

The Benefits of Procure-to-Pay Software



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One area that many businesses can look to for uncovering greater profitability, higher productivity, and a competitive edge in their industries is the procure-to-pay (P2P) process (also known as the purchase-to-pay process).

As it touches every cent a company spends, optimizing the procure-to-pay process presents opportunities for cost reduction, process improvement, and improved supplier relationships.

To create the most value out of this process, companies around the globe are adopting cloud-based procure-to-pay software as the core component of their optimization strategy.

What Is the Meaning of Procure-To-Pay?

Procure-to-pay is the complete process of acquiring goods and services from suppliers and processing payment for them. The procure-to-pay cycle touches every part of the purchasing and payments process.

The main processes within procure-to-pay include procurement, purchasing, receiving, and accounts payable.

Procure-to-pay is important for businesses because the processes within it determine if a business is operating effectively and efficiently. When all or just part of this process is streamlined, it can create lasting benefits.

However, if these processes become inefficient, it can lead to significant downstream waste and other negative consequences.

If a business can effectively manage the procure-to-pay process, they are sure to be getting the most value for their money and are likely to have a solid grasp over their spending.

What Are the Benefits of Managing the Procure-to-Pay Process?

Managing the procure-to-pay process (and doing so effectively) creates significant benefits that help businesses become more competitive and sustainable. Some of these benefits include:

- **More Cost Savings**

Carefully managing everything from procurement to accounts payable enables companies to negotiate better terms with suppliers and avoid making poor purchasing decisions.

This leads to long-term cost savings, along with reliable suppliers and good relationships.

• **Reduced Risk**

Managing procure-to-pay processes, and especially using software to do so, enables companies to keep accurate records of all transactions, which can reduce risks when getting audited.

It also helps companies enforce internal controls and standard purchasing procedures, further reducing risk.

Lastly, using P2P software reduces the risks of making excess payments by stopping error-laden or duplicate invoices from getting through the system and getting paid.

• **Total Visibility**

Companies will have better visibility of their spending when managing procure-to-pay processes (and especially when using P2P software). This gives them the ability to see things like where funds are being wasted or whether or not duplicate invoices are being paid.

Total visibility allows companies to zero in on areas that need attention and quickly fix broken processes.

• **Increased Productivity**

Much of the procure-to-pay has historically been done manually. Using paper and Excel-based systems for managing things like suppliers and payments can get slow and unproductive.

Better managing and streamlining these processes with automation software significantly increases a company's productivity and efficiency while enforcing procure-to-pay best practices.

Benefits of Managing the Procure-to-Pay Process



More Cost Savings



Reduced Risk



Total Visibility



Increased Productivity

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What Is the Role of Procurement Software in P2P?

The role of procurement software in the P2P process is to automate what would otherwise be manual processes that are costly and riddled with errors.

Without procurement software that works for the entire P2P process, companies are left relying on manual processes such as updating Excel spreadsheets, filling out paper forms, and manually reminding approvers to approve requisitions and purchase orders.

Relying on manual processes creates costly performance issues, including:

- Lost work hours spent chasing exceptions, tracking maverick spend, and dealing with approval bottlenecks.
- Material, storage, and environmental costs associated with mountains of paper.
- Missed discounts for early payment discounts and expensive fees for late payment.
- Damaged supplier relationships through slow payment, processing errors, and missed opportunities for mutually beneficial initiatives.

- Process inefficiencies that reduce productivity and damage both competitive advantage and the bottom line.

Procurement software, which can also be referred to as 'procure-to-pay' software if it also covers the accounts payable process, can automate and streamline these processes.

Doing so solves many pain points and sets an organization up for greater profitability and success.

What is Procure-to-Pay Software?

Procure-to-pay software is designed to automate and streamline the entire procurement process. Some solutions only offer part of the process, such as just accounts payable software or just purchasing software. Procure-to-pay solutions incorporate the entire cycle from procurement to payment.

For example, PLANERGY's cloud-based and mobile-friendly software uses procure-to-pay automation and artificial intelligence to optimize every step in the P2P process. In order to cover the entire process, procure-to-pay software features should include:

▪ Vendor Management

Researching, selecting, engaging with, and evaluating the performance of all suppliers in your supply chain.

▪ Purchase Requisition Workflows

The process of creating and submitting a purchase requisition (PR) for approval to make a purchase.

▪ Purchase Order (PO) Workflows

Creating a detailed PO based on the purchase requisition that includes the quantity and quality of goods and services, as well as terms and conditions.

• **Receiving**

The acceptance of physical goods (or certifying completion and quality for services delivered) and entering the accepted order into inventory, tracking, and accounting systems.

Entering this information can be automated by integrating the P2P software with the accounting and ERP systems.

• **Invoice Processing**

Comparing the invoice to the original PO to verify pricing, quality, quantity, and terms have been met. Once verified and approved, the system can automatically flag the invoice for payment.

• **Accounts Payable Workflows**

The accounts payable department processes the invoice for payment, submits the payment to the vendor, and reconciles any related financial entries in the accounting system.

With a P2P system, all of these processes are centralized. This streamlines the entire flow and makes it much easier for teams such as purchasing and accounts payable to collaborate and ensure the work is getting done correctly and efficiently.

What Are the Benefits of Using Procure-to-Pay Software?

