



Solutions for World Class Finance

The P2P 'Universe'

From Performance Improvement to Transformation

Insights from Research with global leaders in Global Business Services, Shared Services, Procurement & Accounts Payable

Dan French

www.consider.biz

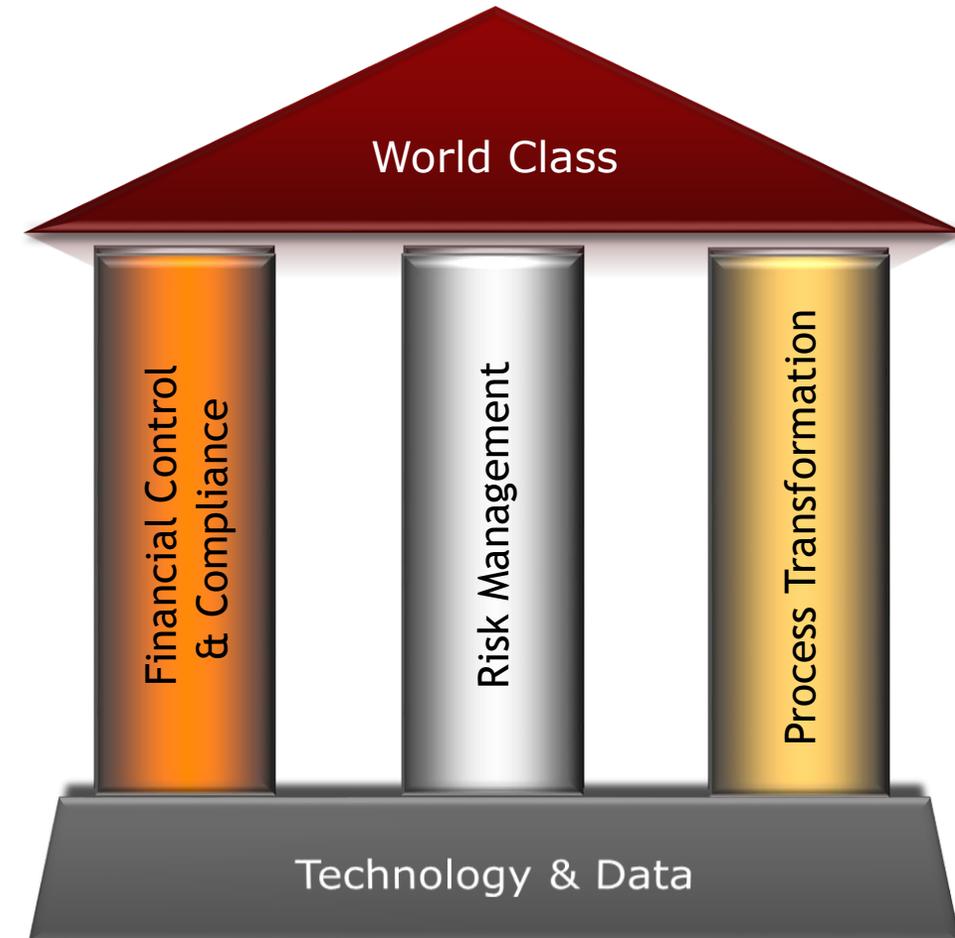
INSIGHTS 2020



This Session

- Introduction & Context
- Shared Services/GBS Leaders Research
- P2P Global Survey Results
- The P2P “Universe”
- Driving Process Excellence across the Universe
- Q&A

World Class



Global Influences



consider



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Shared Services/GBS Leaders Research

Executive Stakeholder Demanded Outcomes of SS / GBS

+ Direct Cost Reduction

- FTE reduction
- Standardisation
- Shortening cycle time for internal customers (Buyers et al)
- Improving cash collection, cashflow management

+ Improving Business Unit Experience

- "Making Finance Easier"
- Cycle time and cost reductions in the Business Units

+ Enhanced Risk Management, Control & Compliance

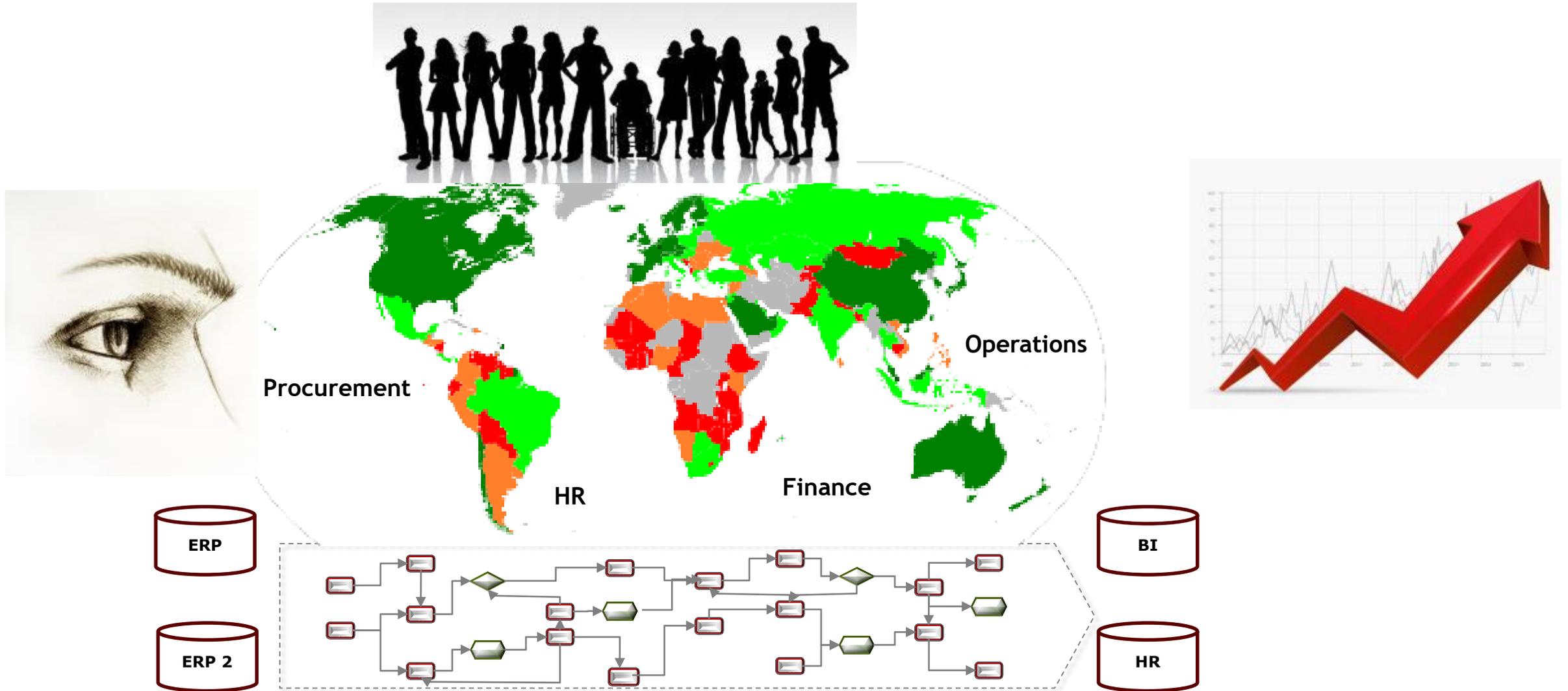
+ Flawless Issue Resolution

+ Preserving process knowledge (that was formerly in business, now in SS/GBS)

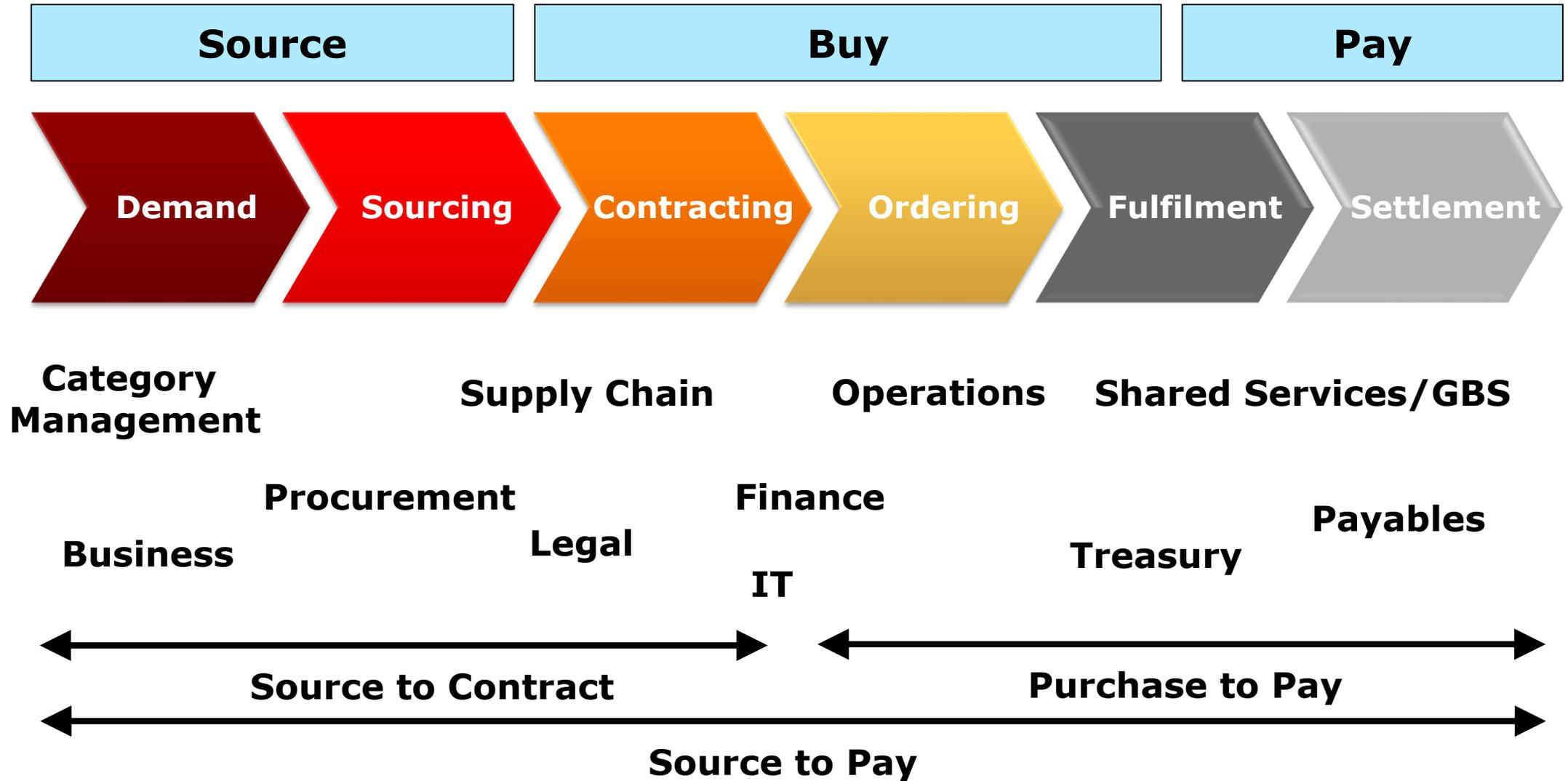
Aspirational/Desirable Outcomes of SS/ GBS

- **Enhanced Reputation as value creator as well as cost reducer**
- **Centre of Excellence (CoE), with expertise to optimise and automate**
- **End-to-End Business Process Collaboration**
- **Talent Pipeline for the entire business**

Global Process Enablement as a value-creating strategy



"Source to Pay"





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P2P Global Survey Results

Why we launched this Global P2P Survey

- Expand the body of P2P knowledge and best practice
- Validate trends and issues that we have seen
- Objective analysis rather than “Leading the Witness”
- End to End Process view
- Technology agnostic
- People, Process, Organisation, Technology, Culture

Building on commonly reported key P2P themes

- **Reduce maverick spend**
 - improve PO compliance
- **Reduce cycle time of process**
 - “making buying simple”
- **Reduce the cost of goods and services purchased**
 - improve contract compliance and vendor oversight
- **Reduce effort and cost of process operation**
 - eliminate unnecessary (manual) tasks
- **Optimize working capital**
 - agree and execute optimal payment terms
- **Manage risk effectively**
 - maintain visibility over supply, master data, cash, conflicts of interest

