

# Web Invoicing & Electronic Payments

Strategic Impact of AP Automation

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## Executive Summary

Emerging financial solutions that enable trading partners – buyers, suppliers and banks – to seamlessly exchange transaction-related information and funds are about to indelibly change the invoicing and payables landscape. Enabled by new Internet tools and best-of-breed systems, a new crop of invoice networks are beginning to make significant inroads into reducing inefficiencies and driving costs out of companies' financial operations through the elimination of paper.

A new term called Financial Supply Chain management is being used to describe these systems, which offer real-time collaboration between buyers, suppliers and banks. Demand for these new systems is being driven by organizations' appetite for hard dollar operational savings and the opportunity for enhanced working capital management capabilities.

Research by PayStream analysts suggests that these forces have done wonders to raise the profile of accounts payable, which is now viewed as not only an avenue to lower costs but also contribute toward improving discounts from suppliers. Electronic invoices eliminate paper processing times including mail latency and desk float. With faster approval times, finance managers have a greater ability not only to take existing discounts and but to create new ones. These working capital factors have sharply increased organizations' interest in accounts payable automation solutions that streamline and optimize some or all of the procure-to-pay functions, including those that deliver Web invoicing, electronic payment and discount management capabilities.

Given this interest in AP automation solutions, PayStream has developed the Technology Insight Series report titled “**Web Invoicing and Electronic Payments: Strategic Impact of AP Automation,**” designed for those organizations that have an active interest in Web invoicing solutions but need help identifying appropriate strategies, vendors and solutions. This summary report provides a quick overview of Web invoicing solutions and their benefits, while the more detailed Technology Insight Series report describes the different flavors of Web invoicing and their benefits, profiles the leading vendors, and offers suggestions for technology selection.

*Web Invoicing and Electronic Payments: Strategic Impact of AP Automation* is one of many reports in our corporate research library, including these other titles in our Technology Insight Series:

- *AP Europe: Accounts Payable Automation for the European Market,*
- *Purchasing Card Management: The Lure of Plastic,*
- *Imaging and Workflow Automation: Migrating toward a Paperless Organization and*
- *Supply Chain Finance & Dynamic Discount Management*

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## Building a Case for Automation

### Inefficiencies in the Current State of Accounts Payable

Even though automation has already delivered many tangible results in the physical supply chain, these effects have barely trickled into organizations' financial operations. This is especially true as it pertains to invoice receipt, settlement of payables and spend management visibility. Given the historical lack of innovation in this arena, today's buyers and suppliers are experiencing a number of problems that prevent true optimization of accounts payable invoicing and payment processes.

**Manual & Inefficient Processes:** The purchase-to-pay process has long suffered from the inefficiencies inherent to manual, paper-based processes including the lack of visibility and control over financial transactions, unavailability of timely information and high processing costs. Organizations are feeling the pain of depending on traditionally, paper and people-intensive processes with almost two-thirds (63 percent) of the respondents to PayStream Advisors annual "Financial Automation Survey" stating that an over-reliance on people and paper-based processes is the biggest pain point they face in their financial operations.

