



AP CUSTOMER SERVICE
SIMPLIFIED FOR EVERYONE!

How a Vendor Self-Service Portal Helps Reduce Cost, Increase Productivity and Enhance AP Customer Service

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How a Vendor Self-Service Portal Helps Reduce Cost, Increase Productivity and Enhance AP Customer Service

A Special Report from
InvoiceInfo



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Introduction

Accounts payable works every day with many different departments and people, both within and outside the organization, including employees, purchasing, vendors and regulatory agencies. Accounts payable is unique in the sense that its “customers” are not those companies that buy their company’s products or services, but individuals and organizations that have an interest in some aspect of the AP process. AP’s internal customers are the organization’s employees — those who purchase goods or services that AP is responsible for paying as well as employees who are reimbursed for T&E.

The Problem to be Solved

Vendors, in order to manage their own cash and working capital needs, often contact, via phone and email, either the person who purchased the goods or AP to find out the status of invoice receipt, approval or payment. Studies show that more and more accounts receivable departments and collectors call well before the invoice is due in an effort to ascertain that the invoice has been received and when payment will be made. For the accounts payable department, answering these calls and inquiries can be a very time-consuming process. In fact, some companies have one or more employees dedicated solely to answering customer-service inquiries. If a vendor calls their buyer directly, there can be even more work involved since the buyer may contact AP to ascertain the status of the invoice, AP has to research the invoice and respond to the buyer, and the buyer has to get back to the vendor with the invoice status.

Answering and researching vendor calls and emails can be time-consuming and often labor-intensive tasks that increase the cost of processing an invoice and take staff away from other responsibilities. In addition, the interruption of taking the staff member away from what they were doing can cause errors in invoice processing. When the caller is upset that an invoice has not been paid and is unpleasant and demanding, productivity and morale may suffer.

Suppliers can't be faulted for wanting to know this information. And, it is usually AP's job to provide customer service between their company and their suppliers, as well as playing an important role in managing the relationships with those suppliers. Automating AP customer service with a vendor self-service portal can reduce calls and emails and can save costs and headaches while increasing productivity.

This report will explain how a vendor self-service portal can help suppliers answer invoice inquiries themselves, saving staff time, money and errors.

Transfer AP Customer Service to the Internet

Depending on the need, vendor self-service portals can include online functionality that provides vendors and internal staff with access to information regarding invoice payment status, submission of onboarding documents including W-9's and W-8's, and requests to trigger payments. Online self-service eliminates the need for the vendor to call, email, fax or mail, which reduces manual AP tasks.

Types of Vendor Self-Service Portals

There are three ways to facilitate self-service portals: Build it in-house; buy a module as part of your ERP or AP automation software or use a specialized provider.

- 1. Build It In-House.** The build (and maintain) it internally version can require significant IT resources that are often hard to come by. If your company is like many others, the AP department struggles to get IT resources and the concept of a self-service portal often does not rise to the top of the priority list since it takes time and talent away from other critical business initiatives. However, some companies may perceive the benefit of no capital investment and potential cost savings of an internally built portal and push to get IT resources. Changing priorities can affect IT's availability for the project and the application's functionality. In addition, portals need to be maintained and updated which takes more time and effort and takes IT away from other projects.
- 2. Vendor Portal as Part of a Suite.** Many ERP suites and accounts payable automation solution providers offer modules for vendor portals as part of their software services. These systems are primarily designed for AP departments to get invoices processed and paid on time and accurately. Often the invoice query module is a feature that can be complex to activate, inflexible and expensive. The user might find high upfront costs of licensing and set-up fees. Upgrades and new releases can also be expensive. The benefit is that it ties into the existing ERP system, which can also be a negative with regard to security issues.

3. Standalone Portal Providers. The third option is a solution provider that specializes in vendor self-service portals. It is their core business and they focus 100% of their efforts on building the best portal possible for their clients. These systems can be more feature-rich, less expensive and quicker to implement. The downside for some companies may be that it is not part of their ERP, although stand-alone vendor portals are designed to easily interact with ERPs, accounting and automation systems while providing greater security.

Simplify Supplier and Internal Inquiries with a Vendor Self-Service Portal

Vendor and internal customer relations can be greatly enhanced through the use of a vendor self-service portal. Studies show that the majority of the calls and emails that come into AP focus on whether or not an invoice has been paid. To avoid these calls and emails and to slash productivity drain, best-in-class organizations are implementing portals where internal and external customers can access accurate invoice and payment status information within seconds, via the Internet.

The cost to answer vendor and internal invoice inquiries can add up quickly. Whether your organization has a dedicated customer service staff or AP team members who are balancing customer service duties with other tasks, there is often a big cost to this that is not always included in the calculation of cost per invoice. But, in reality, it can be an expensive cost of processing invoices.

Costs include salaries, benefits, taxes, equipment, supplies and training for the customer service team, plus their manager's time. When you have AP staffers balancing customer service with other tasks, workflow is interrupted and errors can be made. In addition, dealing with difficult vendors can be upsetting and stressful for the AP team member and wreak havoc in the department.

By automating customer service via a self-service portal, as much as 80% of your inquiries can be handled online 24/7 and can drastically reduce calls, emails and interruptions.

If you want to make a case for a vendor self-service portal in your organization, metrics and benchmarking will be vital tools to help make your case. You will need to understand the metrics of where you are currently and compare those metrics to what a self-service portal will bring to the table in order to assess what your organization could be doing.

What Does it Cost to Answer Queries?