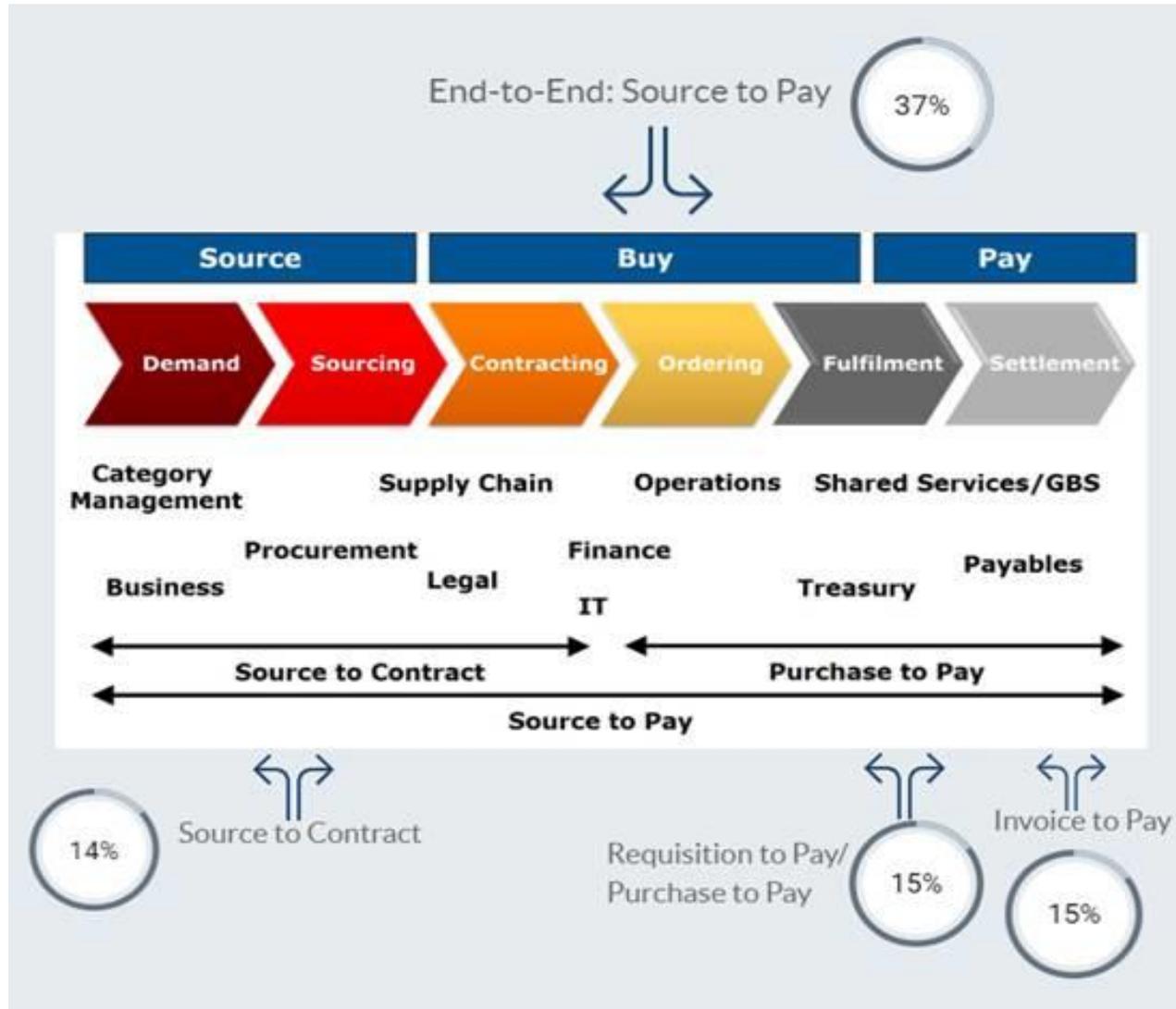
The Survey Itself . . .

- **Context on Respondents: situation, environment etc . . .**
- **Top 3 pain points specific to the Source to Contract sub-process (Procurement)**
 - Which is the number one?
 - Which gets the most management effort directed at it?
- **Top 3 pain points specific to the Invoice to Pay sub-process (AP)**
- **Top 3 pain points in your end-to-end S2P/P2P Process**
- **Your highest priority issue from a P2P Risk perspective?**
- **In the past 18 months what single decision or initiative has had the most impact on improving your P2P process?**

Survey Demographics – Locations of Respondents



Survey Demographics – Roles of Respondents

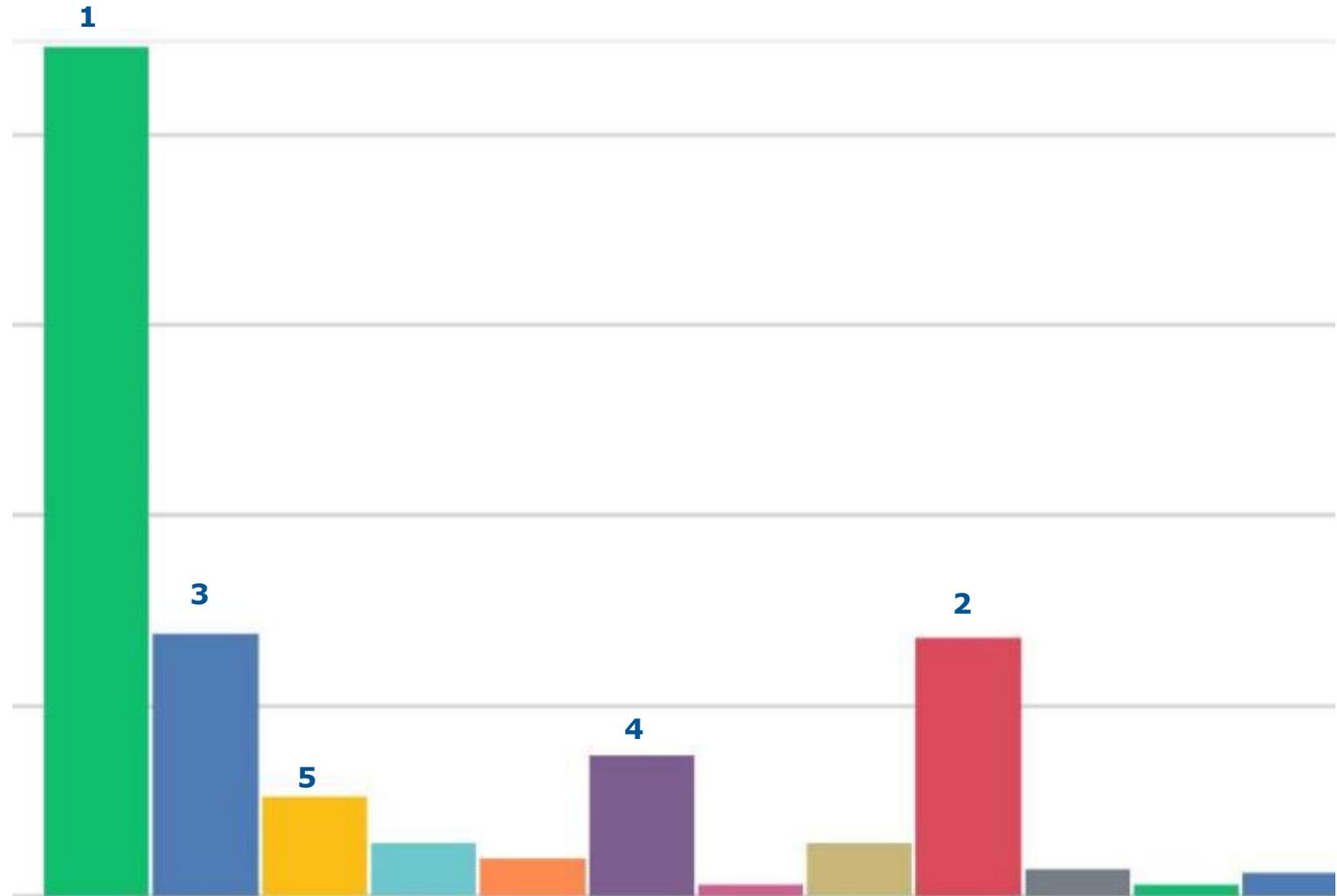


Others included;

- P2P Stakeholders
- Payments / Disbursements
- “Contract to Receive”
- Audit
- Consultant
- Technology / IT
- Other

Systems used to support the P2P process?

1. SAP
2. Oracle e-Business Suite
3. Ariba/Coupa
4. Microsoft Dynamics
5. Peoplesoft



P2P Challenges – Options from the Survey (1)

- **Avoiding late payment (and early payment)**
- **Governance and management of multiple purchasing channels (Catalog, PO, PCard, T&E etc)**
- **Challenges in ensuring master data is complete and accurate at set up and over time**
- **Driving down effort and cost of process operation (reducing people)**
- **Error rates on POs and invoices due to too much manual effort**
- **Difficulty in getting timely data/reports for managing and improving the process**

P2P Challenges – Options from the Survey (2)

- + Lack of executive alignment and understanding of P2P challenges across the process**
- + Lack of clarity on overall accountabilities, responsibilities, expertise and work required**
- + Lack of contract visibility - do we know what we have agreed for all suppliers/contracts?**
- + Too many internal requests/queries, diverting time and attention**
- + Reducing cycle time of process (making buying simple)**
- + Poor PO Compliance, ensuring PO's are used ahead of all relevant spend**

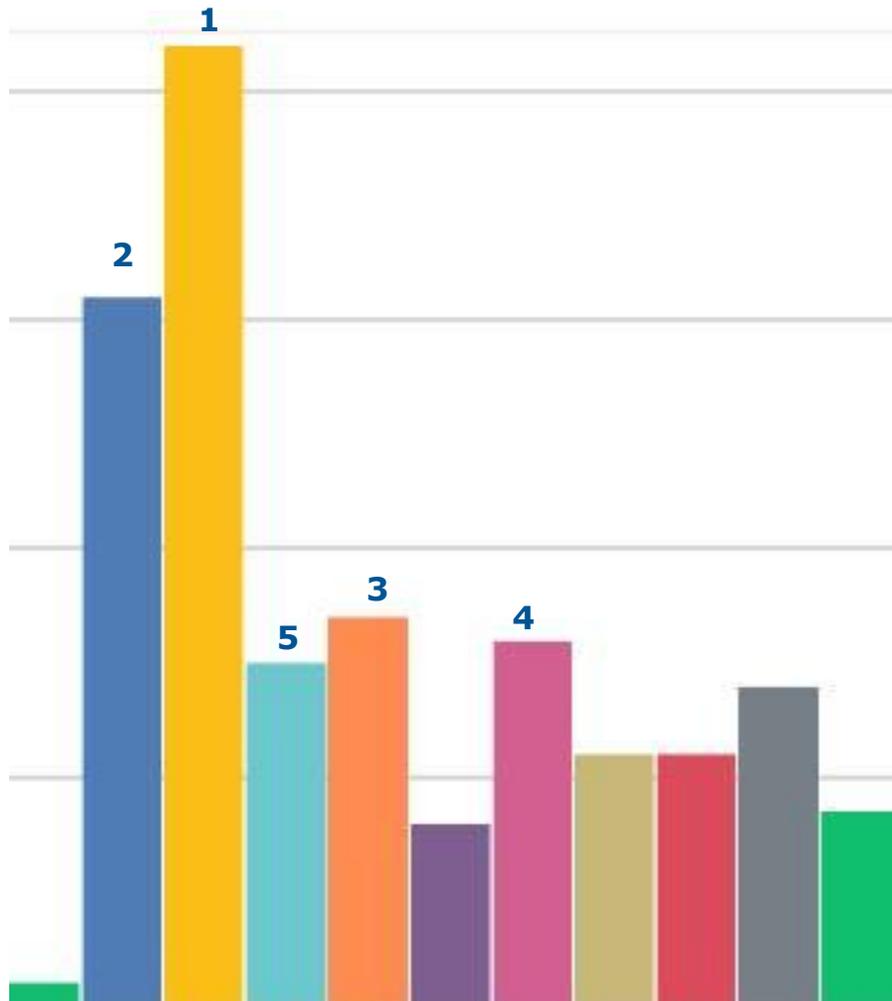
P2P Challenges – Options from the Survey (3)

- + Lack of visibility to take early decisions to optimize cash flow and working capital**
- + Too many vendor requests/queries, diverting time and attention**
- + Challenge with payment rejections / returns**
- + Ineffective contract compliance – do we know we are getting the terms we agreed?**
- + Too much maverick spend outside existing preferred suppliers**
- + Diversions from new technology initiatives draining focus and effort from core P2P process**

P2P Challenges – Options from the Survey (4)