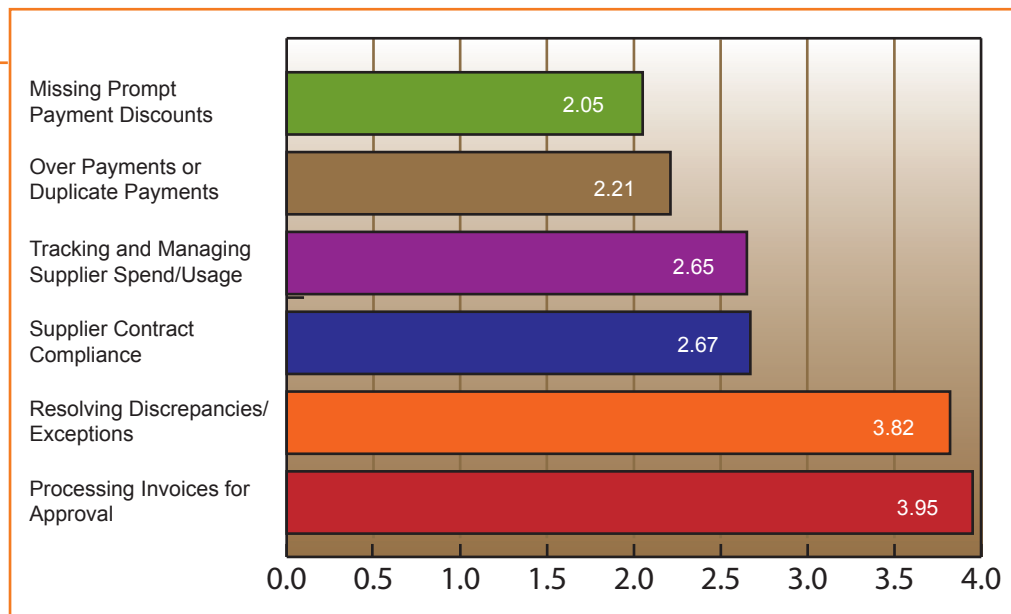
**Lengthy Processing Cycles:** Given that most organizations deal with paper invoices and other transaction-related documents as well as decentralized processes, it is not surprising that the average invoice receipt-to-pay cycle is long – for many companies well over 20 days. Further, missing or erroneous information on the documents and other exceptions and discrepancies can make the invoice approval and payment process even longer. These factors result in a high cost of processing each invoice, on the one hand while they translate to inability to capture early payment discounts offered by suppliers on the other hand.

**High Cost of Financing:** In the current environment, there still exists a great deal of uncertainty around the timing and amount of approved payments. As a result, suppliers are compelled to maintain excess cash as a "hedge" against such

**Figure 1**

**Pain Points in Accounts Payable**

We asked respondents to our survey to rate the pain caused by each of these AP activities on a scale of 1 to 5, where 1 is low pain and 5 is significant pain. Results shown are a weighted average of survey responses.



uncertainties, which leads to an unnecessary increase in working capital that is tied up in the order-to-cash cycle. Further, suppliers, who have limited access to capital, often have to rely on high-cost financing methods like factoring or asset-based lending to fund their working capital and improve their cash positions. This high cost of financing is a burden to suppliers, which in most cases is passed on to the buyers in the form of higher cost of goods and services.

***Lack of Spend Management Visibility:*** Tracking and managing supplier spend and usage becomes a gargantuan task when dealing with tons of paper. Almost a quarter of respondents to PayStream's "Financial Automation Survey" stated that the inability to track supplier spend was the biggest headache that they faced in their financial operations. The lack of visibility across the purchasing and payment process limits organizations' ability to leverage economies of scale by consolidating spend and negotiating favorable pricing agreements and bulk discounts with high-volume suppliers.

### Key Drivers of AP Automation

A paradigm shift is clearly underfoot as organizations strive to address the shortcomings they identify in the financial supply chain. Increasingly, savvy organizations are exploring innovative means to leverage automation to not only contain costs but also compress working capital requirements and process cycle times. And not surprisingly, accounts payable automation is emerging as one of the key components of the financial supply chain strategy.

The emphasis on cost containment and productivity enhancement during the past few years has inspired organizations to seek out new ways to automate traditionally paper-based and labor-intensive processes..

This nagging realization that current accounts payable processes are inadequate and inefficient has been magnified by the call for greater system integrity and accurate reporting as a result of the Sarbanes-Oxley (SOX) legislation. Further, to many innovative financial managers, accounts payable automation is now recognized as an area offering significant potential for not only generating bottom-line improvements but also greater ability to monitor and manage spend, strengthen ability to capture existing and new discounts and build stronger trading relationships. Our research suggests that these forces have sharply increased organizations' interest in automation solutions, which now deliver both operational and strategic benefits.

Although the adoption of automation remains skewed toward large corporations, many mid-sized and smaller companies are also making great strides towards less paper, even paperless environments. These aggressive technology adopters have learned that in many cases automation diminishes the procure-to-pay cycle time from weeks to just days and delivers a rapid return on investment. They have discovered that by automating each stage of the procure-to-pay cycle, from electronic procurement, programmed exception handling and matching, along with enhanced dispute management and approval workflow, they can not only achieve productivity gains and cost reductions, but also obtain traceable Sarbanes-Oxley audit trail.

