

Your 3 Top E-Invoicing Questions Answered

Accountis Article: Healthcare Special



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Introduction

Finance Directors in the Healthcare industry are constantly looking for ways to improve efficiencies in the financial supply chain process. Incumbent financial systems are often paper-based, requiring considerable manual input, that is both time consuming and costly.

A number of healthcare organisations have implemented e-procurement solutions, which go some way to improve the situation by saving time and reducing costs in the purchasing process. However the real benefits of automation only become significant when an EIPP (Electronic Invoicing Presentment and Payment) system is employed, enabling the entire purchase-to-pay and order-to-cash cycles to take place online.

EIPP solutions replace paper processes and work alongside existing systems to improve automation and lower costs, without compromising the quality of customer service. They allow suppliers and buyers to exchange financial documents online and manage the processing of these documents quickly and securely. The benefits of using an EIPP system include improved cash-flow visibility, real-time document management and faster settlement.

However, there are key questions to be considered by Finance Directors and Project Managers when developing a business case for EIPP. This article hopes to answer three of the most common questions, with the overall aim of discussing important issues such as EIPP implementation, benefits and roll-out across the supply chain.

Question 1: How will EIPP work with existing systems?

Answer: An integration module enables your existing financial software (Oracle e-Business Suite, Peoplesoft, SAP etc.) to send and receive invoices and purchase orders electronically. You generate your financial documents in the usual way, and the integration module transmits this data securely to the EIPP Hub. The data is stored on the EIPP Hub, where it is accessed using a secure online Trading Portal. The Trading Portal gives authorised users remote access to all documents which can be viewed, queried, approved and paid in real-time. There is no need for you to carry out expensive upgrades to your existing systems or invest in new hardware or software. Integration with the EIPP system is straightforward, causing very little disruption to daily business and minimal training is required to start using it.

Question 2: How will EIPP impact suppliers and customers?

Answer: Getting your trading partners to make the switch to EIPP is straightforward. All your Suppliers will be given a free piece of software called ebPrinter, which enables them to send you electronic invoices from their existing finance systems – no printing, no stuffing, no posting.

To receive electronic invoices, your Customers simply login to an online E-Invoicing Portal to view their e-invoices and download the invoice data directly into their finance package – no envelope opening, no re-entering data, no archiving. Once set-up, your suppliers and customers will enjoy a faster more efficient method of communicating with you.

Question 3. What savings can be expected with EIPP?

Answer: According to numerous surveys from management consultancies, the cost of processing a manual paper-based invoice can range from £2 to £30. By deploying an EIPP system you can reduce current cost per invoice in both the Accounts Payable (AP) and Accounts Receivable (AR) departments by removing direct costs, such as paper, printing and postage, together with indirect costs, such as data-entry, data-correction, dispute management, requests for duplicate copies of invoices and the approval process.

Additional benefits of e-invoicing beyond cost reduction include better cash conversion through the reduction of debtor days, automation of invoice approval and payment that match defined business rules, clearer visibility of the entire financial supply chain and enhanced interaction with both customers and suppliers. The following table highlights some of the more significant potential savings:

Accounts Payable Function	Saving per invoice
Processing Costs	50-70%
Direct Costs	20%

Accounts Receivable Function	Saving per invoice
Invoice Delivery Costs	82%
Copy Invoice Costs	83%

Note: Savings based on estimates from Forrester Research, Gigia Information Group and Hackett Group.

Summary

To enjoy the benefits of EIPP organisations do not necessarily need to change the way they currently do things – just build on existing systems and improve them, which is good news for everyone involved in the financial supply chain.

Flexible Internet technologies enable EIPP systems to work alongside existing ERP and finance systems, making implementation straightforward and cost-effective. They allow healthcare suppliers and buyers, using different finance packages, to exchange and manage documents efficiently and simply. As a result, healthcare Finance Directors can streamline AP and AR processes and begin to satisfy efficiency targets and the requirements set out in the Gershon review.

Hopefully this article has gone some way to answer your Top EIPP questions. If you require further information please contact us using the details below. You can also read our Case Study about the North West Wales NHS Trust, who have recently integrated EIPP with their Oracle eBusiness Suite. This is available on our website at: www.accountis.com.



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