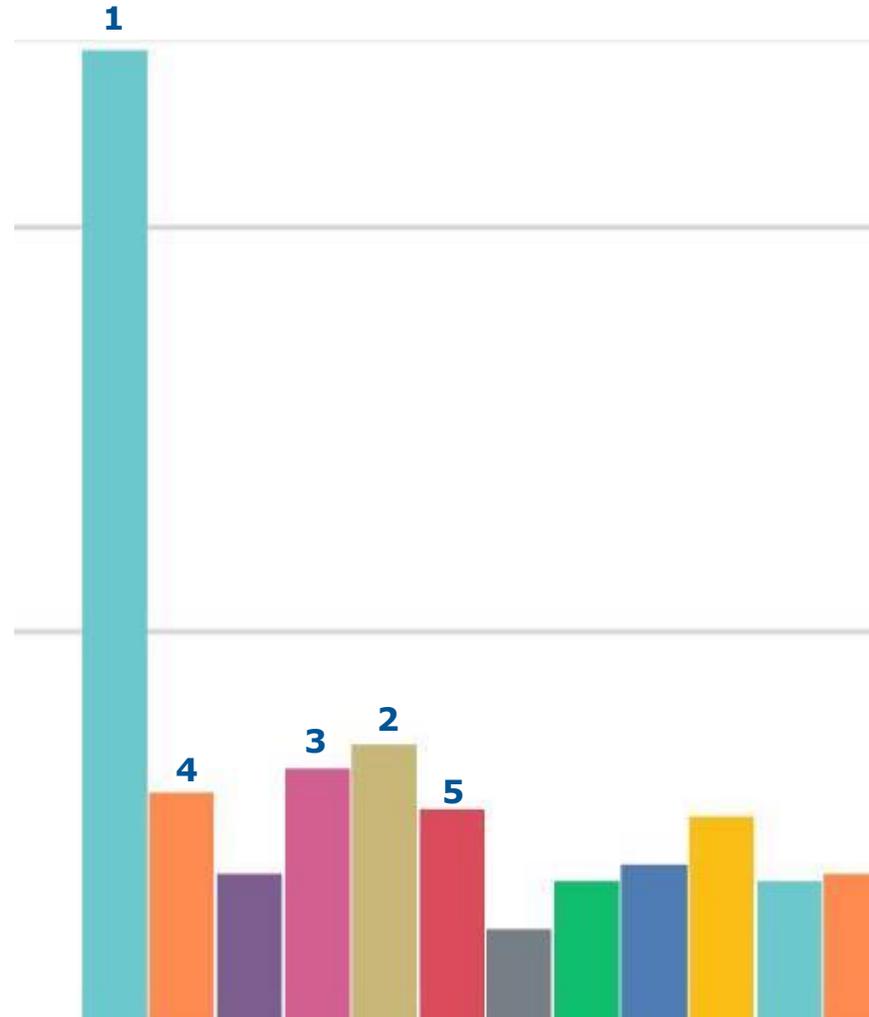
- Diversions from business transformation initiatives draining focus
- Difficulty in getting timely information about KPIs and metrics
- Lack of visibility over supplier/vendor performance
- Problems with defining, maintaining, managing spend categories
- Lack of complete supplier and category spend visibility
- Error rates on POs and invoices due to automated interfaces/source systems
- Difficulty creating actionable plans/consequences from KPI performance
- Other (please specify)

The Top Pain Points/Challenges Specific to the Source to Contract sub process (Procurement)



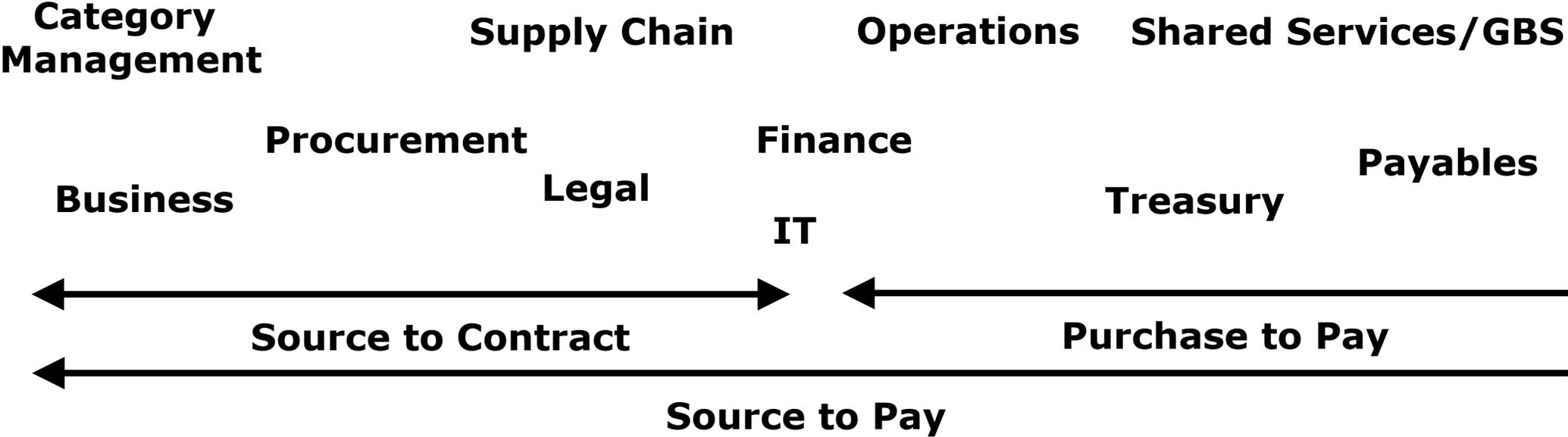
- 1. Lack of contract visibility (do we know what we have agreed for all suppliers and contracts?)**
- 2. Defining/Maintaining/Managing Spend Categories**
- 3. Reducing cycle time of process (make buying simple)**
- 4. Ineffective contract compliance (do we know we are getting the terms we agreed?)**
- 5. Lack of visibility over supplier/vendor performance**

The Top Pain Points/Challenges Specific to the Invoice to Pay sub process (Accounts Payable)

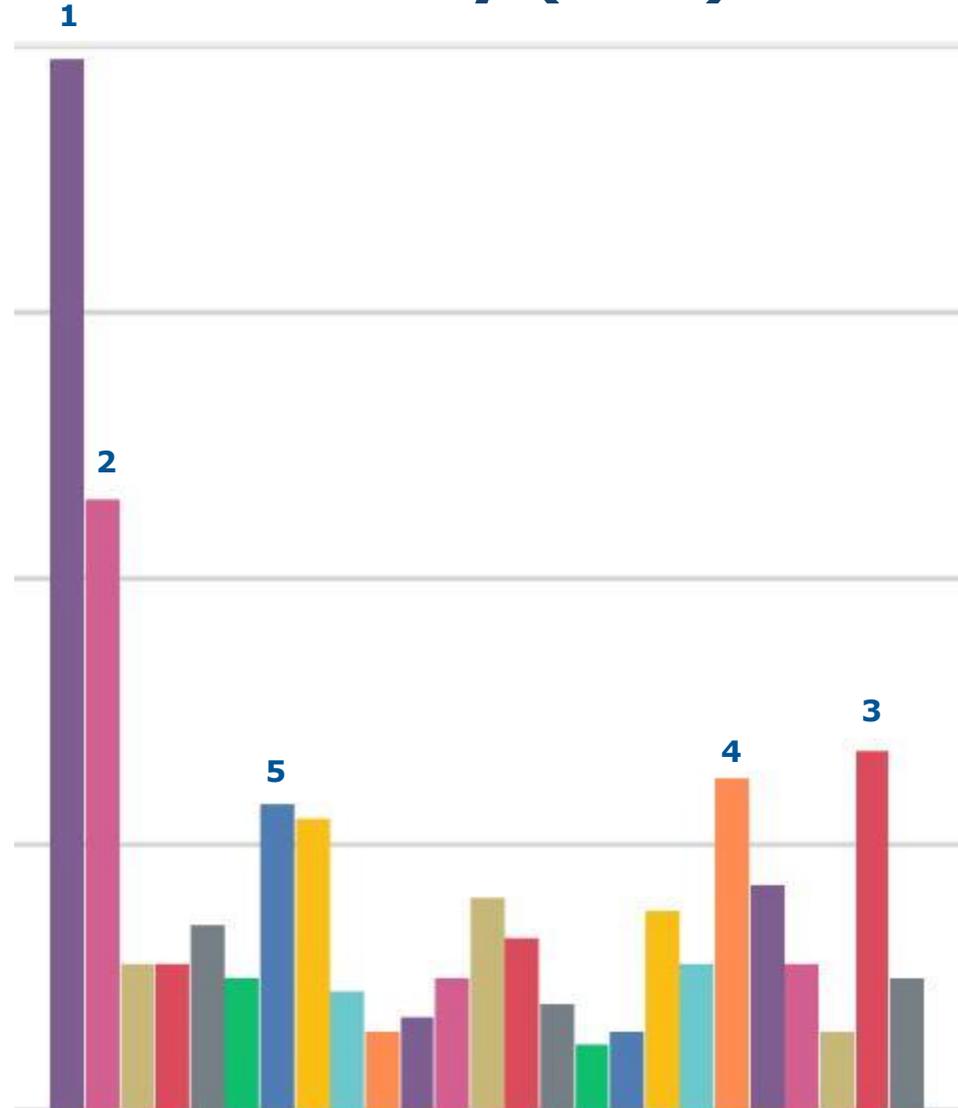


- 1. Avoiding late payment (and early payment)**
- 2. Ensuring Master Data is complete and accurate**
- 3. Ensuring PO Compliance (PO in advance of all relevant spend)**
- 4. Duplicate invoices and exceptions**
- 5. Fraud risk associated with vendor bank and payment details**

End-to-end Source to Pay Process



The Top Pain Points/Challenges Specific to the end-to-end Source to Pay (S2P) Process



- 1. Lack of executive alignment and understanding of end to end P2P process challenges**
- 2. Lack of clarity on overall accountabilities, responsibilities, expertise and work required**
- 3. Too many internal requests/queries, diverting time and attention**
- 4. Poor PO compliance (ensuring POs are used in advance of all relevant spend)**
- 5. Reducing cycle time of process (making buying simple)**

Navigating differing perspectives & performance measures



End-to-End Source to Pay/Purchase to Pay Risks

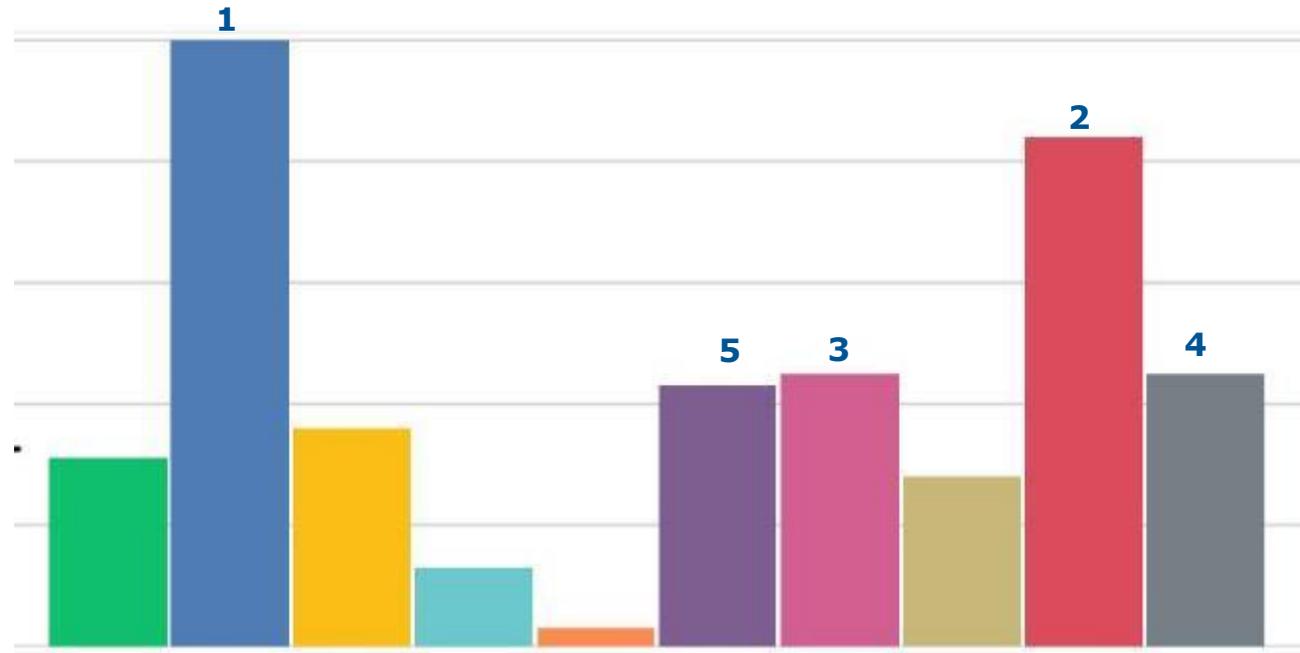
+ Why do things go wrong?