## The Web Invoicing Universe

Web invoicing solutions streamline the invoice receipt-to-pay cycle by enabling buyer organizations to electronically submit purchase orders and receive invoices, use workflow tools for approval processing and make electronic settlement against approved invoices. The nine solutions featured in the Technology Insight Series report offer electronic invoicing, payments automation or both in order to create end-to-end solutions that integrate with enterprise and other legacy business applications. We define and describe the specific components of the Web invoicing universe as follows:

**Supplier Recruitment & Enrollment:** Supplier on-boarding activities typically start with vendor segmentation analysis and identifying those vendors to target first for automation.. These solutions offer marketing elements to recruit suppliers and functionality to allow suppliers to enroll themselves by logging into the application to provide bank account and registration information. Alternatively, buyers can manually enter supplier information or import the same from their ERP or AP systems. In some cases, vendors go a step further to authenticate the bank account information provided by suppliers before payments are initiated.

**Invoice Generation & Delivery:** This stage includes all the steps a supplier must complete in order to produce and deliver an invoice to the buyer. Web invoicing solutions facilitate the exchange of invoices between buyers and suppliers through a variety of methods including EDI, direct file transfer, PO flip, and Web based e-forms. Some solution providers also offer options to handle paper invoices by converting them to electronic formats. Each invoice, whether submitted electronically or as paper, is typically converted into a common invoice format for ease of querying and filtering.

**Figure 2**

### Web Invoicing & E-Payments Universe

Web invoicing solutions streamline and optimize the invoice receipt to payment process by enabling electronic exchange of information, the use sophisticated workflow for approval and by providing the ability to make electronic settlement.



**Exception Handling:** Validation of invoices is a critical step in the Web invoicing process to ensure that only clean invoices are viewed by the accounts payable department, thereby reducing the amount of time spend on resolving exceptions. Invoices submitted are routinely checked for duplicity and mathematical integrity and also against a set of buyer-defined criteria that can be established during the implementation phase or any time thereafter. This process identifies errors and exceptions in the invoices proactively at the time of invoice submission itself and notifies the infringing party to correct those errors before the invoice can be accepted and routed.

**Workflow & Dispute Management:** The process that buyers follow to sort, route, review, dispute, and approve invoices for payment, including workflow. Web invoicing solutions support multiple levels of approval and include the ability to configure reminders and escalation procedures if no action is taken on pending tasks in a specified period of time. The systems also allow buyers and suppliers to investigate and collaboratively resolve disputes and exceptions.

**Payment Processing:** The steps that buyers take to initiate, post, and execute payment, including payment preparation, processing, and submission to their financial institutions. Most Web invoicing solutions offer multiple payment options including paper and electronic and allow buyers to configure payment types at the supplier level. Some solutions also offer dynamic payables discounting functionality allowing buyers to configure multiple discount schemes and enabling suppliers to discount all or any of their receivables at any time, up to the payment date.

**Reporting & Analytics:** This includes the ability to generate standard and custom queries and reports and provide visibility across transactions to buyers and suppliers. The solutions also provide comprehensive audit trails of all actions taken within the system and vendor self-service options. Recent advancements in analytical capabilities allow managers to examine spend at various levels; including type of expense, employee, department and region. This wealth of information gleaned from the procure-to-pay process, can not only be used to comply with regulatory requirements but also to provide valuable business intelligence for strategic spend analysis.