According to a recent survey conducted by The Accounts Payable Network, 89% of all companies that participated in the survey do not track the length and number of invoice-related inquiries. Without knowing how many calls AP handles and the length of each call, it is impossible to know precisely how much your organization spends on answering inquiries and how much will be saved by implementing a portal.

Invoice inquiries at larger organizations are often handled by a dedicated customer service team whose sole job is to answer invoice inquiries from internal staff and vendors. For those organizations, it will be easier to calculate the cost savings and productivity improvement potential of a self-service portal. At smaller companies that require AP employees to balance customer service duties with other day-to-day tasks, calculating the amount spent on servicing inquiries may be more difficult.

On average, inquiries are made on 11% of all invoices received. Here is an example of how much customer service could cost for a typical organization.

Invoices Processed per Month	10,000
% of Inquiries on Invoices Processed	11%
Total Inquiries per Month	1,100
Average Time to Handle a Query	8 Minutes
Hours per Month to Handle Queries	146
Cost per Hour	\$20
Monthly Cost to Handle Queries	\$2,920
Annual Cost	\$35,040

As you can see from this example, the cost to service vendors and internal staff can be very expensive. This information is critical to demonstrate to your executive management team why they should invest in a vendor self-service portal. It may also be helpful to have benchmarks of what other comparable organizations are spending. If this information is not readily available, start capturing it so you can make your case to reduce costs and increase productivity in your department.

Why Consider a Vendor Self-Service Portal

Converting manual customer service to a vendor self-service portal is a best practice for AP operations not only because it reduces cost and increases productivity, but self-service portals also help AP departments improve service to their internal and external customers that fosters stronger relations and enhances AP's reputation.

Implementing a supplier self-service portal can help your AP organization:

- Sharply reduce inbound calls and emails regarding receipt and payment status that your staff previously handled personally
- Free up your staff for higher-value assignments by transferring the costly efforts of responding to vendor invoice and payment inquiries to a secure, online location where vendors can access answers themselves — quickly, conveniently and easily
- Reduce salaries, benefits, taxes, equipment, phone lines and more
- Onboard vendors more efficiently
- Increase information accuracy when onboarding vendors
- Verify compliance of onboarded vendors with regulations and company policies
- Greatly enhance supplier services and relationships
- Eliminate distractions from vendor calls
- Increase confidence in data when suppliers can access invoice and payment information themselves, eliminating concerns that “is the check really in the mail”
- Foster great relationships with vendor relationship managers
- Provide answers to invoice inquiries real time with no need to exchange messages or calls and wait for responses
- Service international customers 24/7 with no concerns for servicing various time zones

What to Look for in a Vendor Self-Service Portal

When making the decision of what sort of automated system you should implement, there are a number of things to consider. As a busy professional, you are balancing a lot of balls, so you want a system that is easy to implement and deploy with the fewest IT resources possible so you can get the program up and running and start reaping the benefits as quickly as possible. You also want a system that makes self-service simple for the users.

10 Questions to Ask When Considering a Vendor Self-Service Portal

Are you and your accounts payable colleagues tired of spending precious time answering invoice inquiry questions from your vendors and internal customers? If you are ready to automate your AP customer service with a vendor self-service application and start reducing cost and improving productivity, following are 10 questions you should ask when considering a portal:

1. How much IT time and cost will it take to implement the portal?
2. How does data get from your ERP system to the portal? Many portals are tied into ERP systems. The risk is if your portal gets breached, your financial platform could be at risk. How will portal data be kept separate from internal financial systems to ensure security of the data?
3. How does the user access invoice data?
4. Realistically, what is the average ramp-up time to get the portal installed and working properly?
5. The key to a successful vendor self-service portal is getting vendors and internal colleagues to adopt it. What has been the experience of other portal users with regard to adoption?
6. What is involved from the user's side to access and use the portal? Do AP's customers think that the portal is easier to access and use, than continuing to call and email accounts payable? The simpler the application, the better adoption will be and the fewer inquiries you will have to deal with.

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7. How much will the self-service portal cost up front and annually?
 8. If the module is part of an ERP system, how flexible is it? What is involved in customizing it for your organization?
 9. What are the costs to maintain the portal and keep it updated?
 10. Do vendors incur a cost to use the portal?

Conclusion

According to a study by The Accounts Payable Network, larger organizations with 10,000+ employees are much more likely to have implemented vendor web portals. Large companies tend to have more technology in place than other organizations. Surprisingly, however, the study indicates that smaller organizations typically benefit the most from portals. While large organizations with vendor portals report a 78% reduction in customer service calls, the median organization with less than 500 employees reports an 85% reduction, according to the same study.

In another survey produced by IOFM, nearly half of the respondents reported that they either currently have a vendor portal or have plans to implement one in the near future. Ten years ago we all used travel agents to purchase airline tickets and book hotels. We actually went to bookstores to buy books. More and more we are all moving toward self-service on the Internet. A self-service portal is not much different — you are just moving customer service to a self-service application on the Internet. It is expected and appreciated.

Implementing a vendor self-service portal helps both your department and your vendors save time and enjoy improved service at reduced cost — so everyone wins! ■

About InvoiceInfo

InvoiceInfo, from the founders of The Accounts Payable Network, simplifies AP customer service with a powerful, yet easy-to-use vendor self-service solution. InvoiceInfo transfers manual invoice inquiries and vendor onboarding to a self-service application that helps accounts payable operations improve service to, and relationships with, suppliers and internal customers. It's a win-win for AP, its vendors, its internal customers and IT. Contact us today at info@invoiceinfo.com or (678) 335-5735 to learn how you can be up and running.