- Poor framing of the decision – perspective
- Assumptions
- Insufficient or inaccurate information
- Not seeking all relevant information
- Not considering all relevant options
- Not considering potential (unintended) consequences

+ Risk Management

- Identifying what can go wrong
- Reducing likelihood and impact
- Informing management decision making

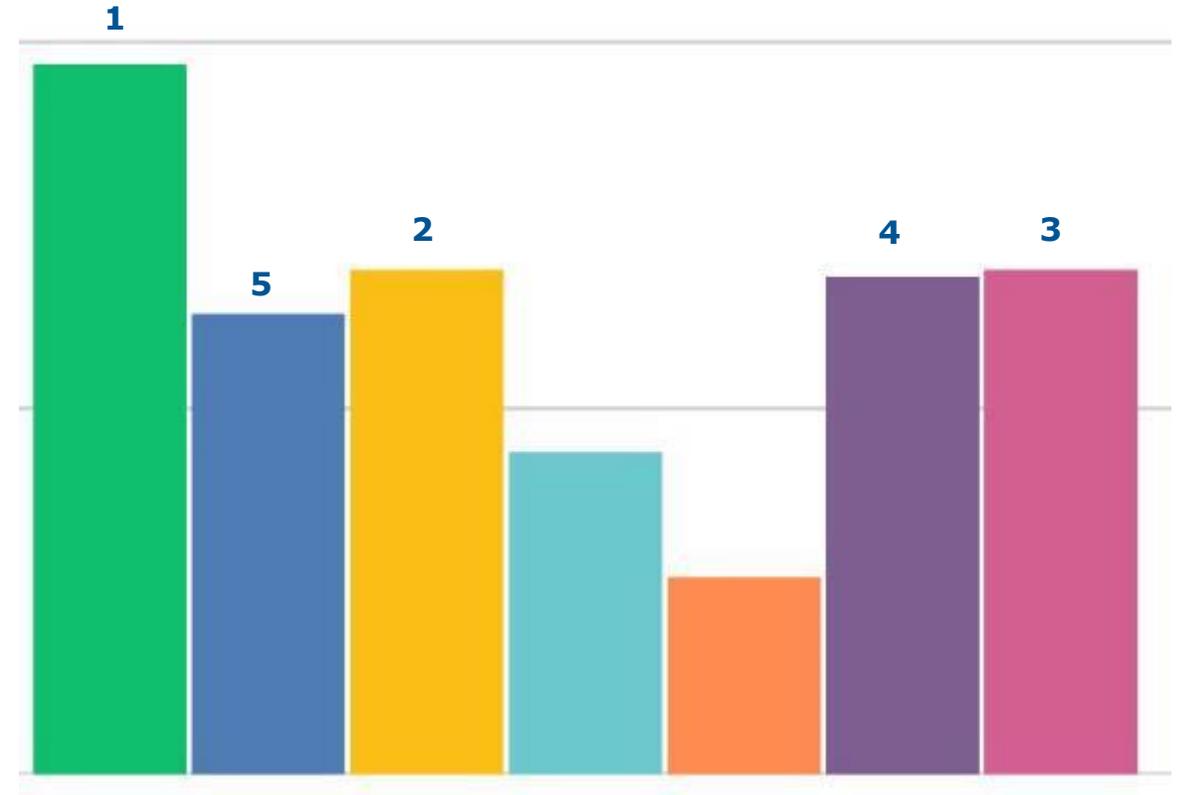
Which is your most challenging, highest priority issue in Source to Pay from a Risk perspective?



- 1. Vendor Risk Management**
- 2. Contract Compliance (did we get the goods/services at the price/terms agreed)**
- 3. Internal Fraud**
- 4. Duplicate Invoices**
- 5. Vendor Bank Account Controls**

What single decision or initiative has had the most impact on improving your P2P process in the past 18 months?

- 1. Process change**
- 2. Organisational/structural change**
- 3. New Technology implementation**
- 4. Enhanced cross functional communication**
- 5. People Skills Enhancement**



What single decision or initiative has had the most impact on improving your P2P process in the past 18 months?

+ Many Interesting Observations

- “Moving some of the process to a service center outside country made things worse and increased cost”
- “Meetings set up bringing Procurement and AP together to resolve issues
- New leadership, new skills and redeployment of poor performing team members
- Deeper process vs task understanding, new procedures, training
- Enhanced communication within and beyond functional teams
- “Implementation of a Business Process Owner (same as Global Process Owner) for Source-to-Pay who is accountable for (a) design of and (b) compliance with the end-to-end process”
- “Totally changed archaic process of P2P that was in use for past 30 years”
- Balancing big technology shifts (new ERP etc) and targeted pain point (OCR, e-invoicing etc)

End to End Transformation is not Easy, and Human Factors are key

— But the Objective Questions for P2P Stakeholders are clear

- Are we buying the right stuff from the right people?
- Are we buying on the right terms (price & payment)?
- Are we paying at the right time?
- Are we operationally efficient in doing it?
- Is our cycle time appropriate?
- Are we managing supply, vendor and payment risk?

Are we using our skills and talents in the right places?

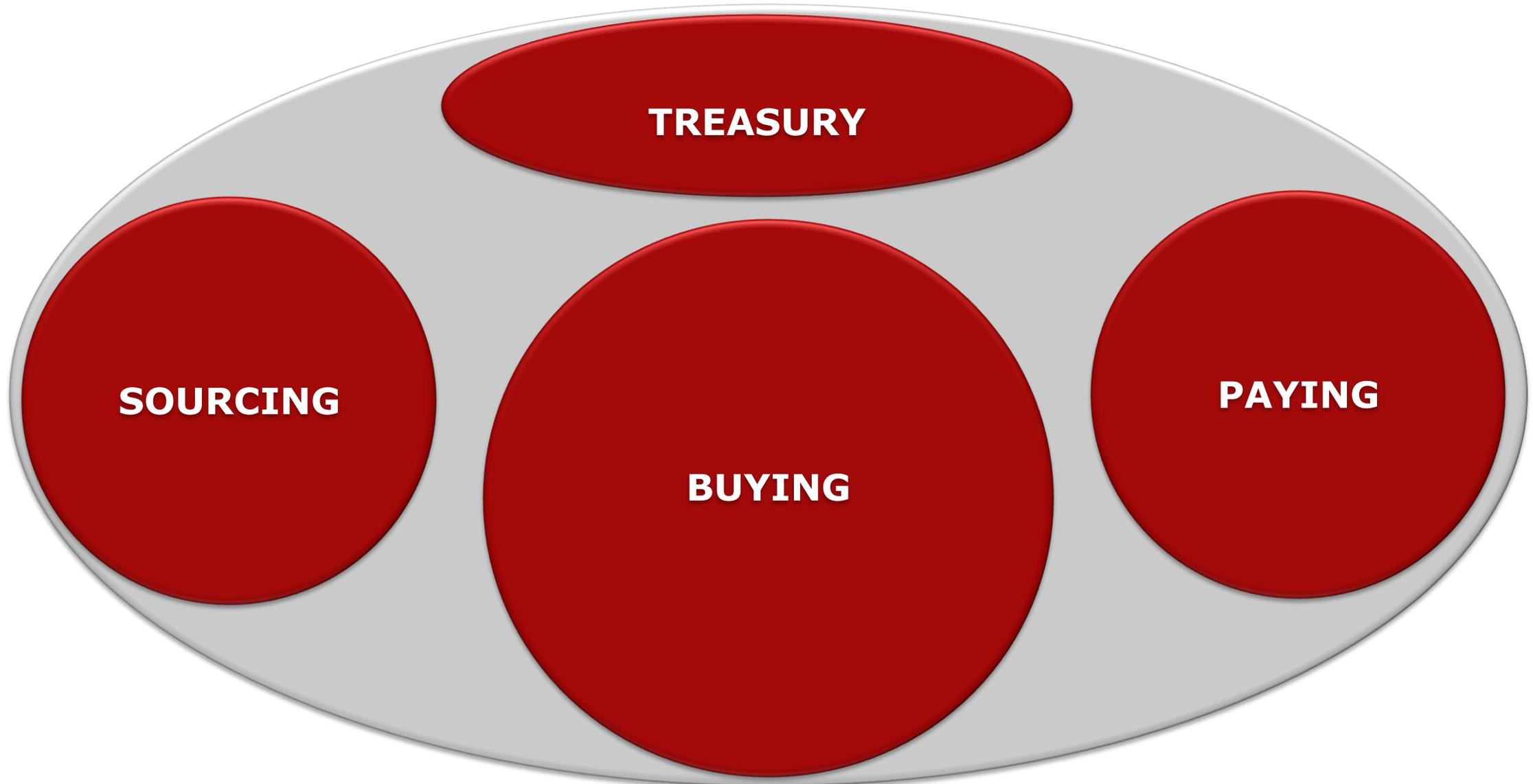
The “Urgent vs Important” Paradox



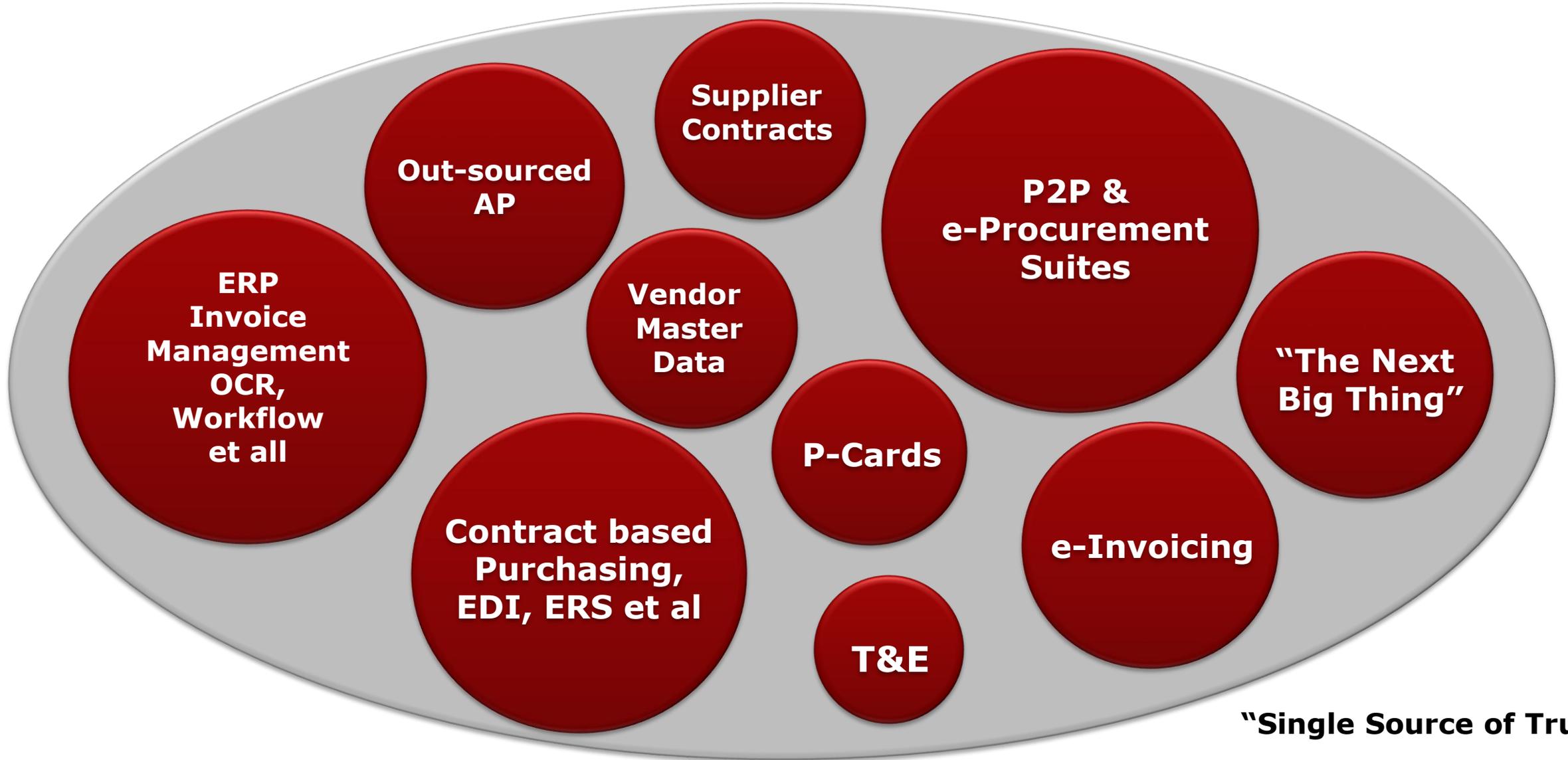
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The P2P “Universe” & Process Performance

