
- “Straight-through” invoice processing
- Minimized data entries

Examples of Initiatives:

- Establish “No PO, No Pay” policy to drive higher % of pre-approved spending
- Enable the P2P process to be done via mobile devices (PO, invoice scan, approval)
- Reject vendor invoices with errors, incorrect information or without PO reference number
- Utilize corporate purchasing card / credit card to simplify payments to vendors / employees
- Establish a channel / portal that allows vendors to submit invoices electronically
- Auto-capture invoice/ receipt details into the system
- Connect bank feeds and auto-extract purchase / expense details from corporate cards
- Automate journal entries (e.g. booking of payables and payments)
- Automate the preparation of payment request files

Enforce Policy & Reduce Exceptions



Target State

- Risk-based compliance approach
- Automated matching & compliance checks
- Electronic platform to track and handle exceptions

Examples of Initiatives:

- Adopt risk-based approach and devise compliance checks based on policy requirements, key risk indicators and common mistakes / abuses
- Automate compliance checks throughout the process to prevent exceptions (e.g. missing fields, inconsistent info., non-compliances, etc.) from happening
- Automate 2 or 3 way matching to validate supplier invoices against POs and receipts to ensure billing accuracy
- Put in place appropriate e-channels and processes to track, report and handle exceptions
- Follow up on and resolve unreconciled items on a timely basis
- Conduct random expense audit on a periodic basis

Shorten Approval Cycle



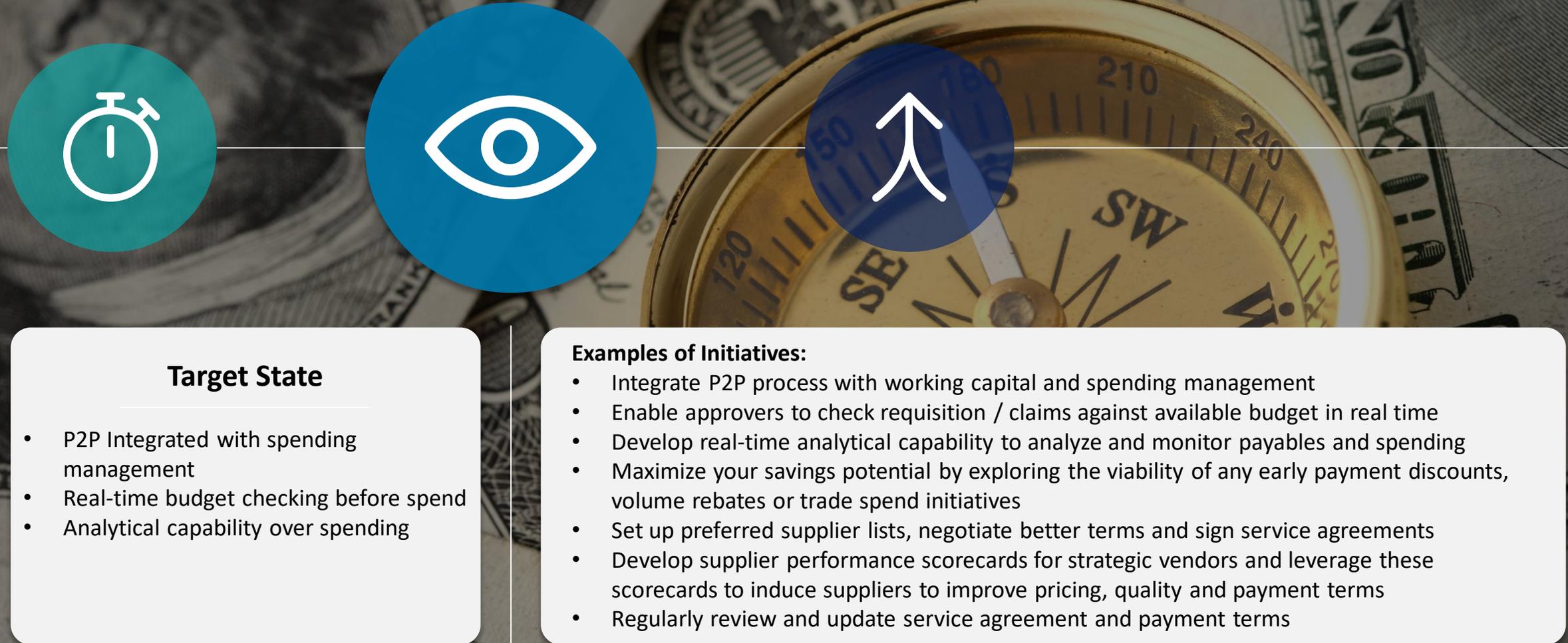
Target State

- Simplified and risk-based approval
- Mobile-enabled approval workflow
- Automated routing to appropriate approvers

Examples of Initiatives:

- Simplify approval (e.g. enable delegates, skip step if exceeding limit, 1-up, etc.)
- Route to other approvers if an approver is out of office or fails to respond within a specified timeframe
- Align approval limit with assigned budget and grant bigger limit to lower approvers
- Create a simpler approval chain for operating expenses
- Enable the P2P process to be done via mobile devices (PO, invoice scan, approval)
- Automatically determine the approvers and processors based on expense type & amount
- Enable approval process to automatically skip approvers with inadequate approval limit
- Enable automatic routing to alternate approvers based on policy requirements

Strengthen Spending Controls & Visibility



Standardize & Integrate P2P Processes



Target State

- Standardized P2P processes
- Integrated P2P system(s)
- Centralized invoice and payable processing
- Performance driven culture

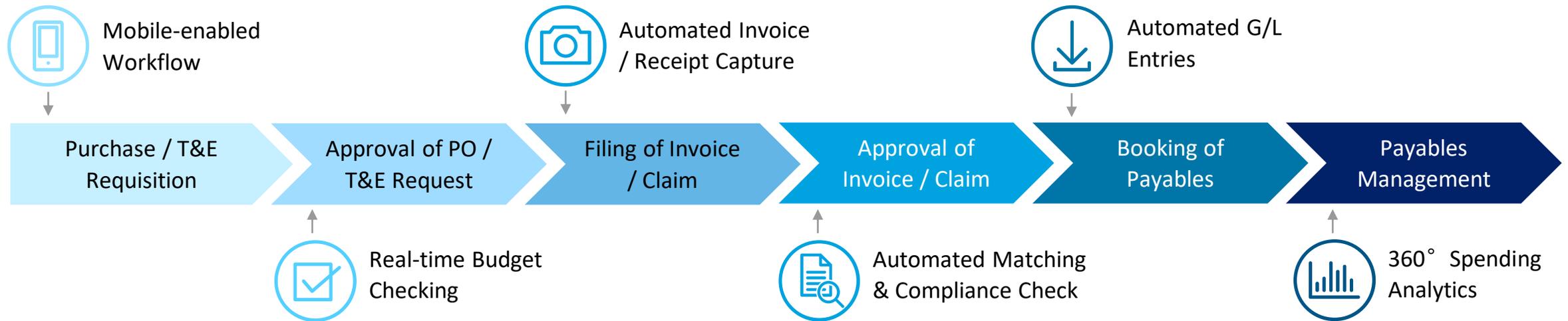
Examples of Initiatives:

- Standardize P2P policy & process across entities to enable centralized management
- Implement an integrated P2P system to manage procurement and invoicing processes
- Centralize payable processing & reporting through a shared service environment to ensure all business units adhere to common practices and achieve economies of scale
- Establish change management program to change long-established P2P behaviors and provide training on new workflows
- Establish and monitor P2P performance metrics and investigate any deficiencies
- Link performance metrics with compensation to drive continuous improvement
- Enable the capability to track and analyze P2P performance metrics in real-time

Introducing SAP Concur: An One-stop Automated Spend Management Solution

None of the transformation priorities can be made possible without various technology solutions. Instead of building your own OA app with numerous robots to connect the disparate systems, we have found an elegant solution, SAP Concur, which covers most of the technology needed in one integrated platform to automate your P2P process.

High-level Workflow & Features of SAP Concur:



03

Automated Spend Management Solution



04
Case Study



Case Study: Asia Pacific Retailer

Client Profile:

- Retailer
- 3,500+ Employees
- Businesses across APAC

Situation:

Due to legacy issues, an APAC Retailer is plagued with a number of P2P issues that expose them to inefficiency and higher risk of errors and employee abuses:

Highly Manual Process

Staff spends lots of time entering data into the system, filing expense report, performing reconciliations and calculating accruals

Inadequate Spending Controls

There is no central policy to govern spending, and all staff can spend on behalf of the company (via cash, corporate card, PO or invoice)

Lack of Visibility over Payables

Disparate systems limit Finance's visibility over payables and there are often overdue invoices that Finance do not know about

Solution:

To address the P2P issues, we have assisted the APAC Retailer to:

01

Develop a robust P2P policy to standardize practices and govern spending

02

Implement SAP Concur to manage and automate the entire P2P process and drive compliance

03

Establish a roll-out plan, provide training and support change management to drive adoption

Results:

We have successfully implemented SAP Concur for the APAC Retailer and below are highlights of the project results:



80% reduction in time spent on month-end payables & expense process via automation



HK\$1.1M of duplicated spending prevented



Cost saving potential identified (by centralizing spend on certain vendors)



Gained **real-time visibility** over purchase commitment, liabilities and spending

05

How Deloitte Can Help



Our End-to-end Support on Your P2P Journey

From our experiences with 115+ Concur customers, we have developed a tried and tested approach to help you accelerate benefit realization and ensure a successful implementation. To help you through your Concur journey, we can assist you on:

How We Can Help



Use Case Identification

Help you to assess the current state of your procure-to-pay process, identify use cases for Concur and formulate a deployment plan



Policy & Process Development

Assist you to develop policy and future workflow to ensure consistent usage of Concur (e.g. expense policy, approval workflow, audit rules etc.)



