

Ditch The Paper

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In many cases, paper is the natural enemy of efficiency and a major “blind spot” for management and executives. When information and data is stored on voluminous quantities of paper, it cannot be shared, tracked, or acted upon efficiently.

This is part one of a two-part series. Look for part two in Monday's Insider.

As manufacturers have embraced technology to reduce costs and increase efficiencies, they have quickly learned a fundamental truth: technology can move a company forward only as far as its business processes allow.

Especially with enterprise resource planning, or ERP, manufacturers are uncovering significant benefits from entering customer and vendor data just once for all activities, coordination of scheduling and automation of financial processes. The technology's effectiveness is inhibited, however, by the processes that feed data into the ERP system and the movement of that data across the organization.

For example, a 2011 study sponsored by paperless document management software provider, Metafile, and issued by the Institute of Financial Operations that surveyed 209 executives, IT professionals and other employees in companies using Microsoft Dynamics ERP solutions found that paper is by far still the most prevalent form of processing accounts payable (AP) and accounts receivable (AR). Nearly 75 percent indicated that invoices are primarily shared among coworkers in hard-copy format. More than 57 percent indicated that hard copies were their principal format for sharing invoices and associated documents for approval.

In many cases, paper is the natural enemy of efficiency and a major “blind spot” for management and executives. When information and data is stored on voluminous quantities of paper, it cannot be shared, tracked or acted upon efficiently. The more frequently documents are hand-delivered around the organization for approvals or revisions, the slower the overall payment process becomes and the more likely that invoices will be lost under in-basket stacks or delayed when personnel are out of the office.

Technology offers a solution to this obstacle in the form of Paperless ERP that employs optical character recognition, or OCR, to scan paper documents for further processing in digital form. The same document-management technology can automate workflow to distribute invoices electronically direct to those who must approve them and automatically escalate mismatches between invoices and purchase orders or delivery documentation to the appropriate buyer for decision making.

The majority of companies surveyed that have implemented document

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management technology are simply digitally scanning, storing and retrieving financial and other documents, but have not integrated it with the company's ERP solution. Essentially this technology is serving as a basic electronic filing cabinet.

Rather than sustaining these hits to productivity and profits, manufacturers should realize that Paperless ERP, supported by the latest technology for entering, organizing and distributing documents, enables them to automate all portions of their processes both internally and externally with partners and vendors.

The Paper Barrier to Integrating Data

As has been the case with many business technologies over the years—from word processing to e-commerce—managers and their employees can be averse to change. Digitizing and integrating all data into an ERP system that eliminates most manual operations is understandably scary and can be a leap for many people who have spent their careers shuffling paper.

Those who have eliminated paper throughout the accounting process, however, rapidly discovered the immense improvements in accuracy, visibility and productivity that ERP systems can produce. While Paperless ERP is a spectacular solution for managing data generated within the organization, processes like accounts payable inherently involve external suppliers, and those vendors may still be using paper. As a result, the company must also find an effective way to digitize the data on invoices and related paper documents or, as an even better option, request that their key vendors email a PDF of the document and eliminate the scanning step altogether.

Until recently, this transformation process consisted of humans deciphering written information and keying it into the ERP system. Valuable employees have been doing very low-value work to incorporate the paper into the internally oriented ERP solution.

Automating Manual Paper Management

Paper processes can generate uncertainty and blind spots in a business. Accounting has no way to know on which desk—or in whose drawer—a paper invoice resides after it is sent around for approval, nor how long it will sit there and how much money is tied up as a result. Executives are unable to make accurate financial predictions because they see only completed transactions—not those in process, floating somewhere in the company's structure.

With paper processes restraining the real value of Paperless ERP, the need for a way to automate the transformation of paper documents into digital data and to manage the resulting documents has prompted technology developers to innovate a new generation of devices and services. They support ERP platforms by eliminating the manual processes that have been required to introduce data from outside the company and by enabling insight for managers. For example, document management solutions such as MetaViewer, read paper invoices and automatically extract from them all the key data—such as vendor name, invoice number, amounts, payment dates and terms — and populates that data to the proper

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locations in the Paperless ERP accounting solution. It validates the data and checks for duplicate invoices, all before it enters the ERP system. If the solution is based on internet technology, remote stakeholders with no access to the actual ERP system can still be part of the approval workflows, plus extensive paper shipping costs to and from these locations are eliminated. This sort of integration between ERP and specialized document management and workflow represents the birth of business intelligence for midsized and larger companies.

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