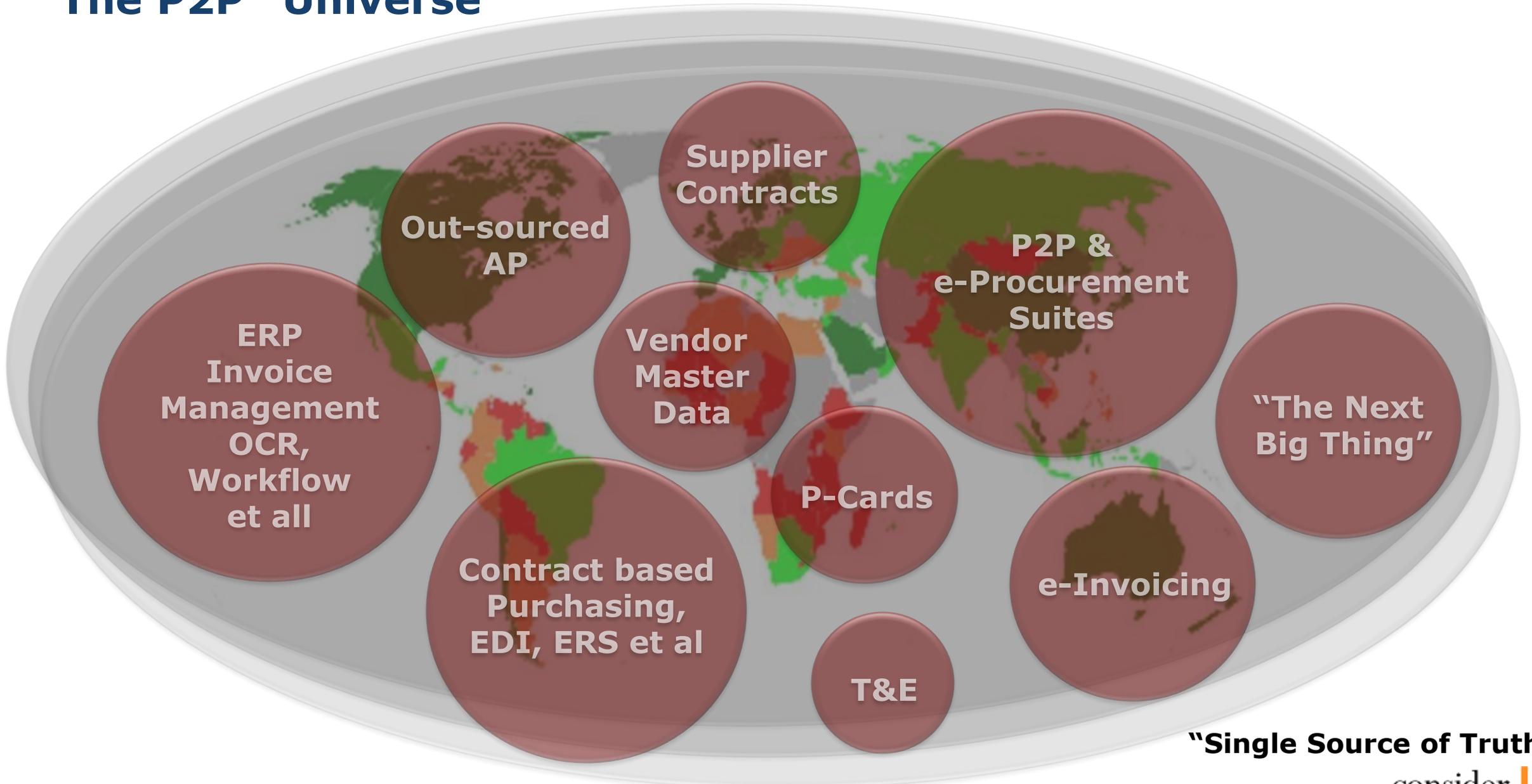
The P2P “Universe”



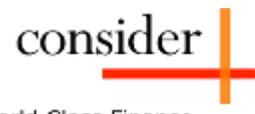
The P2P “Universe”



The P2P “Universe”



“Single Source of Truth”

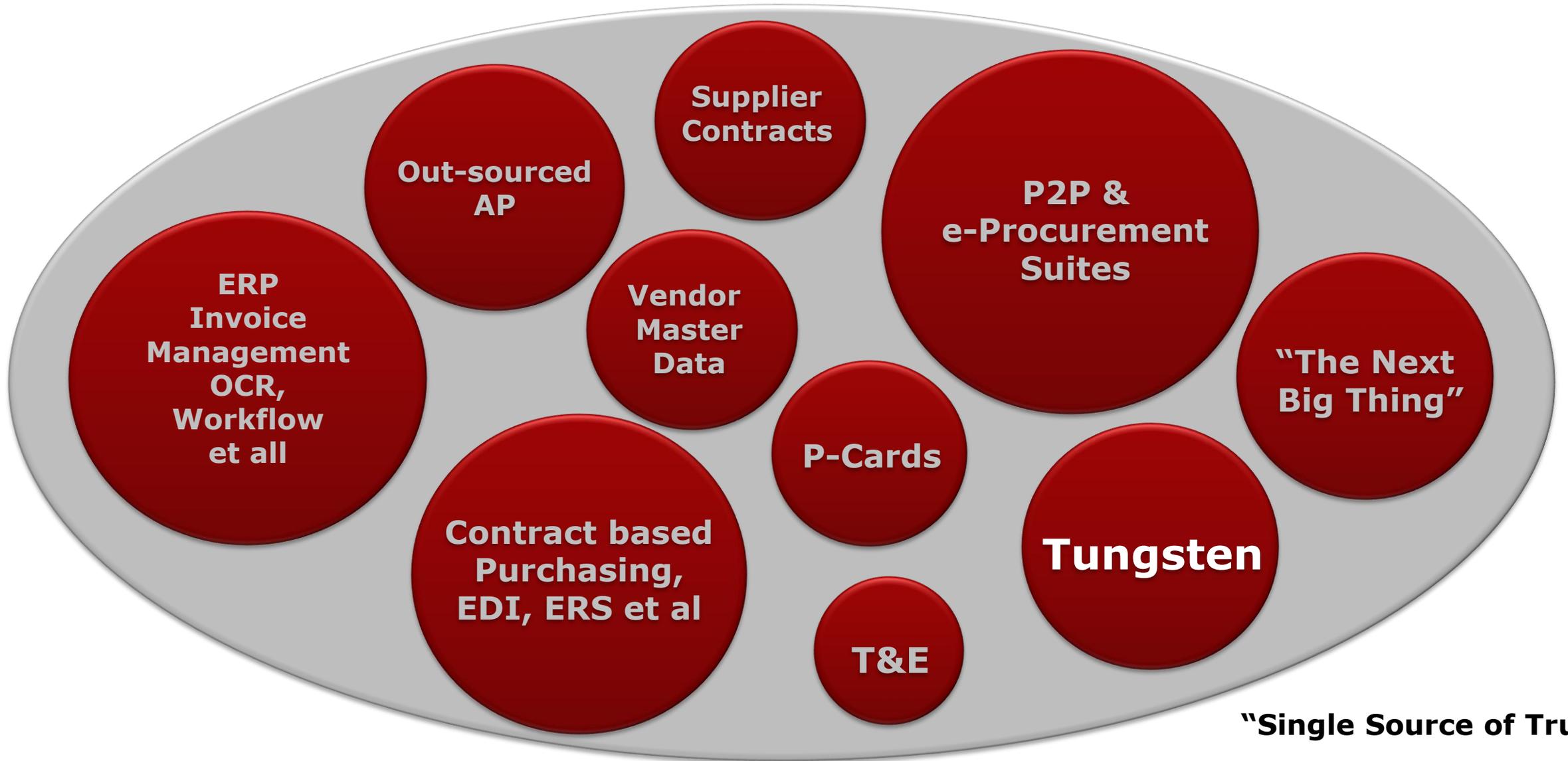




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Driving Process Excellence across the Universe

The P2P “Universe”



Source to Pay Overview

Period:
December 2019

Active Vendors :
Value: £150m. # Vendors: 6013

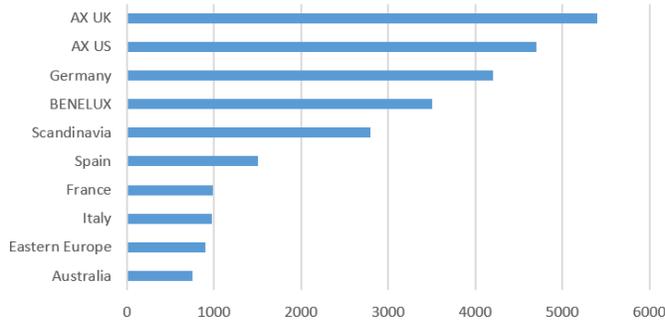
New POs:
Value: £35m. Quantity: 5639

Invoices Received:
Value: £152m. Quantity: 21565

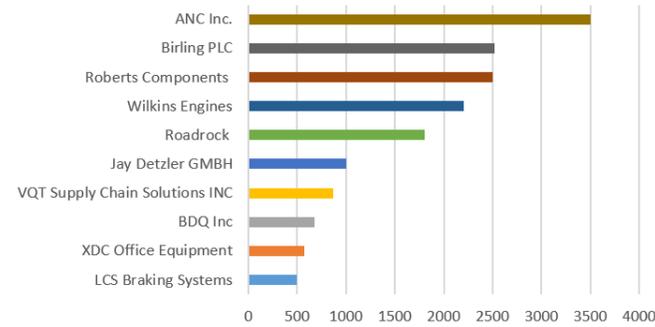
Average Days Payable Outstanding
45

Source

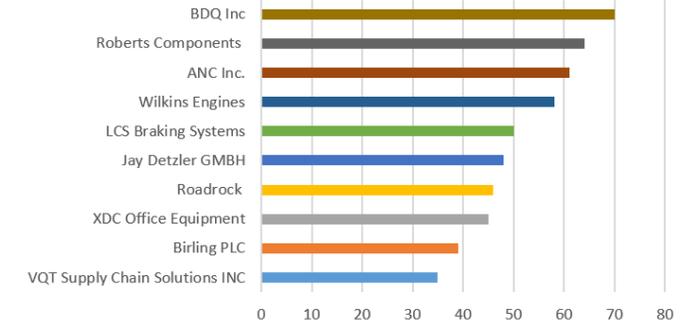
Top Spend Business Units (based on POs) (£K)



Top Spend Vendors (based on POs) (£K)

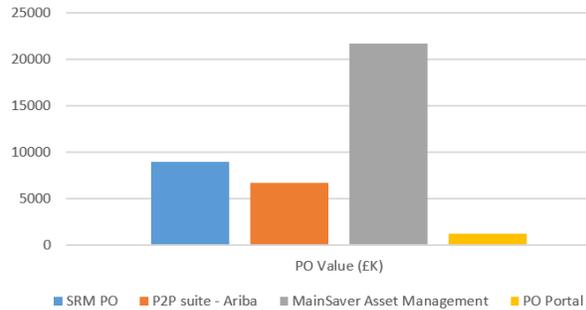


Vendor with most process exceptions

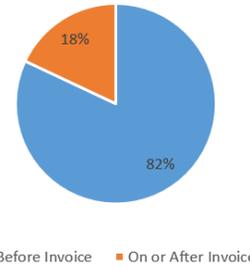


Buy

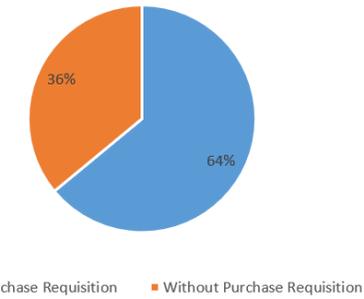
PO Spend by PO Channel (£K)



Pre-Approved Spend: PO created before Invoice (PO Invoices)