System Design & Configuration

Support you to establish a design blueprint and configure Concur accordingly, aligning with the policy requirements



Roll-out Support

Support you in user testing, setup of roll-out plan to improve adoption, training on future Concur workflow, and providing go-live support

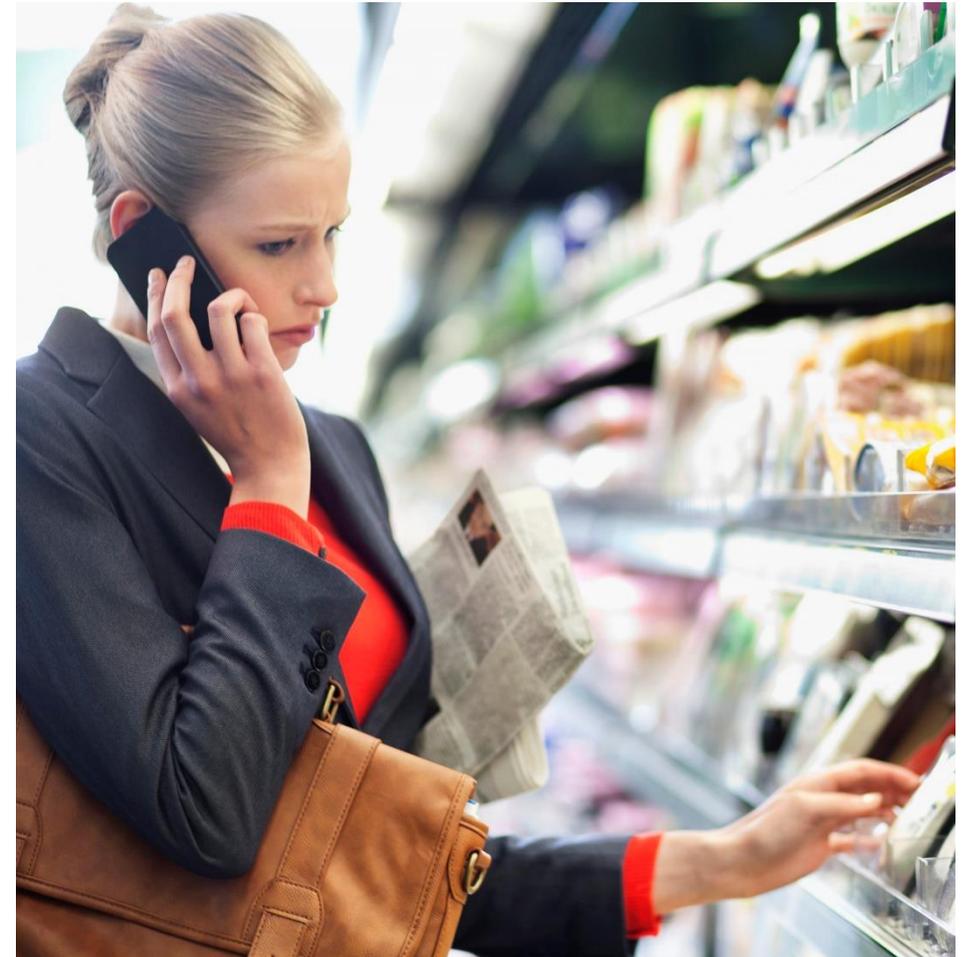
Why Deloitte?

- **Rich implementation experiences**
(Supported 115+ Concur customers, more Concur experiences than any other service providers in APAC)
- **Strong relationship & collaboration with Concur**
(3+ Years of Alliance with Concur and Enterprise Services Partner of the Year 2019 with 40+ certified consultants)
- **Codified, repeatable approach to deploy Concur**
(Established standard approach & toolkits to ensure rapid delivery, optimize processes and improve user adoption)
- **Accountants with technology capability**
(Not only we understand accounting, but are capable in using technologies (besides Concur) to solve your issue)
- **Virtual office of finance**
(Capability to set up a truly automated finance operations)

Key Questions to Consider

If your organization is planning to automate the P2P process, a key part is to choose the right automation solution. Below are some of the key questions that will help you evaluate what is best for your organization.

- Do you supplement optimal character recognition (OCR) with human validation?
- Do you have an ecosystem that offers me choices for payment providers?
- If an invoice is outstanding, how does your solution help me easily see and show where it is in the process?
- How long will it take to implement the solution and get users fully onboard?
- What other systems do you integrate with?
- If you are planning to use robotics process automation (RPA) to automate some parts of the P2P process or help with integrating the different systems , how many robots do you intend to put in place? Does your organization have in-house capability to maintain these robots?
- Do you have a mobile app that allows you to approve invoices on the go?
- Will I have control of and access to my invoices at all times?
- How will I get my AP data into my ERP or financial system?



Deloitte is at the forefront of defining, researching and transforming the accounting function today. If you're ready to move from abstraction to action:

Let's talk

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06 Q&A





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