# Go Beyond OCR

## to Raise the Bar on Cash Flow

**ABBYY**

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# Put Digital Intelligence to work in accounting for a better bottom line
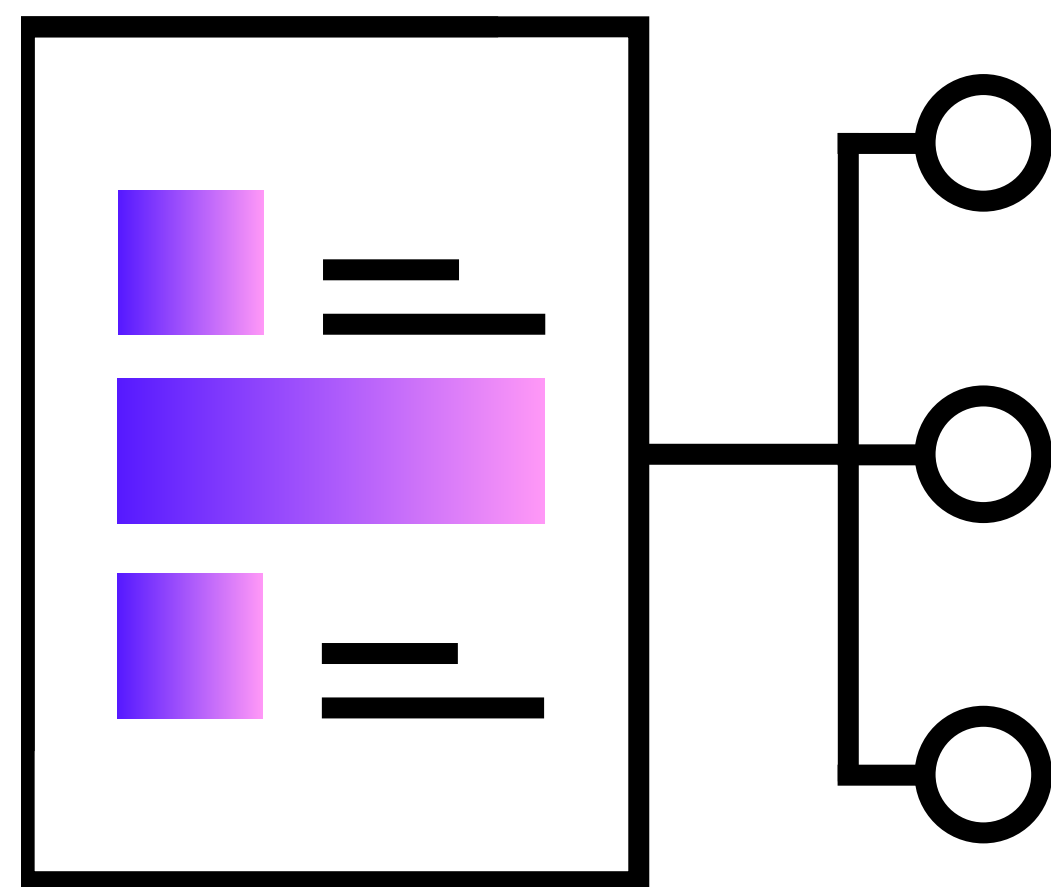
There's an integral relationship between the quality of content in paper and digital documents and the accounting processes they enable. Poor quality disrupts processes, making it hard to meet KPIs for payment and cash flow.

Intelligent Document Processing (IDP) solutions raise content quality by adding modern technologies to the OCR that is fundamental to the automation of invoices and other documents.

