

Invoice Scanning and Data Capture



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Invoice capture software is a viable solution in a number of scenarios. Making it part of your process helps to eliminate manual data entry, which saves time and reduces errors.

Workplace digitization continues to grow. No longer do you have to waste valuable office space with cumbersome filing cabinets full of paper. Today's business processes are mostly digitized and printing documents is no longer the default.

The majority of incoming invoices today are received digitally whether it is in the form of a scanned image, photo, email, or PDF document. This streamlines the

business process and removes the need for physical storage but one problem still remains. How can you leverage the data hidden in the digitized and voices? how can you easily access the key data in those invoices and move the data to where it belongs?

That's where automated invoice capture software comes into play. Every invoice holds key data that is important for resource planning, business intelligence, and accounting. The data in these invoices need to be transferred to ERP, accounting, or data analytics systems.

Invoice capture software also referred to as in voice recognition software or invoice scanning software is an automated data entry solution that's focused on invoices. It tries to recognize all of the key data fields in the invoices and returns easy to handle structured data. After your PDF invoices are converted into an Excel spreadsheet, you can reuse the data in other applications. You no longer have to manually re-enter the invoice data from your PDF to your ERP system.

Is Invoice Capture Software Accurate?

Modern computer systems still face challenges when converting PDF invoices to structured data formats like Excel. Invoices come in a variety of formats and even though they follow a certain logic, computer systems have trouble accurately extracting fine granular data points. Though artificial intelligence and machine learning have made huge progress over the last few years, identify and complex patterns such as invoice line items remains a problem that is not completely solved.

Because of this, it's crucial to get a realistic idea of when invoice recognition software can be helpful to your organization. Questions to ask include:

- Are the invoices actual PDF documents or just scanned images?
- Are the scanned images all perfectly aligned with overall good quality?

- Do you also need to process photos of receipts?
- Is it enough to extract key data such as date, vendor, and totals, or do you need line item granularity?

By answering these questions, you'll know more about when automated invoice processing software is a viable solution for your organization. Automated invoice processing is not a solved problem because there are still technical limitations. But, current invoice scanning and processing Solutions still provide great results if you use case falls into one of two categories.

“Automated Invoice data capture works best when the invoice format is known and when you are scanning invoices from a limited number of vendors.”

Scanning Recurring Invoices From a Limited Number of Vendors/Suppliers

For many organizations, the majority of invoices come from a limited number of suppliers. In some situations, businesses receive hundreds of invoices every month just from a handful of vendors. This is especially the case for most brick-and-mortar businesses, e-commerce shops, wholesale, shipping, and Food Industries.

If you're running an organization with hundreds of recurring invoices, automated invoice processing is a wonderful solution to streamline your workflow. It is incredibly easy to train an invoice processing software to reliably recognize and extract data fields from a known document format.

When the invoice format is known, techniques like optical character recognition (OCR) and keyword-based pattern matching can be applied to increase accuracy and reliability when it comes to parsing results. This method makes heavy usage of the location of data points inside the documents.

All it takes to train invoice OCR software is to define the locations where the key data fields are expected. Once the software is trained, all future documents with the same layout are recognized and the invoice processing software automatically extracts data in the fine-grained structured format for further use.

This method also makes it possible to extract line items from invoices so that you can not only extract metadata such as the invoice date, total, and invoice number, but you also have detailed data about the merchandise that's included in an invoice. This is important when you want to feed the fine-grained data into an ERP system or handle advanced number crunching.

Because the data extraction for this method is nearly perfect, there is no need for manual data validation in most cases.

Extracting Metadata From Various Unknown Layouts

When you have hundreds or even thousands of different invoice formats, training your computer system for each layout is not practical, so you need to choose a different approach.

Instead of training your invoice OCR scanning software based on the position of the data points, you can use intelligence filters to find the specific data fields in variable locations.

These filters work by identifying entities such as numbers and then searching for the typical keywords nearby. For instance, the keyword 'Total Due' followed by a dollar amount would be considered as the invoice total.

This method of keyword base extraction works well for the majority of metadata Fields such as the tax total, net total, the invoice date, and number. But, extracting line items presented in a table is less reliable because line item tables

come in different formats and contain different types of data.

If you want to process invoices from hundreds of different suppliers and you are okay with manually validating the extracted data then you can comfortably use in voice recognition software.

When to Avoid Invoice Scanning Solutions

Invoice scanning solutions tend to fail when fine-grained table data such as invoice items are needed but the layout of the invoices unknown. Many researchers are trying to solve this problem with artificial intelligence but the data accuracy is not quite where it needs to be.

That said, today's invoice capture solutions work best either when the invoice format is known or only the metadata must be extracted. You can bypass this limitation by adding another layer of human validation to the process.

A common approach to circumvent the limitations of automated invoice OCR systems involves choosing a hybrid model. With this approach, a computer system does the heavy lifting, and then a human manually validates the extracted data.

Some invoice processing software options have a built-in data validation interface that allows a human to quickly go through all of the processed invoices to validate or correct the parsed data.

Alternatives to Automated Invoice Scanning

To bypass issues connected with invoice scanning and accounts payable automation, the electronic data interchange or EDI standard was introduced more than 30 years ago. Instead of exchanging invoices in a human-readable format,

transactional data is automatically transferred from company A to Company B in a machine-readable format.

This lets machines talk to each other directly so the need to manually validate or enter data is eliminated. EDI certainly has had its fair share of success in large organizations but the reality is that most small organizations are still receiving paper invoices and PDFs and, as a result, are looking for alternatives to EDI.

Another alternative is simply manually re-keying the invoice data. Manual data entry can be done in-house if you only need to process a couple of invoices the month. If you must process hundreds of invoices though and do not want to use an invoice capture software, you need to think about outsourcing the task. Outsourcing, however, does present other issues such as data security, processing time, and the overhead associated with finding a service provider.

Whether or not your invoice automation project is successful or becomes a source of frustration or your organization will heavily depend on your youth case and the solution you choose.

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