What Is Electronic Invoicing?



Electronic invoicing, also known as e-invoicing, refers to the exchange of an invoice document between the supplier and the buyer with an integrated electronic format.

Relying on paper-based invoicing processes requires an intense amount of manual work that is prone to human error. These errors result in increased cost and processing lifecycles for companies.

Electronic invoicing allows businesses to save time and improve their accounts payable process. Beyond saving time, the business is also saving money without sacrificing their attention to detail or their data.

Using a manual paper-based process, the finance department spends more time fixing manual mistakes and going through the same repetitive tasks that ultimately take up a lot of the workday.

E-invoicing includes a variety of documents such as invoices, purchase orders, payment terms and instructions, remittance lips, debit notes, and credit notes.

E-invoicing itself includes a number of different Technologies and entry options. It is used as an umbrella term to describe any method by which an invoice is electronically presented to a customer for payment.

Thanks to advancements in financial technology, or FinTech, accounts payable processes are more secure and efficient than ever courtesy of automation.

Using AP automation, organizations now have more visibility into their data and payables than ever before which allows them to make well-informed decisions on their spending and Investments.

An e-invoice is a structured invoice data that is issued in electronic data interchange (EDI) or XML formats. It’s also possible to use internet-based webforms.

The documents can be exchanged in a number of ways such as EDI, XML, or CSV files. they can be uploaded via email, web applications, virtual printers, or FTP sites, but not all options are suited for automation.

How Electronic Invoicing Works

Electronic invoicing allows businesses to manage and streamline invoices that are faxed, emailed, or scanned to a centralized location. This makes for easier management and organization.

E-invoicing software digitally extract in stores all of the invoice data in a cloud-based Hub without the need for paper or manual intervention from the finance department.

After you create rules within the system that best align with your current invoice process, the e-invoicing system will handle the rest.

Electronic invoicing solutions allow your company to set up internal rules and compliance in accordance with company policy and your current accounts payable processes.

Using electronic invoicing ensures you don’t have to spend time worrying about correcting coding errors, hunting lost paper invoices, or duplicating invoice entries that may lead to duplicate payments.

E-invoicing is the first step of AP automation. Once electronic invoices have been approved they’re ready for payment.

Integrating your invoicing platform with other AP automation Solutions streamlines workflows from start to finish which helps save your finance department time and money.

E-invoicing makes it easier to send and receive electronic invoices so they are more efficient, convenient, accurate, and simple.

> *E-invoicing should not be confused with simply digitizing invoices. Some organizations scan and use optical character recognition to convert their paper-based invoices into digital documents. Other organizations send PDF invoices via email. While these approaches do digitize invoice storage, the accounts payable department still has to capture the data, spending unnecessary time and money on things that electronic invoicing can handle.*

Why E-Invoicing?

Research shows that 9% more invoices are paid on time when using electronic invoicing.

The security involved with e-invoicing makes it easier and safer for buyers to pay suppliers and vendors.

They don’t worry as much about bogus invoices or paying duplicates because everything is organized in such a way that makes it easy to search for copies or unverified vendors.

E-invoicing provides businesses with solutions to security issues that paper processes cause.

Paper-based processes are associated with the fear of catching manual mistakes after it’s too late. When paired with firewalls and data encryption, invoicing provides the security for sensitive payment and vendor information that filing cabinets cannot guarantee.

Using invoice software, companies have control over the security of their data because the system includes a number of internal safety features such as duplicates scans, validation requirements, and varying degrees of approval requirements based on your company’s processes.

Beyond security, speed matters too. The 2018 Ardent Partners study shows that the best-in-class buyers spend only $2.52 to process a single invoice compared to $17.61 for all others.

These invoices are processed in 3.7 days on average, while others report a 17.1-day average turnaround. Faster payments and turnaround times mean better cash flow and happier customers.

E-Invoicing vs. E-Billing

Both e-invoicing and e-billing are popular systems used to improve the accounts payable process.

E-invoicing manages and stores the invoice electronically but does not include payment.

E-billing, on the other hand, includes payment systems with invoicing. Buyers have the ability to review the invoice and pay within a single portal that is specialized for billing.

With PLANERGY, you have accounts payable automation software that makes it easier to handle invoice processing. You can choose from two-way or three-way matching that is automatically enforced.

PLANERGY provides visibility throughout the entire purchase to pay cycle, making it easy for your accounts payable team to see if a vendor invoice matches a purchase order. It makes it easy for them to see who ordered, who approved, and who received every order eliminating the risk of making incorrect payments.

This approach also removes the need to manually check everything with long email discussions or phone calls. Since all of the information is stored in a central Cloud location, it can be accessed from anywhere there is an internet connection before an invoice is paid.

The automated checks and sure you’re not paying for items you didn’t receive, aren’t being overcharged for items, or paying duplicate invoices.

This way you’re only paying authentic incorrectly charged invoices which allows you to save time and increase profit.

Best of all, Planergy works as a standalone procurement management solution that integrates with a number of accounting systems in ERP to seamlessly integrate with your existing system.

For organizations that run software we don't directly integrate with, there are custom integration options available so that no matter what you're using, you will be able to easily automate accounts payable.

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:

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- Visit our "Solutions" page to see the areas of your business we can help improve to see if we're a good fit for each other.
- Learn about us, and our long history of helping companies just like yours.

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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

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