



Maximizing ROI in Industrial Manufacturing through the SAP Business Network and Invoice Automation

Why vendor invoice management integration is critical for
efficiency and ROI gains



Content

Introduction: Increasingly Complex Invoicing	.....	03
Chapter 1: Tackling Invoice Management in Industrial Manufacturing	.....	04
Chapter 2: Why Effective Invoice Management is Crucial	.....	08
Chapter 3: Finding Solutions: SAP Business Network and SAP Invoice Automation solutions	.....	11
Conclusion	.....	17
Who We Are: Optima ECM	.....	18





Increasingly Complex Invoicing

For many CFOs and financial leaders in industrial manufacturing, handling thousands of invoices monthly is daunting. Despite best efforts, manual processes dominate invoice management systems, leading to frequent errors, processing delays, and compliance risks. These issues can disrupt cash flow and strain supplier relationships.



Data from [a recent IDG survey](#) highlights these challenges. Nearly 71% of manufacturers still rely on manual, paper-based processes for invoice management, which is higher than in other sectors. Furthermore, 74% of respondents indicated that ensuring data quality and integrating invoice data into enterprise applications and processes are major challenges.

This reliance on outdated methods results in inefficiencies that directly impact the bottom line. The high volume of transactions and the complexity of supplier networks make it nearly impossible to maintain real-time visibility and control over the invoicing process without the right technology. This can often lead to supplier disputes and lost time and effort.

Fortunately, solutions like SAP Business Network and SAP Invoice Management are designed to address these challenges head-on and transform invoice management processes, driving efficiency, accuracy, and significant ROI gains.

Let's dive into how you can maximize your benefits in these areas.



Chapter 1

Tackling Invoice Management in Industrial Manufacturing



Manufacturing is a cash-intensive industry, and inefficient financial procedures and a lack of strategic oversight can severely impact the bottom line. As companies strive to maintain efficiency and reduce costs, outdated and manual invoice processes present significant challenges.

The operational significance of this task necessitates a strategic focus on fostering strong, lasting relationships with suppliers, ensuring timely payments, and streamlining activities, which is why effective invoice management is crucial for maintaining profitability.



Let's unpack some of the more common scenarios industrial manufacturing businesses face today.

Manual Data Entry

Manual data entry is labor-intensive and prone to errors. In manufacturing, where high volumes of invoices are processed daily, the risk of mistakes increases exponentially. Each invoice must be manually reviewed and entered into the system, a time-consuming process susceptible to human error.

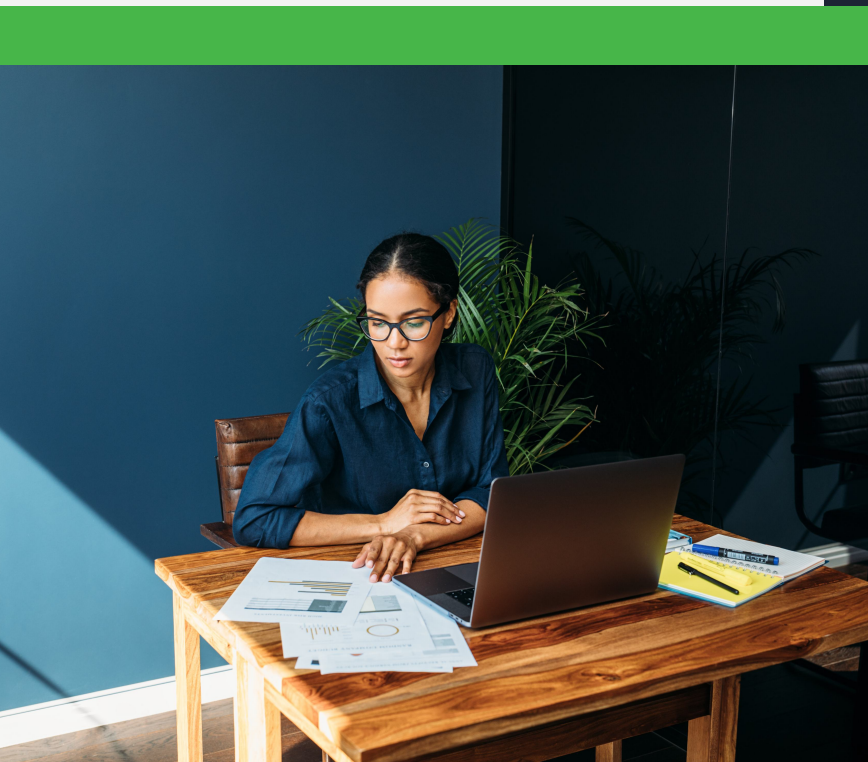
Data entry errors can lead to discrepancies in financial records, resulting in overpayments or missed payments. This affects the company's cash flow and damages relationships with suppliers. The time spent correcting errors further reduces the efficiency of the accounts payable team, increasing operational costs and diverting resources from more strategic tasks.



