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Business Spend Management

EXCERPT FROM THE BUSINESS SPEND
MANAGEMENT BENCHMARK REPORT

3 Community-Powered Invoicing KPIs for Best-in-Class Performance

POWERED BY COMMUNITY.AI

Reduce Inefficiency and Fraud Risk with E-Invoicing

"We offer our customers the best solution and experience possible, and we expect our strategic suppliers to offer the best experience to the users of any solution."

Zalando, German multinational fashion e-commerce company

- Because of the financial stakes, high-value AP personnel need to be focused on optimizing working capital and accurate accruals, not on processing loads of paper invoices.

- Excess manual work, delays, and errors incurred when processing paper invoices hamper financial reporting, negatively impact working capital management, and open the door to duplicate payments and fraud.

- Digital invoicing speeds processing and prevents invoices from getting lost or forgotten. This helps accruals because you're able to process more invoices each period before closing AP.

Learn more about digitizing AP

Electronic Invoice Processing

82.5%

PRIMARY BENEFIT:
IMPROVE OPERATIONAL EFFICIENCIES

DEFINITION

Electronic Invoice Processing represents the percentage of invoices processed through any electronic, automated means.

WHY IT MATTERS

- Electronic invoicing improves compliance by using automated controls to match invoices to POs, apply account coding, and route for approval according to Designation of Authority rules.

- Suppliers are paid on time and gain real-time visibility into invoice approval and payment status, which can reduce time spent on updates.

- A high percentage of electronic invoices lets AP optimize payment timing to either maximize Days Payable Outstanding or pay early to capture an early-payment discount.

- With visibility into invoice data, treasurers can plan for upcoming payments and reduce cash shortfalls.

- Governments often require electronic invoicing as part of indirect tax regulations. Invoices can be electronically validated against country-specific tax regulations during supplier submission.

HOW TO IMPROVE
HIGHER IS BETTER

- Use a system that unifies strong invoicing capabilities with procurement processes (i.e., a comprehensive BSM platform), which enables invoices to be automatically matched against POs and receipts.

- Ensure that the platform provides suppliers with a modern, user-friendly experience to encourage the adoption of electronic invoicing and gives supplier managers visibility into which suppliers have adopted digital invoicing across the community.

- Provide open, frictionless access to multiple automated channels for suppliers to submit invoices while maximizing their visibility into the status of their invoices and payments.

Learn more about invoicing management ❯

Discover how this global hospitality and entertainment company increased its PO-based invoicing threefold and drove a 90% jump in e-invoicing adoption.

MGM RESORTS
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Invoice Approval Cycle Time

10.9 Business Hours

PRIMARY BENEFIT:
IMPROVE OPERATIONAL EFFICIENCIES

DEFINITION

Invoice Approval Cycle Time is the average time from when an invoice enters the system to the time it's approved for payment (but not necessarily paid).

WHY IT MATTERS

- With paper invoices and disjointed approval processes, it can take days, if not weeks, to approve a simple invoice. Accounting teams are bogged down in excess manual work, such as identifying the right account for each invoice, applying coding, and manually chasing approvals.

- Faster approval times help avoid late payments, penalties, and potential supplier frustration, which in severe cases may even void contracts or lead to the refusal of future projects.

- Faster approvals can improve returns on working capital by realizing early payment discounts and can enable finance teams to close the books faster, as invoices are processed in a timelier manner.

HOW TO IMPROVE
LOWER IS BETTER

- Consider policies that vary the approval chains depending on the amount or category.

- Configure systems to automatically approve pre-approved, low-amount invoices. Incorporate real-time spend monitoring to screen for fraud and duplicate invoices and to keep audits focused.

- Consider going from three-way match (with receipts) to two-way, approving invoices only. This way, employees don't need to be trained on the receipts process and the invoices process (just on invoice approvals).

Learn five key steps to transforming your AP process ›

"Invoice cycle time [is] where we have opportunities to onboard suppliers on supply chain finance. When you approve efficiently and quickly, you get opportunities to pay suppliers before the maturity of the payment terms. Supply chain finance onboarding is a KPI owned by the finance organization, and that's where we add the most impact."

Vincent Teyssier-Treton, Head of Procurement Technology and Transactional Sourcing

telenor

First-Time Match Rate

96.5%

PRIMARY BENEFIT:
IMPROVE OPERATIONAL EFFICIENCIES

DEFINITION:

First-Time Match Rate describes the percentage of invoices that are two-way or three-way matched with POs and receiving documents without the need for exception handling.

WHY IT MATTERS

- A high match rate indicates efficiency, since invoices that fail the match must be reviewed manually.

- A high match rate can signal the effectiveness of compliance policies and substantially benefits risk mitigation.

HOW TO IMPROVE
HIGHER IS BETTER

- By digitizing POs and invoices, companies can see a massive increase in first-time match rate.

- By having procurement and invoicing capabilities on a single platform, a supplier can "flip" a PO into an invoice — automatically creating an invoice based on the PO information accurately. This leads to a high match rate.

- To improve efficiency even more, when a three-way match occurs, companies can opt to automatically pay invoices that match within certain tolerances — creating a "touchless" AP process.

Learn more about AP automation ❯

Discover how finance, procurement, and IT joined forces at this tier-one automotive supplier to go from 100% manual invoicing to 80% touchless.

CooperStandard

Getting ready
for future-proof &
compliant eInvoicing:

Visit our **invoicing focus pages** and discover
how Coupa's Compliance-as-a-Service
supports you through changing legal
landscapes.

About Coupa

Coupa makes companies operate smarter and grow faster. Our
leading AI-driven platform connects and optimizes sourcing,
purchasing, supply chains, and financial management. More
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Coupa to transform operating margins, increase
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