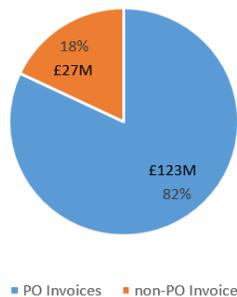


Purchase Orders backed by Purchase Requisition

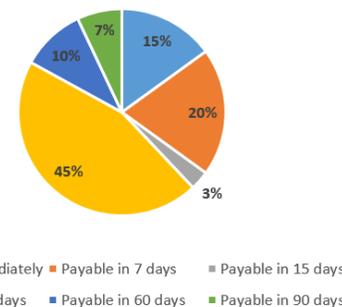


Pay

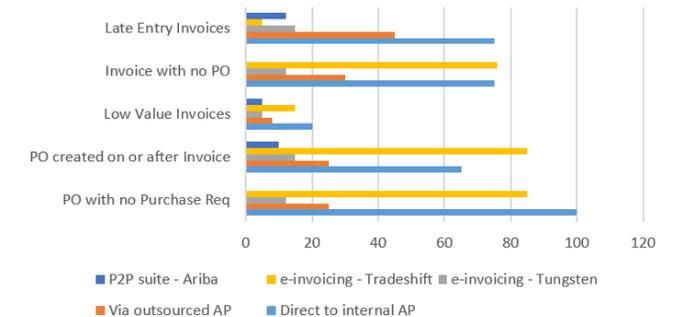
PO Invoice / Non-PO Invoice split



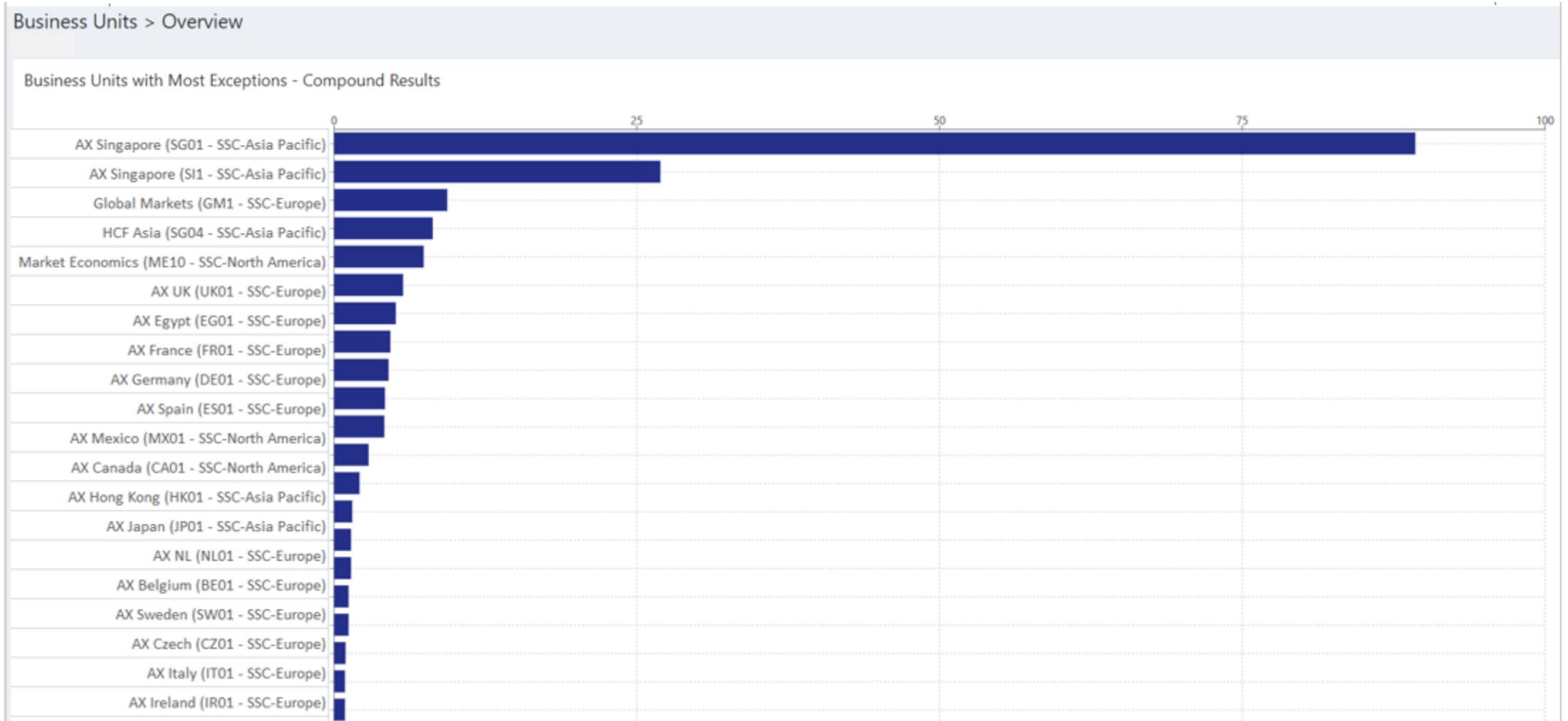
Payment Terms Used: %age across PO & non-PO. By value



Process Exceptions by Invoice Channel (%age)



P2P - Business Units / Regions creating most inefficiency & cost overhead

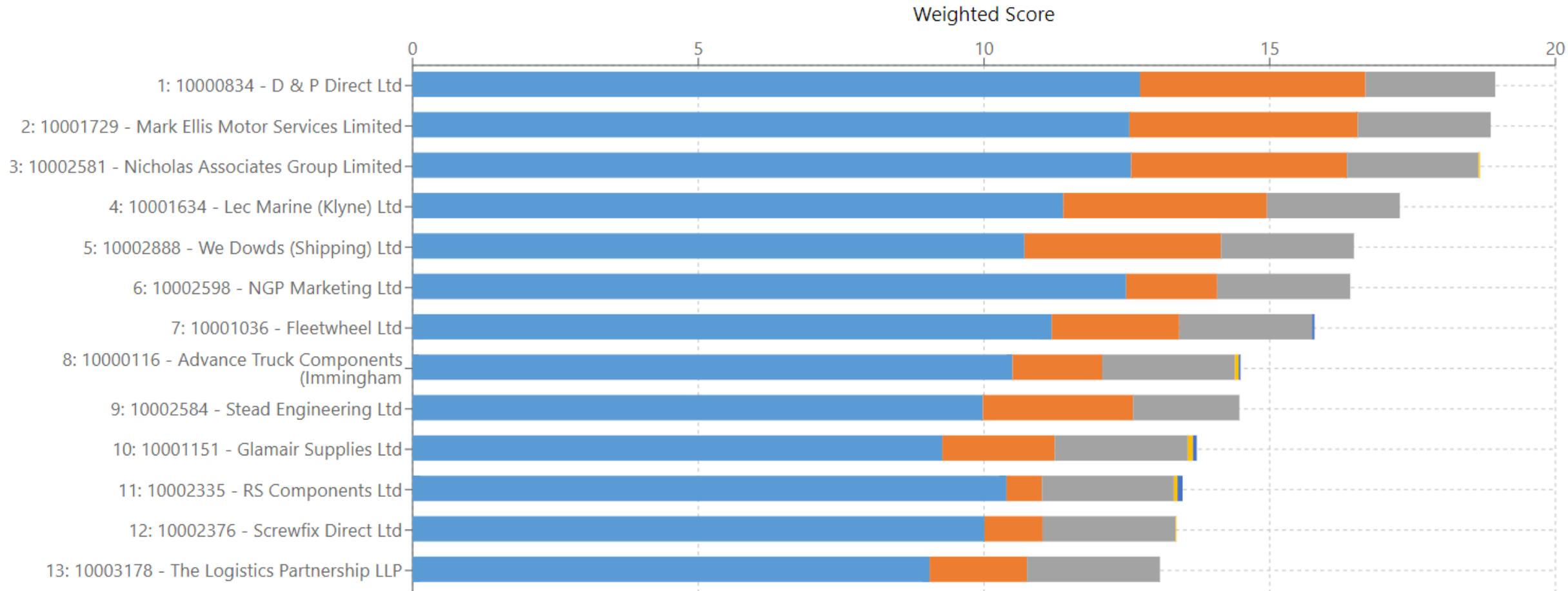


Identify Poor Performing Vendors

Vendors > Overview

ABPSAPPRD | All Business Units | All Dates (01 Oct 2019 - 10 Feb 2020)

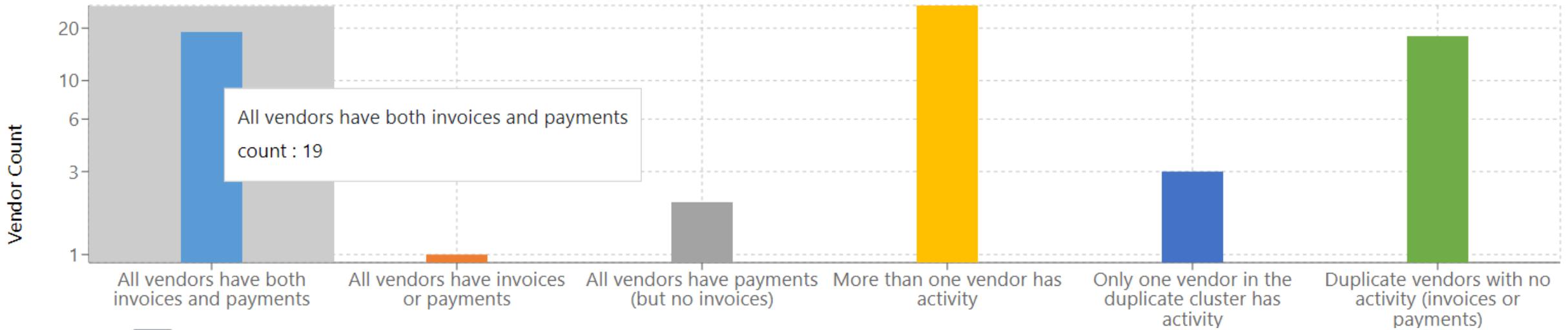
Vendors with most exceptions



Vendor Master Data Issues affect Digitisation Success

Vendors > Duplicates

ABPSAPPRD



Showing 1 to 9 of 9 rows per page

Vendor ID	Vendor Name	Name 2	Name 3	Street	Town	Postcode	Country	Account Group	Created Date	Created By	VAT ID	Tax ID
1400578	LMS Victoria			Plot 6 & 7 Corporation Rd	Leeds	L12 1XA	GB	Z-TRADE	21 Sep 2018	FSMITH	GB678901456	
1400597	LMS VICTORIA			Plot No 6 & 7	Leeds	L12 1XA	GB	Z-TRADE	02 Oct 2019	JJONES	GB678901456	