Processing Delays

Processing delays are common when dealing with manual invoicing systems. Invoices often get stuck in approval queues, waiting for manual reviews and sign-offs. This delay can be exacerbated by the need to match invoices with purchase orders and delivery receipts, which is often slow and inefficient.

Delayed processing can lead to late payments, resulting in penalties or loss of early payment discounts. This affects the company's financial health and may strain relationships with suppliers, who rely on timely payments to manage their cash flow. Additionally, delays in processing can create a backlog, further slowing down the system and causing operational bottlenecks.





Compliance Risks

Manufacturers operate in a highly regulated environment, with strict financial reporting and tax filing compliance requirements. When these requirements are handled manually, the risk of non-compliance increases, as human errors are more likely to occur in data entry and document handling.

Non-compliance with regulatory requirements can result in substantial fines and legal penalties. Beyond the financial impact, non-compliance can damage a company's reputation and erode stakeholder trust. Keeping up with changing regulations is also resource-intensive, requiring constant updates and manual process adjustments.

Lack of Real-Time Supplier Collaboration

Manual invoicing processes limit real-time communication and collaboration with suppliers. Without an integrated system, it is difficult to share and update invoice information promptly. This lack of real-time data hampers the ability to make informed decisions and quickly resolve issues.

The inability to collaborate in real-time can lead to misunderstandings and delays in the invoicing process. This affects the overall efficiency of the supply chain and can result in missed opportunities for cost savings. Financially, the lack of timely information can lead to poor cash flow management and missed opportunities for optimizing working capital.



Supplier Disputes

Discrepancies in invoices often lead to disputes with suppliers. These can arise from quantity, pricing, or payment terms errors, which are more likely when invoices are processed manually. Resolving these disputes requires additional time and resources from both parties.

Supplier disputes can disrupt the supply chain, causing delays in production and delivery schedules. This can lead to missed deadlines and potential loss of business. Financially, disputes can result in overpayments or underpayments, affecting cash flow and budgeting. The administrative burden of resolving disputes further adds to operational costs.

Managing Multiple Currencies and Tax Jurisdictions

Manufacturers often operate globally, dealing with multiple currencies and varying tax jurisdictions. Manually managing these complexities increases the likelihood of errors and non-compliance with local regulations.

Errors in currency conversions and tax calculations can lead to financial discrepancies and non-compliance penalties. The additional effort required to manage these complexities manually can slow down the invoicing process and increase operational costs, affecting the company's profitability.



Integration with Various ERP Systems

Manufacturers use different ERP systems across their operations, which can lead to integration challenges when managing invoices. Disparate systems can create data silos, making it difficult to have a unified view of financial processes.

Lack of integration can result in inefficient workflows and data inconsistencies. This hampers the ability to make informed decisions based on accurate and comprehensive data. Financially, it can lead to increased IT costs and reduced efficiency, as additional resources are required to manage and reconcile data across systems.

Handling Large Volumes of Paper Documents

Despite the push towards digitalization, many manufacturers still rely heavily on paper-based invoicing. Managing large volumes of paper documents is cumbersome, environmentally unsustainable, and prone to loss or damage.

Paper-based invoicing slows down the processing time and increases the risk of errors and document loss. It also incurs higher costs related to storage, printing, and mailing. Environmentally, it contributes to a larger carbon footprint, affecting the company's reputation and sustainability goals.