Because procure-to-pay software hits every part of the process, it provides all the benefits of procurement software, purchasing software, and AP automation software rolled into one.

When integrating software throughout your entire P2P process, you can expect the following benefits:

• **Greater Efficiency Through Automation**

The risk generated by manual processes comes from bottlenecks, human errors, and overall inefficiencies in process and approval workflows.

PLANERGY's user-friendly P2P solution stops bottlenecks and inefficiencies by automating workflows at every stage of the process.

According to the American Productivity and Quality Center (APQC)'s Open Standards Benchmarking report, automation cuts the PO cycle time in half.

It also found that companies that use automation can process 1,302 POs per employee, compared to just 615 for those that don't.

Process automation improves many other parts of procure-to-pay as well. Automated reminders and contingency workflows ensure approvals happen quickly and smoothly.

Automated 3-way invoice matching makes invoice approval and payment faster while stopping erroneous payments and invoices from getting through.

Automation cuts the PO cycle time in half. Companies that use automation can process 1,302 POs per employee, compared to just 615 for those that don't.

• **Total Visibility Over Processes and Spend**

Effective spend management requires total visibility. Procure-to-pay software gives companies the tools to easily monitor all purchases for optimal pricing, terms, and conditions.

All process and spend data is stored in a single location and is available for review and analysis—giving companies total spend visibility while making it simple to enforce purchasing policies.

Rules can be set to require approval before any order can actually be sent to a vendor. All purchase orders contain the approved terms, conditions,

and pricing for each vendor.

Every document from purchase requisition to final invoice is automatically reviewed to prevent fraud and reduce errors.

• **Improved Supplier Relationships**

Supplier management and strategic sourcing can also benefit from procure-to-pay software.

Procurement teams use supply chain management strategies for relationship building, contract management, and cost reductions. Software like PLANERGY brings value to these processes through:

- Streamlined workflows that enable early payments and strategic buying based on accurate forecasting.
- AP automation facilitates faster eInvoicing for vendors, but they can still use manual invoicing if they prefer.
- Centralizing communications through one platform enables more effective supplier collaboration and reduces miscommunication.
- Pre-approved legal content gives teams easy and intuitive contract creation, revision, and negotiation.
- Data-driven insights provide leverage for the negotiation of better terms, pricing, and partnerships for projects or initiatives.
- Providing vendors with automated onboarding and then auto-populating vendor data across the procure-to-pay system.
- Identify the best vendors with automated key performance indicators (KPIs) tracking.
- Vendor dashboards offer real-time feedback and suggestions for process improvements and opportunities to increase cash flow.

• **Improved Business Intelligence**

Much valuable business intelligence is generated throughout the procure-to-process, and procure-to-pay software helps organizations use it.

Being able to identify factors like periods of peak demand, potential production snags, or your most reliable vendors gives you the power for better planning and cost-effective decision-making.

Additionally, having real-time access to your procurement and spending data, through automated spend analysis, makes it easier to create accurate financial forecasts and projections.

• **Finance and Procurement Collaboration**

Using one system for procurement and accounts payable helps teams collaborate better than using separate systems for both. This is particularly true for finance and procurement collaboration.

When data is synced under one shared system, finance teams gain total visibility into procurement spend. They can analyze charts, dashboards, and budgets in real-time right from the source.

When these systems are separate, finance teams need to constantly request data from procurement, adding delay and back-and-forth communication.

When these teams can work together from anywhere, on any device, with full transparency, timely insights from finance can help procurement make better decisions.

At the same time, finance can have its pulse on the company in a more holistic way, leading to overall benefits for company culture and the bottom line.

Benefits of Procure-to-Pay Software



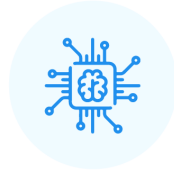
Greater Efficiency
Through
Automation



Total Visibility
Over Processes
and Spend



Improved
Supplier
Relationships



Improved
Business
Intelligence



Finance and
Procurement
Collaboration

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Software Lets You Control The Procure-to-Pay Process

Using a software solution is the only way a company can fully control its procure-to-pay process from end to end. The right software can meet your unique needs for not just part, but all of these processes and give you the visibility and control you need to truly take the reins.

If you're looking to gain control of their spending and procurement while gaining a competitive edge, look no further than procure-to-pay software.

It can harness the power of automation and continuous improvement to create the impact on the bottom line that your company has been looking for.

What's your goal today?

1. Use PLANERGY to manage purchasing and accounts payable

We've helped save billions of dollars for our clients through better spend management, process automation in purchasing and finance, and reducing financial risks. To discover how we can help grow your business:

- Read our case studies, client success stories, and testimonials.
- Visit our Procure-to-Pay Software page to see how PLANERGY can digitize and automate your P2P process saving you time and money.
- Learn about us, and our long history of helping companies just like yours.

Book a Live Demo

2. Download our guide “Preparing Your AP Department For The Future”

Download a free copy of our guide to future proofing your accounts payable department. You’ll also be subscribed to our email newsletter and notified about new articles or if have something interesting to share.

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3. Learn best practices for purchasing, finance, and more

Browse hundreds of articles, containing an amazing number of useful tools, techniques, and best practices. Many readers tell us they would have paid consultants for the advice in these articles.

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