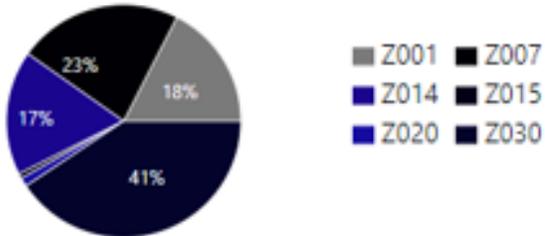
Payment Terms Compliance

Purchase Orders > Payment Terms Used

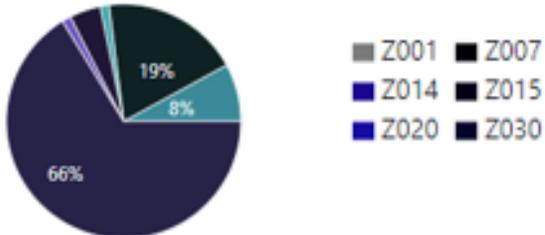
| All Business Units | Last 7 days

Quantity & Value Vendor Company Code

Payment Terms by Value



Payment Terms by Quantity



Excel CSV

Showing 1 to 6 of 6 rows per page

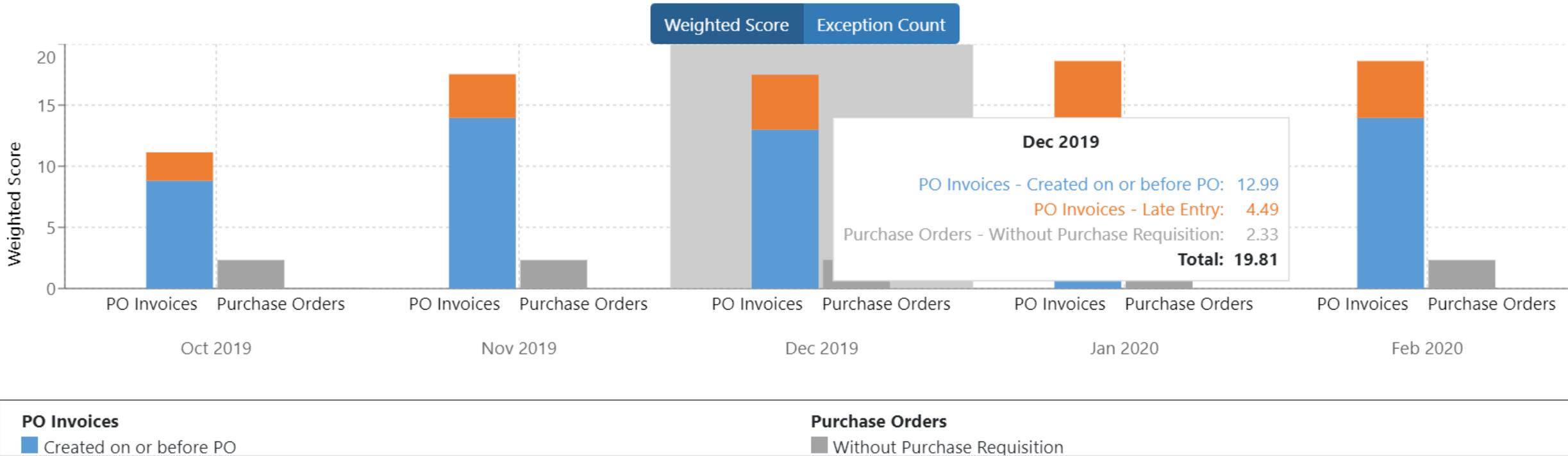
Payment Terms	Description	Number of POs	Value (GBP)
Z001	Payable immediately Due	13	209.40 K
Z007	Payable in 7 Days	31	271.40 K
Z014	Payable in 14 Days	2	206.60 K
Z015	Payable in 15 Days	7	8,224.00
Z020	Payable in 20 Days	2	14.60 K
Z030	Payable in 30 Days	108	485.70 K

Identify and Improve PO Compliance

Vendor Profile

Master Data

Exceptions



Identify and Improve PO Compliance (PO created BEFORE invoice received)

PO Invoices > Created on or before PO
| All Business Units | September 2019

Excel CSV Search

Showing 1 to 100 of 107 rows per page

Company Code	Invoice Id	Invoice Date	Created Date	PO Number	PO Created	PO Created Delta	
AX Singapore (SG01 - SSC-Asia Pacific)	6105678926	02 Sep 2019	02 Sep 2019	8790421	02 Sep 2019	0	
AX Singapore (SG01 - SSC-Asia Pacific)	610567976	02 Sep 2019	03 Sep 2019	8790498	02 Sep 2019	0	
AX Singapore (SG01 - SSC-Asia Pacific)	610568356	02 Sep 2019	03 Sep 2019	8790678	02 Sep 2019	0	
AX Singapore (SI1 - SSC-Asia Pacific)	610569123	28 Jul 2019	03 Sep 2019	8790789	02 Sep 2019	-36	
Global Markets (GM1 - SSC-Europe)	6105679346	02 Sep 2019	03 Sep 2019	8790863	02 Sep 2019	0	
Global Markets (GM1 - SSC-Europe)	6105679457	02 Sep 2019	03 Sep 2019	8790972	03 Sep 2019	0	
Global Markets (GM1 - SSC-Europe)	6105679731	02 Sep 2019	03 Sep 2019	8790992	02 Sep 2019	0	
HCF Asia (SG04 - SSC-Asia Pacific)	6105679901	03 Sep 2019	03 Sep 2019	8801004	03 Sep 2019	0	
HCF Asia (SG04 - SSC-Asia Pacific)	6105680154	03 Sep 2019	03 Sep 2019	8812345	03 Sep 2019	0	

Identify and Improve PO Compliance

PO Invoices > Late Entry

ABPSAPPRD | All Business Units | All Dates (01 Oct 2019 - 10 Feb 2020)

Excel

CSV

Search



Filter Columns

Showing 1 to 100 of 5692

100 rows per page

Page

< Prev

1 of 57

Next >

Company Code	Invoice Id	Invoice Date	Created Date	Posting Date	PO Number	Goods Receipt?	Invoice Document
[1510 - Global]	5105663081	18 Sep 2019	08 Oct 2019	10 Oct 2019	W169220	Count: 20 First: 07 Oct 2019 Last: 09 Oct 2019	
[1510 - Global]	5105663151	27 Jun 2019	10 Oct 2019	10 Oct 2019	H263900	Count: 1 First: 10 Oct 2019 Last: 10 Oct 2019	
[1510 - Global]	5105663143	02 Oct 2019	10 Oct 2019	10 Oct 2019	H263453	Count: 1 First: 02 Oct 2019 Last: 02 Oct 2019	

Showing 1 to 100 of 5692

100 rows per page

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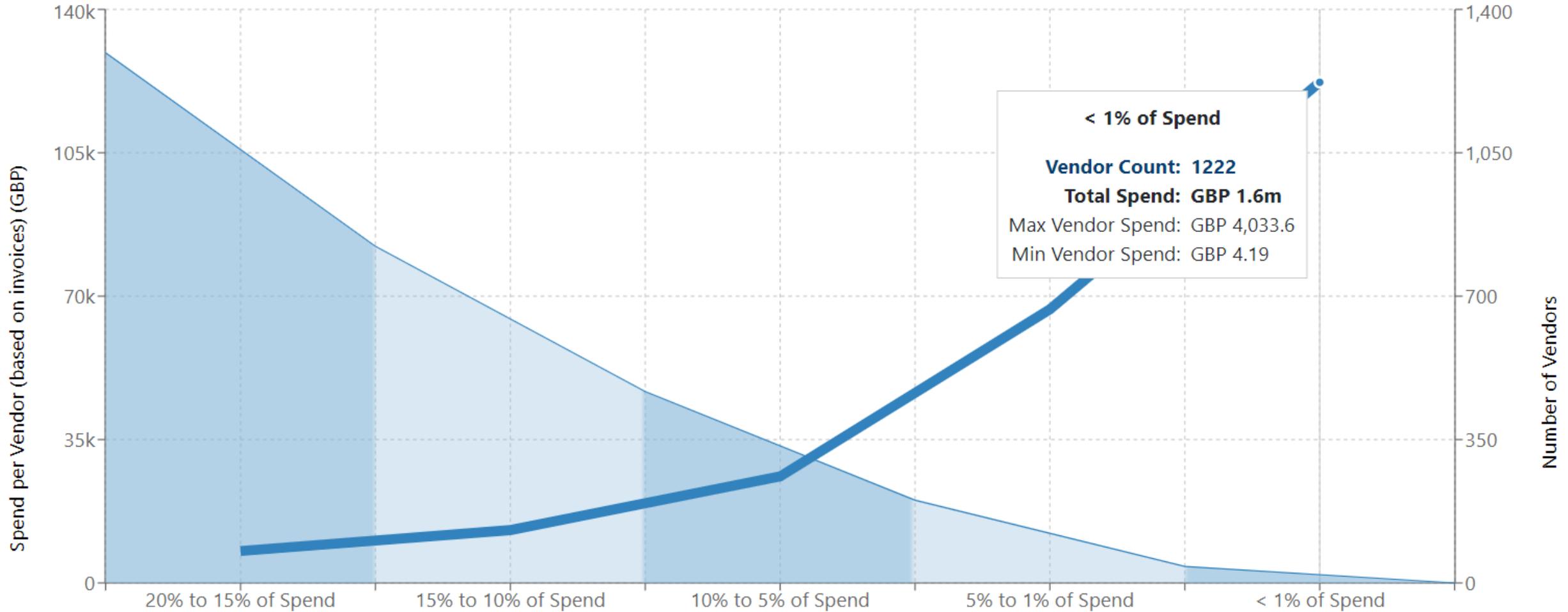
1 of 57

Next >

Tail Spend identified and targeted for elimination or Pcard

Vendors > Tail Spend Vendors

ABPSAPPRD



< 1% of Spend



Excel

CSV

Search



Filter Columns

Showing 1 to 100 of 1222 rows per page

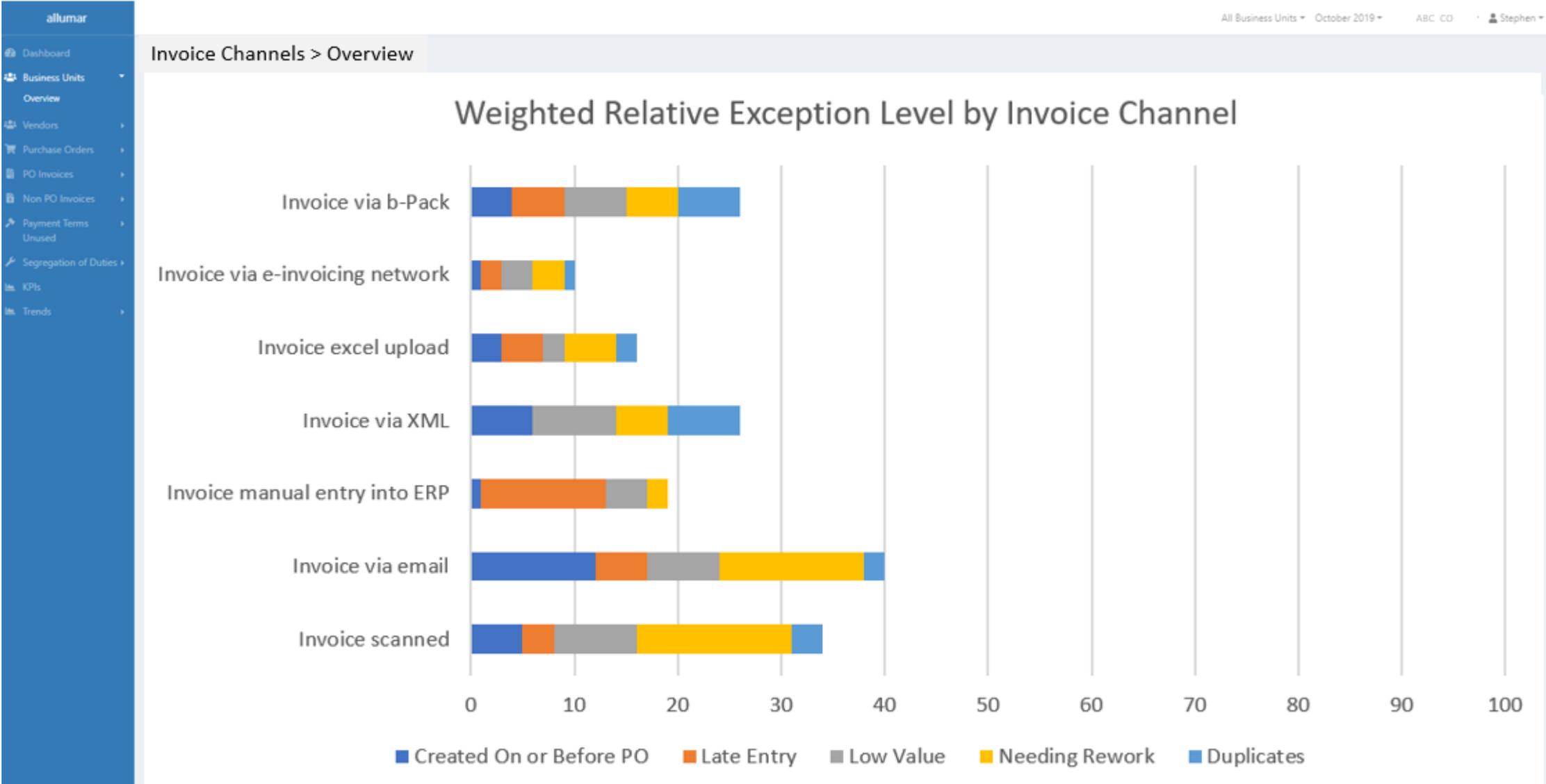
Page < Prev **1 of 13** Next >

Vendor ID	Vendor Name	Number of Invoices	Invoice Total
10002164	Proscan Document Imaging Ltd	1.00	34.52
10000875	East Yorkshire Print Services Ltd	1.00	36.00
10000500	Cars On Gas	1.00	36.00
10001779	Metric Group Ltd	1.00	36.00
10003150	Grafton Merchanting GB Ltd	1.00	36.71
10001852	Alliance Automotive UK LV Limited	1.00	43.06