Chapter 2

Why Effective Invoice Management is Crucial

As digital transformation reshapes the manufacturing industry landscape, companies must adapt to stay competitive, and effective invoice management is a critical component of this transformation. A recent survey highlighted that 74% of manufacturing respondents find it challenging to ensure data quality and integrate invoice data into enterprise applications and processes. This underscores the need for automated solutions to streamline operations, reduce errors, and enhance overall efficiency.



The volume of transactions only increases with growth.

Automation-driven invoice management systems can easily handle high volumes of transactions, ensuring accuracy and speed. By automating data entry, validation, and approval workflows, companies can significantly reduce the time and resources required to process invoices. This improves cash flow and allows the accounts payable team to focus on more strategic activities.

Supply networks become increasingly complex as your business expands.

Effective invoice management systems provide the tools needed to navigate this complexity. Automated solutions can standardize and streamline invoicing across different suppliers and regions. They offer real-time data sharing and collaboration, reducing the risk of errors and disputes. By integrating seamlessly with ERP systems, these solutions ensure that all financial data is accurate and up-to-date, facilitating better decision-making and more efficient supply chain management.



Better decision-making demands end-to-end process transparency and data accuracy.

Automated invoice management solutions offer comprehensive visibility into the entire invoicing process. Every step is tracked and documented, from invoice creation and approval to payment and reconciliation. This transparency enhances compliance and allows companies to identify and address inefficiencies quickly. Additionally, it builds trust with suppliers by providing real-time updates on invoice status, reducing the likelihood of disputes and fostering stronger relationships.

Where is the industry heading?

The current state of invoice management practices in the manufacturing industry mixes traditional and emerging methods. While many companies continue to rely on manual, paper-based processes, there is a clear trend toward adopting advanced technologies to tackle the inherent inefficiencies.

According to the IDG survey,

76%

of manufacturing companies have already implemented some form of e-invoicing

8%

plan to implement it within 12 months.

Despite the adoption of e-invoicing, a significant number of manufacturers still use PDF-based invoices, which, while electronic, do not offer the full benefits of automation. These invoices often require manual data extraction and entry into ERP systems, which can lead to errors and delays.



So...what's the solution?

Integration and automation are the future of invoicing.

The trend is combining fully integrated invoice automation solutions with business networks. These invoice automation systems digitize invoices and automate data extraction, validation, and processing. Technologies such as AI and machine learning are becoming increasingly prevalent, enabling predictive analytics and real-time decision-making.

As regulatory requirements for e-invoicing evolve, manufacturers increasingly recognize the need for compliant, automated solutions. The shift toward digital transformation is accelerating, driven by the need for efficiency, accuracy, and real-time visibility. Companies that embrace these technologies are positioning themselves to stay competitive and meet the demands of an increasingly digitized market.





Chapter 3

Finding Solutions: SAP Business Network and SAP Invoice Automation solutions

As industrial manufacturing companies navigate the complexities of modern business, the need for advanced, integrated solutions becomes increasingly apparent. SAP, a global leader in enterprise technology, offers robust solutions designed to address these challenges directly.

SAP's comprehensive suite of tools, including SAP Business Network and invoice automation solutions such as SAP Vendor Invoice Management by OpenText (a Solution Extension, integrated as an add-on to SAP ERP) or Ariba Central Invoice Management (a BTP side-by-side application, the most modern approach), provides the technological backbone that manufacturing companies need to streamline operations, enhance efficiency, and maximize ROI. These solutions cater to diverse client footprints and requirements, each with their own strengths, fully supporting the needs of different client segments based on their ERP footprint and process complexity.





SAP Business Network

SAP Business Network is a collaborative platform that connects businesses with their suppliers, customers, and partners. It facilitates seamless interactions across procurement and the supply chain, providing real-time visibility and integration capabilities essential for efficient invoice management. By leveraging this network, companies can ensure that their invoicing processes are streamlined and aligned with their broader operational goals.



What are its features?





What benefits do you stand to gain?

Increased Efficiency:

1

Automation of invoicing processes reduces manual workload, allowing staff to focus on strategic tasks.

Improved Accuracy:

2

Real-time data sharing and automated validation minimize errors, ensuring accurate financial records.

Enhanced Supplier Relationships:

3

Timely and transparent communication strengthens supplier partnerships, leading to more reliable supply chain operations.

