

4 Reasons Why Customers Want E-Invoicing

Accountis Article: Logistics Special



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Introduction

Customers receiving paper bills from suppliers in the Logistics sector are demanding change. After years of enduring a painstakingly slow and error prone invoicing process that wastes valuable time and resources, customers are now insisting that bills are sent electronically instead of on paper. So why are customers so fed up with their current paper invoice process that they are begging suppliers for change?

A Painful Accounts Payable Process

Perhaps the following scenario will help explain why receiving paper invoices from suppliers in the logistics sector can be so painful for customers. Imagine for a moment that you are a clerk working in a typical Accounts Payable (AP) department. It's Monday morning. You arrive at Food Catering Inc. for another week of hard work. You can't see beyond your morning coffee for the mountain of paper invoices and red tape you still need to clear from last week.

Your first invoice for today is seventy pages long (it was delivered in a box!). It's your job to trawl through every line item (all 1000 of them), checking for errors before manually entering the data into a finance system. Your progress is good until you find an error. This means that you need to phone your supplier to query the invoice and begin the long, drawn-out dispute process that you know will take days, if not weeks, to resolve. You pick up the phone and dial, only to receive a voice mail informing you that Ann is on holiday until next Friday, but if you leave a message she'll get back to you when she can. So what's new?

You then pick up another invoice and start the checking process again. What's this? In the middle of your invoice there is a page you don't recognise. It includes discounts at levels you don't normally receive. Not only is this invoice wrong, but it also includes an extract from someone else's order! And, they're getting a much higher discount than you. Your Finance Director will not be happy when he finds out. Yet another error, yet another delay.

You pick up another invoice. This one has just been faxed through because the original was lost somewhere between headquarters and your. What's this? Half of the invoice is missing. The fax roll must have run out during printing because you only have the first few pages of the invoice. Today is not going well. It's only 9.30am and you've not completed one single invoice yet.

After changing the fax roll and ringing the supplier to request another copy you start again with another invoice. This one is in French. You can just about make out the product descriptions but you head for the filing cabinet to retrieve another invoice from the same supplier to compare them. But that doesn't help because you find that although the invoices are from the same supplier they are in completely different formats – they were sent from different offices. You resign yourself to the fact that this invoice will take a long time to decipher.

En route to the tearoom you start to question this madness – all these invoices have been generated electronically, so why do they have to be printed out on paper? Why can't they be delivered in a format that can be imported directly into the finance system? No printing, no faxing, no typing, no mistakes! There must be an easier, faster, more cost effective way of processing these documents.

You wake up from your daydream, sit down at your desk and resume checking through line items on the next invoice; 1, 2, 3, 4.....

Customers Realise The Benefits

Electronic Invoicing, also known as Electronic Invoicing Presentment and Payment (EIPP), is a process where suppliers and customers exchange and manage invoices using the Internet. An EIPP system normally integrates directly with an organisations existing finance system (e.g. Sage, Oracle, SAP etc.) to streamline the AP processes and eliminate paper. The benefits to both suppliers and buyers of using such a system are well documented. Cost savings, reduced errors, quicker settlement and automated payments are just a few. However, it is becoming clear that in many industry sectors, not only Logistics, that customer benefits are often the driving force behind implementation.

Here are just four reasons why EIPP is so attractive to customers:

1. Instant delivery with no manual data entry

E-invoices are delivered instantly and are presented to the customer for online processing. At the click of a mouse all the invoice data can be viewed, downloaded and imported into a finance system if required. This eliminates the time consuming task of re-keying data and eradicates manual errors. Additional security measures also ensure that the right invoices are delivered to the right people.

2. One-stop, real-time access to all invoices

Each customer has secure, personalised access to an online supplier portal where 24 hour, real-time access allows timely management of all invoices (as well as other documents, such as delivery notes, statements, remittances etc.) Users can easily navigate their way around larger invoices and customised search functions allow rapid access to current and archived invoices. Workflow functions ensure that the invoice is seen by the correct people throughout the approval process.

3. Faster dispute process

An online dispute process is a welcome replacement for lengthy telephone calls. Customers are able to log a query against any line item, in any invoice. They can also attach documents, such as a purchase order, to support their query. Once submitted, this query is sent immediately to the supplier for action. Every action in the dispute process is logged to give a visible audit history for every document.

4. One, consistent view of all invoices

Supplier portals are company-branded and provide customers with one-view of all invoices and other documents. EIPP systems enable suppliers to collate information from disparate IT systems and present them in a uniform way. Customers who deal with multi-sited companies can view all invoices using one clear, user-friendly interface.

Building Better Business Relationships

There is no doubt that customer benefits such as these are convincing. And for suppliers the picture is equally rosy. In addition to cutting costs and improving efficiencies in the Accounts Receivable (AR) department, the implementation of EIPP can have a positive influence on the supplier/customer business relationship.

By offering of a faster, more efficient invoicing process to customers, suppliers can demonstrate their commitment to offering the best possible service. Company-wide EIPP systems deliver a much more personalised invoicing experience which in turn can encourage better communication between supplier and customer.

Making customers feel valued and part of a unified trading network may also help to improve customer relationships. In short, by taking the pain out of invoicing for customers, suppliers will rise above competitors in the marketplace and enjoy stronger, long-term business relationships.



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