Showing 1 to 100 of 1222 rows per page

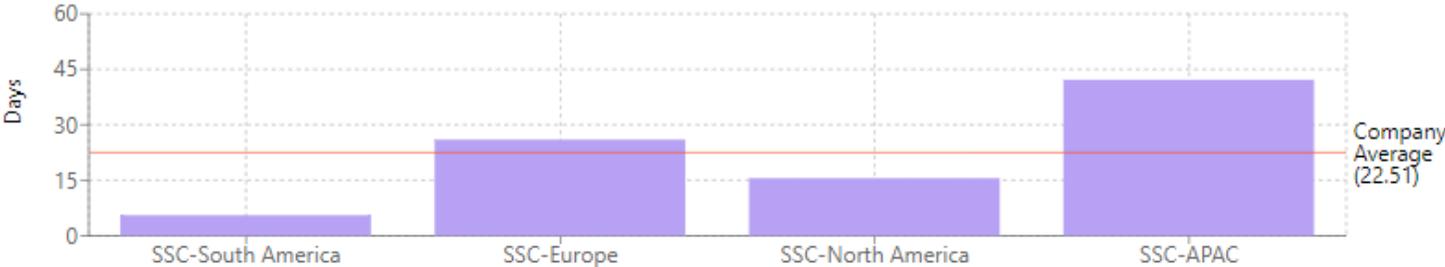
Page < Prev **1 of 13** Next >

P2P “Universe” Analytics show context and inform Strategy

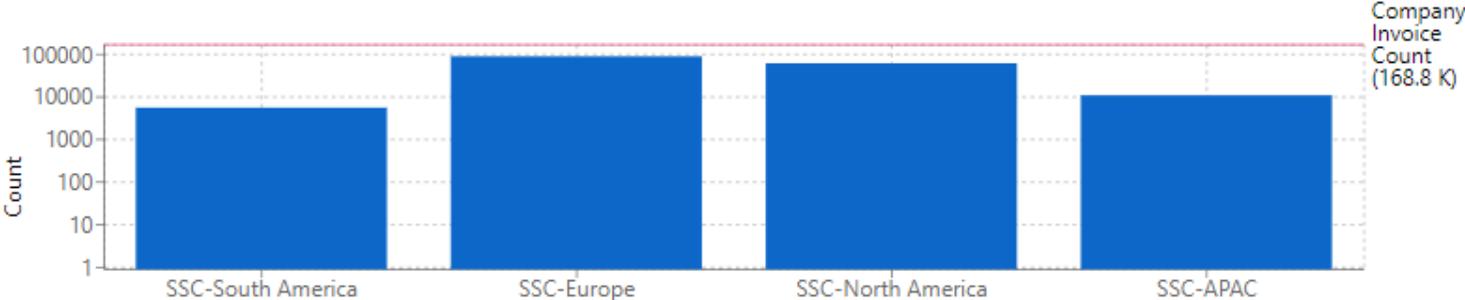


P2P – Key Metrics – Invoice Processing Times Summary by SSC & BU

Average Invoice Entry Days by Region



Number of Invoices by Region



Regional Invoice Entry Time Summary

Entity	Average Invoice Entry Time	Number of Invoices
Company	22.51	168,788
SSC-South America	5.51	5,624
SSC-Europe	25.97	90,107
SSC-North America	15.53	62,087
SSC-APAC	42.17	10,968

Daily Key Performance Indicators by Business Unit

P2P KPIs

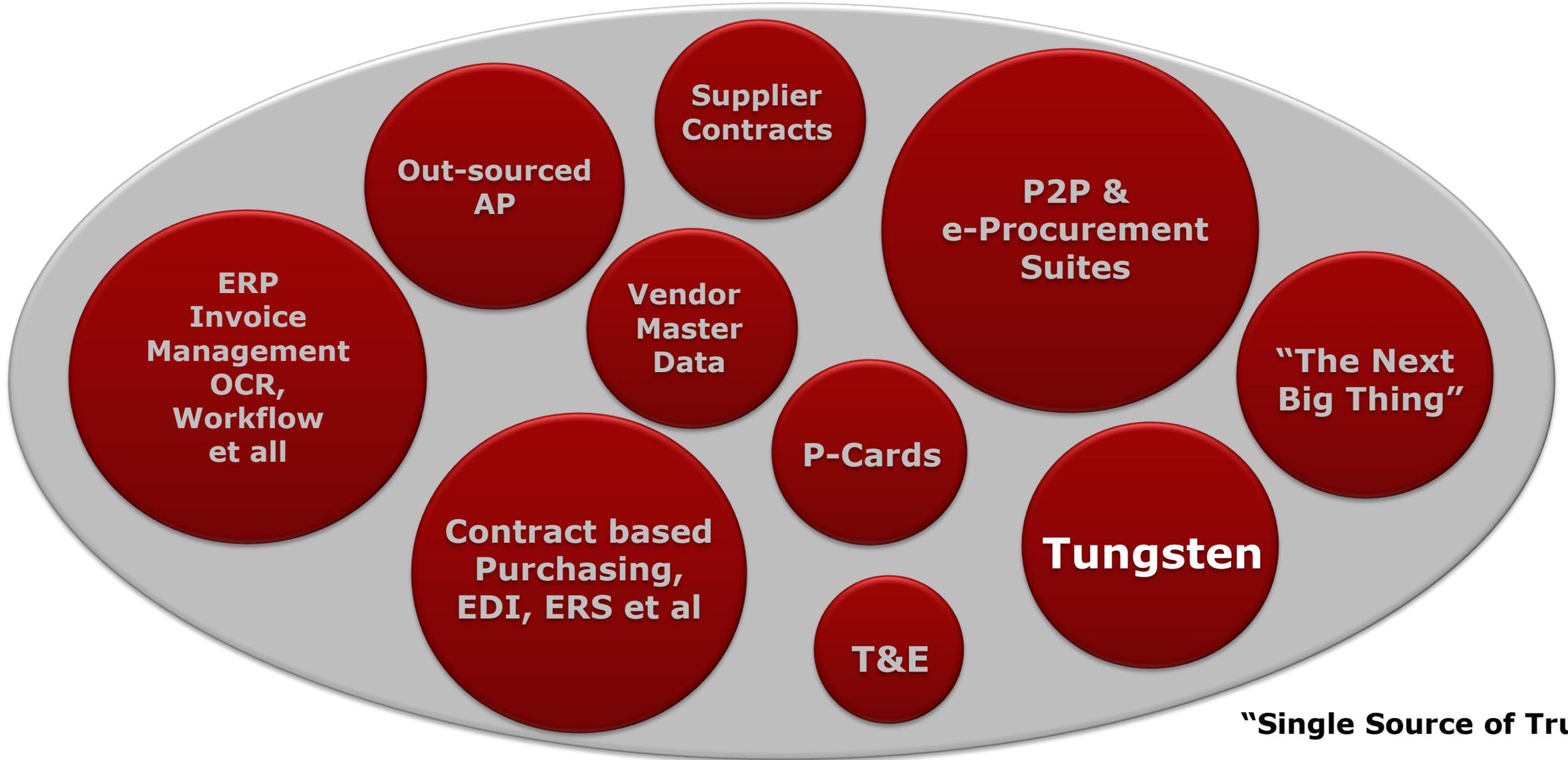
Business Unit: **SSC – Europe** | Date Range: **September 2019** | FTEs: **50** | Average Yearly Cost: **60** | Users: **WF-BATCH**

No of Full-time Employees | Average Yearly Cost per FTE (in \$K) | Needed for % of electronic invoices

Invoice Count: 481

Average cost to process an invoice 21.75 Top 10%: < \$1.29 Bottom 25%: > \$3.89	% of Electronic Invoices 12.6% Top 10%: > 90% Bottom 25%: < 45%	% of invoices that have a PO 63.4% Top 10%: > 54.8% Bottom 25%: < 52.2%	Days to process an invoice 10.76 Top 10%: < 3 Bottom 25%: > 11.4
Average number of invoices per fte 1546 Top 10%: > 2928 Bottom 25%: < 2258	% of invoices paid on time 47.2% Top 10%: > 95% Bottom 25%: < 72%	Average days paid Outstanding 5.28 Top 10%: < 5.3 Bottom 25%: > 24.5	

The P2P “Universe”



Identifying the Barriers to P2P Excellence

└ Metrics, KPIs & Exception Details BY CHANNEL

- Invoice Capture
- Invoice Processing
- Processing Channels
- Payment Processing
- PO Coverage
- Transaction Errors & Outliers
- Price Variance
- Vendor Master Data
- Payment Terms
- Risk & Compliance
-

└ by Region / Business Unit / Vendor Group / Channel etc . .

Tungsten Collaboration - Customer Invitation

+ Offer

- 4 weeks elapsed - analysis of 3 months data, then continuously updated
- Direct web access to daily updates
- Benchmark & Insights review session
- Explore trends, issues, priorities & opportunities

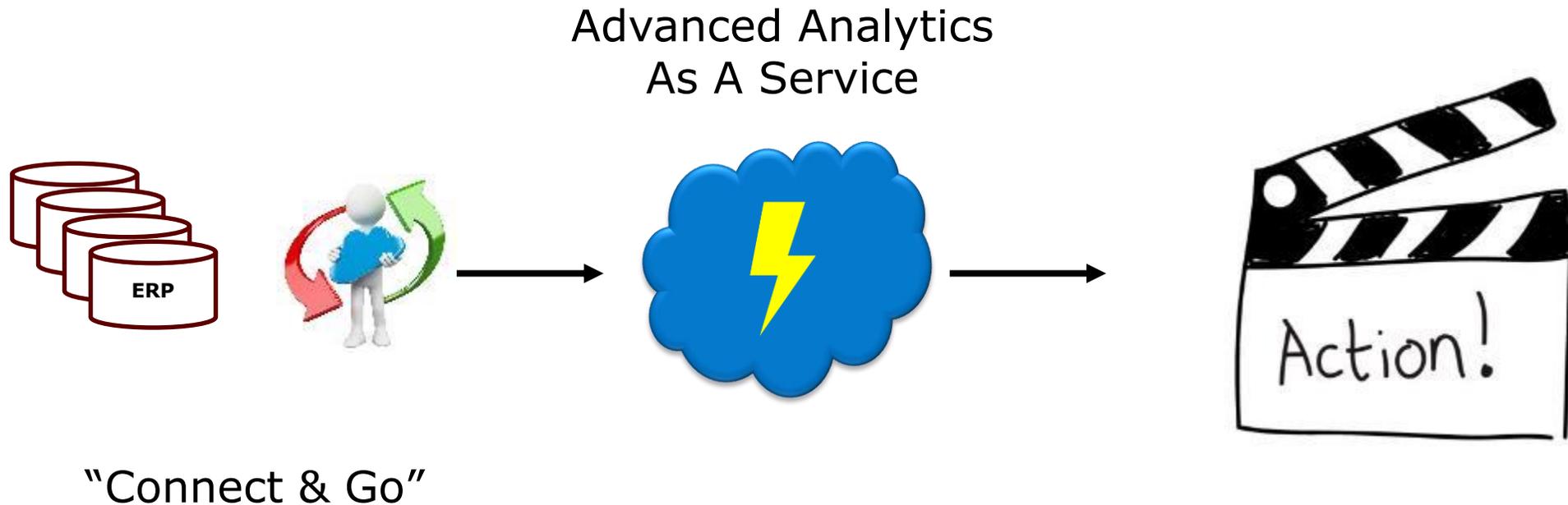
+ Elements

- Simple Non-Disclosure Agreement (NDA)
- Small Downloadable Data Extractor app (15 minutes to configure)

+ **SAP currently (Oracle, Peoplesoft, JDE etc to follow)**

+ **Free of charge for INSIGHT 2020 attendees**

15 Minutes of Fame/Pain – Fast “Data Driven Decision Making”



Intelligent, process-specific, process aware

Data ingestion, analysis & insight

Review

- **Introduction & Context**
- **Shared Services/GBS Leaders Research**
- **P2P Global Survey Results**
- **The P2P “Universe”**
- **Driving Process Excellence across the Universe**
- **Q&A**



Solutions for World Class Finance

“I skate to where the puck is going to be, not where it has been.”

Wayne Gretzky

Reputedly the greatest ice-hockey player ever

Questions? dfrench@consider.biz

Global S2P/P2P Survey - Report & Results
Barriers to end to end P2P Process Excellence - Challenges & Pain Points

[@consider_ations](#)



Solutions for World Class Finance

The P2P 'Universe' **From Performance Improvement to Transformation**

Insights from Research with global leaders in Global Business Services, Shared Services, Procurement & Accounts Payable

Dan French

www.consider.biz

INSIGHTS 2020