Cost Savings:

4

Streamlined processes reduce operational costs, from processing time to error correction.

Regulatory Compliance:

5

Automated compliance management ensures adherence to ever-evolving regulatory requirements, protecting the company from fines and legal issues.



How does this impact your business and help your ROI?

SAP Business Network facilitates invoice automation by integrating it with the broader supply chain and procurement processes. This integration significantly improves efficiency and accuracy, reducing operational costs and enhancing overall productivity. By minimizing errors and delays, companies can manage cash flow more effectively and make more informed financial decisions. The automation and real-time capabilities of SAP Business Network also ensure that regulatory compliance is maintained, avoiding costly penalties. All these factors contribute to a substantial improvement in ROI, making SAP Business Network a vital tool for any manufacturing company looking to optimize its operations.





SAP Invoice Automation solutions

Invoice Automation tools, like SAP Invoice Management by OpenText or Ariba Central Invoice Management are both designed to automate and optimize the entire invoice lifecycle. As previously mentioned, these solutions cater to diverse client footprints and requirements, each with their own strengths, fully supporting the needs of different client segments depending on their ERP footprint and process complexity levels. From receipt and processing to approval and payment, these solutions streamline each step, ensuring that invoices are handled efficiently and accurately. Both integrate seamlessly with SAP Business Network and other SAP systems, providing a cohesive and comprehensive approach to invoice management.

What are its features?





What benefits do you stand to gain?

1

Enhanced Efficiency:

Automation of data capture and workflow processes reduces the time and effort required to process invoices.

2

Reduced Errors:

Automated data extraction and validation minimize the risk of errors, ensuring that invoices are processed correctly.

3

Improved Cash Flow Management:

Real-time tracking and visibility enable better cash flow management, ensuring that payments are made on time.

4

Cost Reduction:

Streamlined processes reduce operational costs, from manual data entry to error correction.

5

Compliance Assurance:

Automated compliance checks ensure that all invoices meet regulatory requirements, reducing the risk of fines and penalties.



How does this impact your business and help your ROI?

These Invoice Automation solutions significantly enhance the efficiency and accuracy of invoice processing, leading to reduced operational costs and improved financial performance.

By automating manual tasks and providing real-time visibility, companies can manage their cash flow more effectively and make more informed financial decisions. Integrating them with your SAP ERP systems ensures that all financial data is accurate and up-to-date, facilitating better overall management. These efficiency, accuracy, and compliance improvements contribute to a substantial increase in ROI, making them an essential tool for manufacturing companies aiming to optimize their invoice management processes.



Conclusion

Integrating SAP S/4HANA running SAP Invoice Automation solutions with the SAP Business Network is a seamless and natural progression in a company's digital transformation journey. This out-of-the-box integration enables companies to leverage the digitalization and automation of supplier collaboration within the world's largest B2B business network, combined with SAP's best-in-class Invoice Management solution for automating processing and reconciliation.

This combination offers a fully digitized process with a single source of truth, addressing the complexities and high volumes faced by global organizations, including taxation, multiple invoicing channels, and e-invoicing requirements. By harnessing the strengths of both solutions, companies can transition from manual supplier collaboration and labor-intensive invoice reconciliation processes to fully digitized workflows, laying a solid foundation for further advancements in procurement and finance.

Are you ready
to transform
your invoicing
for innovation
and growth?

Let's talk!





POWERED BY CXGLOALS



Who We Are: Optima ECM

Optima Consulting is a leading consulting firm and trusted adviser in the field of digital transformation, with a strong focus on Spend Management and Content Management in the SAP ecosystem. Having served more than 150 large enterprises from 20+ industries, we have completed over 500 successful projects.

Established in 2009, we are a woman-owned SAP Gold Partner with headquarters in Phoenix, Arizona. Our global presence extends to Europe and Latin America and is supported by a highly experienced team of consultants.

Our innovative yet mature approach streamlines the SAP deployment experience to deliver a hassle-free, ROI-boosting journey. As a leading consulting firm, our hundreds of successful implementations deepen our understanding of businesses' unique challenges in today's digital landscape.

Contact Us:

480-907-6360

optimaecm.com

info@optimaecm.com

11811 N. Tatum Blvd. Suite 3031
Phoenix, AZ 85028