**Table 1**

Key Benefits of  
Web Invoicing  
& Electronic  
Payments

Web Invoicing	Electronic Payments
Removes paper from the equation and reduces manual data entry	Enhances prompt payment discount capture and reduces the incidence of late fees
Increases visibility by allowing simultaneous access to information	Lowers processing costs by removing the need for printing and mailing checks and reducing losses from fraud
Simplifies discrepancy resolution, transaction audits and supplier inquiries	Dynamic discounting provides a low-cost financing alternative to suppliers and an additional income stream to buyers
Accelerates approval processing and reduces errors and exceptions	Aids in compliance with Sarbanes-Oxley and other regulatory requirements
Provides comprehensive audit trails and tools for reporting and spend analysis	Vendor self-service options providing visibility to suppliers around payment status reduce supplier inquiries

## The New AP Automation Paradigm

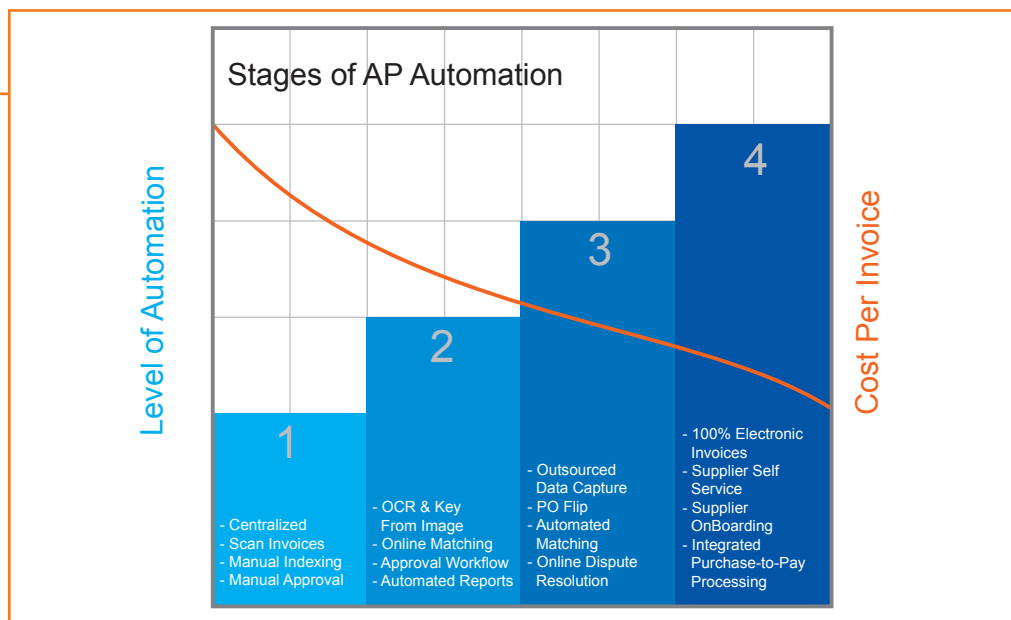
Until recently, automation efforts in the AP area were focused on invoice and payment management and the operational benefits that technology delivers. However, all this is changing. Innovative financial managers are now recognizing AP automation as an area offering significant new potential to generate bottom-line improvements with processing acceleration and discount management abilities, better monitor and manage spend, strengthen working capital positions, and build stronger trading relationships.

Figure 3 outlines the various stages of automation that an organization can experience in its quest to transition from mere tactical benefits of automation to more strategic objectives. The first two stages of this paradigm revolve around operational activities, with organizations focusing on centralizing invoice receipt and leveraging document scanning to compress the time it takes for invoices to enter the approval workflow. A significant number of companies are currently in the third stage of automation where they are leveraging electronic means to receive invoices as well as employing advanced OCR technologies to extract data from paper invoices and utilizing automated matching and approval. Another trend in the accounts payable automation space is outsourcing certain AP tasks.

Finally a few savvy organizations have moved to the fourth stage, where they have eliminated paper to a significant extent and are primarily receiving invoices via electronic means. These organizations have also considerably reduced the number of invoices flowing through the approval workflow process and are relying heavily on straight-through-processing (STP) to manage clean invoices—invoices that do not have any errors or those that meet certain pre-determined criteria.

While there is no doubt that a significant benefit companies derive while they move from the first stage to the fourth stage of automation is lower processing costs, the greatest value for organizations lies in the more strategic benefits automation delivers—namely, increased supply chain visibility, improved working capital requirements and better trading partner relationships.

**Figure 3**  
**Different Stages of AP Automation**  
Organizations are recognizing AP automation as an area offering tremendous potential for achieving tactical and strategic objectives.



## Selecting a Web Invoicing Solution

One of the first questions that accounts payable professionals must answer when investigating automation options is whether a tightly focused or a more comprehensive solution would better meet their needs. Our analysts believe that AP technology buyers should keep the following factors in mind when making this critical decision:

**Financial Automation Goals:** There is a solution to meet every organization's need, but identifying the ideal solution requires an organization to clearly understand what it hopes to achieve from its adoption. Organizations that have been slow to adopt other financial automation technologies but want to take an incremental step forward should consider adopting just electronic invoicing or electronic payments as a starting point. On the other hand, organizations that are comfortable with technology and want to accelerate the pace of improvement in their invoice receipt-to-pay cycle should think about an application that delivers full circle functionality.

**Adoption Readiness:** Every organization does not stand an equal chance of succeeding with automation. Differences in culture, financial resources, and human capital mean that certain organizations are more likely to succeed. This is a major reason all the vendors have put considerable effort into developing installation routines that require minimal IT support, but some in-house computing environments will still be problematic. Individuals investigating Web invoicing should determine how their organizations stack up in each of these areas. As a rule of thumb, an organization's overall use of financial automation technologies relative to its peers provides a rough indicator of its readiness to adopt such solutions, especially in its more challenging end-to-end form.

**Figure 4**  
Questions to  
consider when  
evaluating  
solutions

Solution Evaluation Checklist	
✓	What is the breadth and speed of supplier on-boarding experience and capabilities?
✓	How does the solution ensure a comprehensive invoice capture?
✓	How does the solution support automated workflow approval and invoice matching? Who has the ability to configure it?
✓	Does the solution perform error detection and prevention across all PO and non-PO invoices?
✓	What is the provider's approach to Payments & Working Capital Management?
✓	Which ERP systems does the solution interface with? Does it support multi-instance environments?
✓	Which ERP systems does the solution interface with? Does it support multi-instance environments?
✓	Is the solution webtrust certified?
✓	What is your typical project time-line?

**Process Complexity:** The higher the complexity of an accounts payable operation, the greater the payoff from automating invoice receipt and approval processing. Accounts payable professionals should consider the number of suppliers and invoice formats they receive, as well as their overall invoice volume and the complexity of their average invoice when evaluating Web invoicing solutions. The structure of their accounts payable operation (i.e. decentralized vs. centralized) and the steps required to process, approve, and pay invoices are also critical and will have a direct bearing on their choice of a solution.

**AP Department Size:** While large organizations should focus on the process improvements and resulting ROI an investment in electronic invoicing and payments technologies will deliver, regardless of the number of staff that are performing invoice and payment processing activities, small and mid-sized organizations do not always have that luxury. Small AP departments, particularly those with five or fewer employees, often face budgetary constraints that limit their solution choices. In these cases, firms looking to automate invoice and/or payment processes should be looking for vendors that can deliver a foundational solution, or one targeted very specifically to their needs.

**Accounting Software Infrastructure:** One of the key reasons a market has developed for best-of-breed electronic invoicing solutions is the lack of sophisticated invoicing and discounting capabilities offered by ERP and accounting software. Different AP software modules can offer very different levels of functionality around invoice and payment management. A major consideration for determining an organization's selection of a Web invoicing solution should be the process gaps or system weaknesses that are inherent to the AP/ERP software currently in use.

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## Hot Trends You Can't Afford to Miss

The accounts payable automation landscape, particularly the Web invoicing market, is constantly evolving. PayStream analysts believe that the following factors will shape the evolution of this marketplace, and that organizations contemplating an accounts payable or invoice automation solution will need to take them into account:

- **Convergence of Web invoicing and front-end imaging.** Web invoicing solutions are explicitly designed to facilitate external buyer-supplier interactions, while imaging & workflow automation (IWA) solutions have evolved to meet organizations' internal needs around invoice receipt and management. However, as the Internet expands into all corners of business communication, the distinction between internal and external breaks down. We are already seeing a convergence in this market with both types of providers partnering or developing functionality to offer comprehensive solutions covering both paper and electronic invoices and incorporating better options for invoice receipt, approval processing, and discrepancy resolution that provide better control and collaboration.
- **Organizations seek 'straight-through-processing'.** As automation moves to the front-end of the accounts payable process, organizations will also seek to leverage straight-through processing to the extent possible, so that AP staff and approvers can focus on more value-added tasks than reviewing invoices. Demand will increase for solutions that facilitate this by delivering strong functionality around automated invoice matching and automatic approval of "clean" invoices as well as strong functionality around approval workflow to manage exceptions and the dispute resolution process in a collaborative manner.
- **Impact of AP Automation on discount management.** Innovative financial managers are recognizing that AP automation technology does not only deliver operational benefits like cost containment, but has the potential to help companies to improve their ability to capture supplier discounts. Innovative solutions are emerging to meet organizations' strategic objectives by offering solutions, which unlock significant value from the financial supply chain through advanced features like vendor self-service, supplier on-boarding and dynamic settlement.
- **Multiple solution models will co-exist.** There is not a single model for an AP automation solution. Solutions are available in software form, as well as on an outsourced basis. Likewise, some vendors emphasize a modular "mix and match" approach while others concentrate on providing a set solution. There is also tremendous variability in terms of solution focus. Some vendors focus tightly on specific aspects of the invoice receipt to pay cycle, while others strive to provide AP automation functionality as part of a larger procure-to-pay offering. Industry consolidation notwithstanding, this diversity will continue.
- **Impact of SOX compliance on interest in automation.** As organizations are beginning to realize that Sarbanes-Oxley compliance is an ongoing rigid process and that everything they do going forward will be subject to close scrutiny, they are turning to technology and automation to alleviate some of the pain. We believe technology that can facilitate the compliance process and reduce its cost by providing comprehensive audit trails and by simplifying the auditing of internal controls will gain popularity.

## Ariba

Ariba has been a leader in the electronic invoicing and payment solutions landscape since the late 1990's. Ariba serves as an invoice and payment processing engine for buyers and a presentment and payment portal for suppliers through its EIPP solution. Ariba offers flexible deployment options for its solutions, to organizations looking to start or expand their procure-to-pay automation efforts. Ariba is also no stranger to the on-demand model. The company has packaged its applications and services into solution bundles designed to meet the requirements of all the stakeholders - AP, Finance, Procurement and IT.

Ariba provides full circle functionality from procurement and supplier recruitment to electronic invoicing and payments and remittance management. The company also offers in-house invoice conversion services to clients to enable them to handle paper invoices painlessly. Additionally, Ariba announced in May, 2007 that it has entered into a strategic partnership with supply chain finance company, Orbian, to provide access to third-party financing options to members of the Ariba Supplier Network. Company representatives stated that "the bank-neutral financing solutions will help buyers and suppliers who use the network optimize their working capital and minimize risk."

Ariba has been successfully serving customers in such diverse industries as consumer products, energy, financial services, manufacturing, public sector, higher education, telecommunications and transportation. The network processes one document (PO and invoices) every two seconds. Referenceable clients for Ariba include well-known companies like Exxon, Dell, Bank of America and Caterpillar. Buyers and suppliers in 115 countries leverage the network to engage in 11 million transactions worth more than \$120 billion every year.

### Ariba EIPP

Ariba offers its end-to-end EIPP solution in both hosted and licensed models based on client's specific needs. The Ariba Supplier Network (ASN) is the platform that supports both the versions to connect buyers to the suppliers. The goal of Ariba EIPP is to deliver maximum value to customers from process efficiency savings, pro-active recovery and compliance, discount management and supply chain financing options.

In order to ensure that customers are getting full value out of EIPP, Ariba provides full service, global supplier enablement support to its customers. Based on the enablement flight plan, campaigns are designed for each group of suppliers.

High touch suppliers are contacted initially by email/fax with follow-up support by phone and Webinars to expedite their recruitment process, which includes enablement, testing and support. Mid-tier suppliers are contacted by email/fax with follow-up by phone leading to self service education and training materials. Low-tier suppliers are put through the Self Help, Quick Enablement feature and contacted directly from the supplier network resulting in self service registration, education and training. We were really impressed with the solution's Quick Enablement functionality, which allows buyers to reach a wide range of suppliers with minimal effort.

The Ariba Supplier Network is a true many-to-many network enabling its customers and their suppliers to transact and collaborate in a variety of formats based on their

preferred methods across the complete order to payment process. When it comes to electronic invoice generation and delivery, suppliers have the following options: they can (1) directly integrate their back end financial systems with the ASN via EDI or cXML; (2) upload CSV file-based invoices exported from their systems; (3) flip a PO via the network portal to create an invoice, which can then be edited and submitted directly; or (4) enter a PO or non-PO based invoice via the Web portal.

Ariba also provides support for paper invoices by allowing suppliers to submit invoices to Ariba's processing center where they will be converted to cXML format at the line-item level. This allows customers to receive electronic invoices from all suppliers through a single channel (the supplier network), regardless of point of entry.

The solution provides multiple tiers of validation. First, the automatic reconciliation processor validates each invoice against a set of business rules, checking for duplicate invoices, mismatched amounts, and other inconsistencies. The results of the automatic reconciliation are sent to administrative users for review, approval, and resolution of any discrepancies. If the invoice does not pass these rules, it is immediately rejected, and the supplier is notified via email. Secondly, data validation rules are configured and executed as part of the invoice reconciliation process. If an invoice is rejected, the vendor will receive an email notification, and the invoice status is updated with rejection codes.

Electronic invoices are automatically matched against PO's, receipts and contract terms for 2-, 3- or 4-way matching based on pre-defined business policies. Ariba's real-time contract compliance capabilities provide pro-active audit and recovery support to AP departments. Ariba provides a library of validation rules that customers can use or they can define their own. Tolerances can be established to allow for acceptable levels of discrepancy for any matching criteria. The invoices are checked for additional tolerances, and exceptions can automatically be routed for approval and resolution by exception type to the appropriate stakeholder.

The Ariba solution comes bundled with a library of best-practice approval workflows and rule sets for invoice receipt, reconciliation and exception management. Ariba provides robust functionality to route the transaction documents to appropriate users or roles in the organization based on customer-configured business logic. Approval flows unique to certain account codes such as GL, cost center, commodity, internal order number, service entry numbers etc. can also be generated.

Users are assigned to groups, which in turn are assigned permissions that govern the functions a user can perform. The workflow will automatically include the appropriate set of users up to the necessary approval authority to reconcile the invoice. Additionally, access to edit the invoice reconciliation data is strictly controlled by assigning users to groups. Finally, escalations can be configured to notify or move approvals to appropriate users if a given time elapses with no action taken on the invoice. Further, in cases where an employee is on vacation or absent, authority may be delegated to another user.

Ariba's payment strategy is to allow for an open network of payment and financing options for its customers. To this effect, it is currently in discussion with supply chain financing companies to provide for this interface between the ASN and their payment networks. Ariba currently supports p-card capability, including integrated offerings with Amex AP-Plus and GE v-Payment, and level 3 data integration with MasterCard.

Ariba also provides full support for ACH payments, including full scheduling and tracking of all payment activity, formatting and routing of payment files to banking

partners and third party providers and delivery of electronic remittance advices and notifications. Additionally, the Ariba network provides for payment status visibility and reporting for both buyers and suppliers.

Ariba also offers dynamic discounting capabilities bundled with its solution. The Discount Management module provides ample flexibility for buyers to choose a self-funded method (standing early payment terms or dynamic early payment discounts) or a third-party funded supply chain financing method. Further, suppliers also have the option to initiate early payment requests.

Ariba's value lies in the fact that it offers a variety of value-added services around discount management in conjunction with the technology to enable discounting. Through a careful analysis of the buyer's supplier base and using a proven proprietary methodology, the Ariba Discount Management Program provides a detailed blueprint showing the buyer how to achieve maximum ROI on its working capital through effective management of early payment discounts.

The Ariba Discount Management Program involves multiple stages. Ariba works with the buyer to determine the company's priorities and gathers relevant spend data to gain a high-level understanding of the opportunity. Buyer's supplier data is then analyzed based on criteria including current payment terms, spend frequency and volume, industry heuristics and standards, benchmark discounting standards, and average Days Payables Outstanding (DPO). A prioritized supplier enablement flight plan is produced and reviewed, and a program design is determined, including initial targeted suppliers. Ariba program managers work with the buyer to define the implementation of the project plan and to chart milestones.

Ariba offers a solid reporting package including operational and analytical reports and a strong search functionality. Because the data available can be manipulated by users through an intuitive pivot table drag-and-drop interface, the possibilities for generating new reports are almost unlimited. Each report has multiple options for displaying graphs as well.

Different types of reports that can be generated include (i) buyer settlement reports, which allow auditing and analysis of all aspects of invoices, including status, exceptions, and accruals in summary or in detail; (ii) contract reports, which cover aspects of the contract that are not fully used, such as the number of days or dollar amount remaining on the contract; (iii) purchase order reports, focusing on items being ordered, the dollars being committed, and the suppliers being used; and (iv) dynamic discount reports, which display details on discounts taken over a defined period of time, by supplier and SIC code.

Believing that integration is a critical aspect of any procure-to-pay system, Ariba solutions were built to support integration to external systems. Ariba provides out-of-the-box integration for SAP, Oracle, and Peoplesoft but has the capability to integrate with virtually any AP or ERP system. Over 45 percent of Ariba's customers integrate to at least one instance of SAP, including both R3 and SRM. Transactional data integration (POs, invoices etc. between an ERP and Ariba) occurs through the Ariba Supplier Connectivity adapter and outbound files from the ERP system are translated into cXML file formats that are then transmitted to Ariba applications.

A typical implementation for the Ariba EIPP solution takes between eight and twelve weeks. The main factors that determine the length of the implementation include the client's change management plans, internal ERP projects and relative prioritization of the EIPP initiative. Ariba's fee structure is also flexible and depends primarily on the type of solution – licensed, hosted or Software-as-a-Service – selected by the client.

## Outlook

Ariba has a solid presence in the Web invoicing space and we were really impressed with the solution's electronic invoicing and its relatively new dynamic discounting capabilities. One of the features that really appealed to us is the vendor quick enrolment, which is especially useful for one-time or really low volume vendors. Our experiences with clients indicate that this is one area where buyers face the most challenges around supplier recruitment and we believe that Ariba has found the winning formula in this aspect. Additionally, Ariba's unique contract compliance and PO accuracy capabilities serve as the keys to maximize savings from invoice processing efficiency.

Ariba believes that the key to adding value for customers (both buyers and suppliers) is by adding more dimensions to the Ariba Supplier Network in the form of continual additions and enhancements to capabilities for collaboration between trading partners. To this extent, we can expect to see a number of new features and capabilities included in forthcoming versions of the supplier network. Ariba's EIPP solution and supplier network combined with its already robust procurement suite definitely offer a strong value proposition to organizations seeking to automate their procure-to-pay processes.

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## About PayStream Advisors, Inc.

PayStream Advisors is a technology research and consulting firm that improves the way companies plan, evaluate, and select emerging technologies to achieve their business objectives. PayStream Advisors assists clients in sorting through the growing complexities of IT applications related to business process automation with the goal of making objective, analytical, and actionable recommendations. Wherever business process automation technology is an issue, PayStream Advisors is there to help.

For more information, call (704) 523-7357 or visit us on the Web at [www.paystreamadvisors.com](http://www.paystreamadvisors.com).

## About the Lead Analyst

Sushmitha (Sush) Koka is the Research Director with PayStream Advisors, Inc. In addition to managing PayStream's overall technology research effort, Sush leads client engagements and participates in technology strategy projects. Sush's areas of focus include document and data management, electronic billing and payment, accounts payable, receivables and collections, and business process automation. She has extensively researched and written reports in the above areas and her work has also been published in a number of trade magazines.