AI-driven recognition, neural networks, and machine learning further enable OCR in the automated capture, recognition, field extraction, and validation of structured and unstructured content in accounting processes like accounts payable (AP), accounts receivable (AR), purchase to pay, record to report, and order to cash. Not only do these technologies minimize the need for human intervention but they convert information into actionable Digital Intelligence to facilitate straight-through processing of PO-based invoices, integrating seamlessly into existing accounting environments and approval workflows. And, they can quickly adapt to changes in the supply chain, learning new vendors and formats.
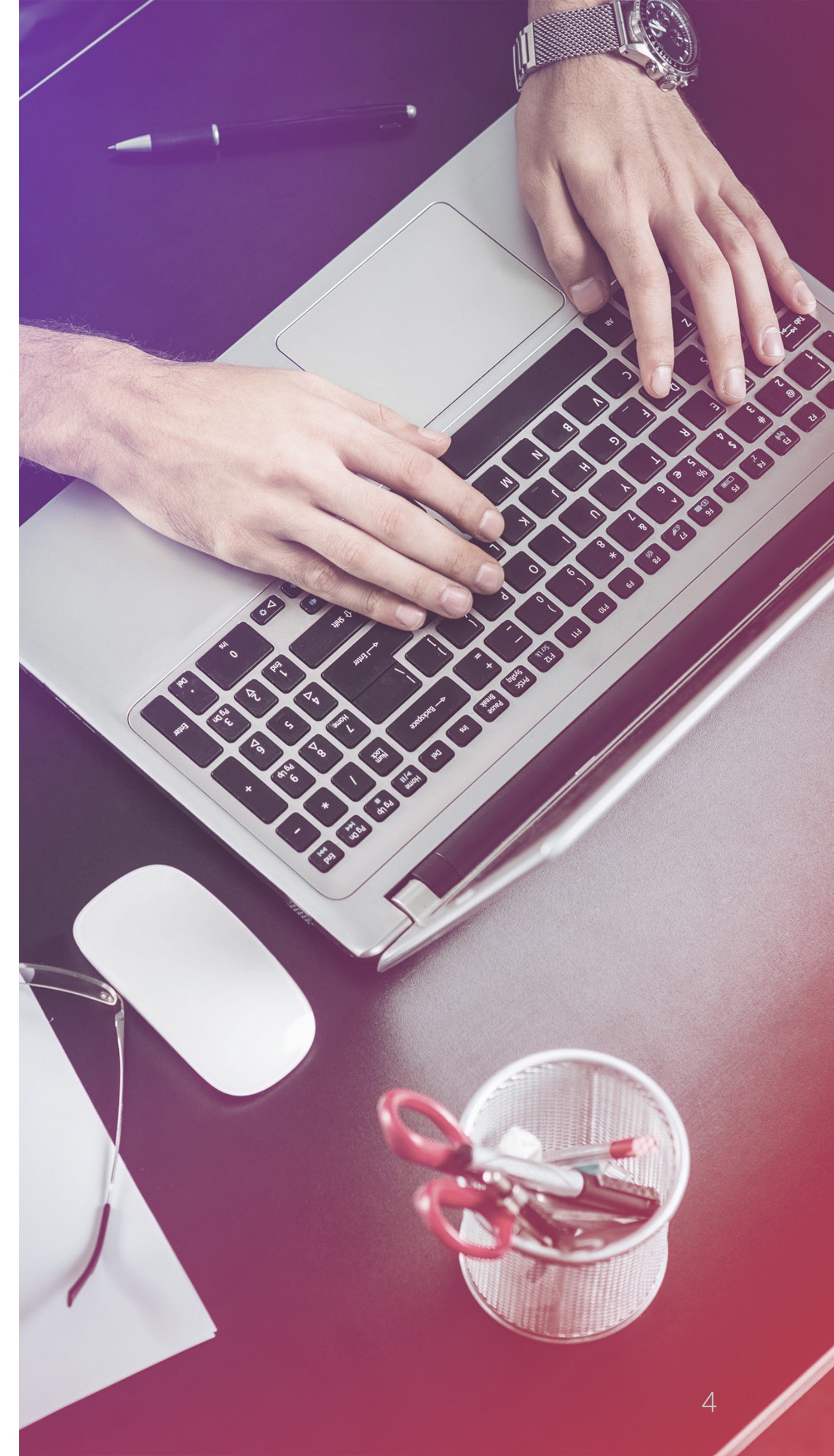
The newest generation of IDP solutions applies modern technologies like analytics to provide accounting department heads and AP managers with an even higher level of Digital Intelligence. This new type of IDP solution automatically, continuously, and consistently monitors events taking place during content-intensive accounting processes. This provides the context for immediately alerting the right people either before or as soon as a problem threatens to disrupt processes. Alerts are also raised when new opportunities are identified. Heightened Digital Intelligence enables accounting managers to play an even more strategic role in delivering value to the organization:

- Providing a better user experience to strengthen loyalty for greater long-term growth
- Leveraging insights that significantly reduce cost and risk (e.g., preventing overpayment and avoiding penalties from non-compliance)
- Identifying opportunities to improve the bottom line (e.g., collecting promotional dollars or claiming discounts for early payments)

# The difference new technologies can make in Finance and Accounting

**Automated balance sheet reconciliations (AI and RPA)**

**30 to 40%**
increase in productivity

**Automated purchase order approvals and tracking (RPA)**

**30 to 40%**
increase in productivity

**Predictive modeling for identifying late payments (BDAA)**

**30 to 40%**
increase in collections

*Source: What's Holding Back Digital Shared Services? Boston Consulting Group, May 1, 2018.*

This eBook will show you how this higher level of Digital Intelligence can be applied to content-intensive accounting processes so you can deliver benefits like these to your organization.

# You see the problem – but not its source

In content-intensive accounting processes, it usually becomes painfully obvious when things go wrong. Things slow down or fail altogether. But where? And why? Visibility into processes carried out across many locations and disparate systems is typically extremely limited.

Problems in accounting processes are often tied to problems in the quality of the content being processed. But they may also be caused by people carrying out tasks informally, according to circumstances and personal choice rather than defined procedure. This includes steps in irregular and ad-hoc processes and even those performed on multiple backend systems that often don't talk to each other. Identifying these special cases is extremely important to the business operations because they may be a large contributor to high costs and unhappy, vocal customers.

Fortunately, the information you need to find and fix problems is being stored in the IT systems that record "content events" during processing, no matter where they are taking place. The newest generation of Intelligent Document Processing solutions can access this wealth of information and give you the power to

- Easily see the root causes when accounting processes have a negative impact on efficiency or the customer experience
- Alert the right staff or automate remediation immediately, based on automatic ongoing process monitoring
- Better predict what will happen in processes and prescribe the best action to take

## Rethink people and processes around the technology

Today, processes in the finance function are purposefully designed to harness the collective brain power and knowledge of many people. The temptation for managers as they implement an automation program is to follow that same pattern, retrofitting a particular automation tool into the existing process.

*Source:  https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/bots-algorithms-and-the-future-of-the-finance-function*

According to The PwC Finance Benchmarking Report 2019-20, 30—40 percent of time can be reduced with finance automation and behavioral change. For example, eBay's intricate system of accounts complicated its month-end financial close, resulting in a process that took up to 10 days. A significant reason for this extended cycle was that the company relied on a mostly manual, paper-based account reconciliation system. Employees were repeatedly tracking down supporting documents in three-ring binders, making copies, and then refiling.

*Source: https://sfmagazine.com/post-entry/september-2020-the-real-costs-of-manual-accounting/*

# Easily see everything that is going on in your processes

IDP solutions with Process Intelligence start with content event data recorded and stored in your IT systems on when applications and processes were performed. Data automatically extracted from any combination of your IT systems is presented to you as a "digital twin" of processes, organizing and visually displaying your entire processes end to end: process flow, patterns, bottlenecks, execution gaps, path variations, etc. You'll develop an understanding of process performance based on actual data on every step completed by every person and every machine involved in a process—understanding that will help affect a cultural change that shifts employee mindsets.

You'll also know where to focus to make informed changes that improve responsiveness to user needs, help you take advantage of specific cash flow events and opportunities, and reduce rework time.

For example, you'll see how much time it takes to enter invoice data or where you might re-prioritize document processing to better meet objectives for KPIs like days payable outstanding, cash discounts, paid-on-time, and cost per invoice. You'll be able to identify the suppliers, products, or departments that perform best in on-time deliveries. With this visibility and insight, it becomes easy to identify areas for process improvement—sometimes in places you weren't even looking.

# Get near real-time alerts to take immediate action

Finding out after the fact that something's wrong in your accounting processes is too late to prevent serious risk or fraud, or to sustain operational excellence. Modern Intelligent Document Processing solutions with Process intelligence can automatically, continuously, and consistently monitor process execution in near real time to ensure processes are performing as planned.

Errors aren't just frustrating, they're also costly when they run afoul of accounting regulations. Fines and penalties are an avoidable financial setback that can damage the reputation of the company. Accounting inefficiency makes it hard to perform compliance audits quickly and completely, increasing the likelihood of non-compliance and penalties.
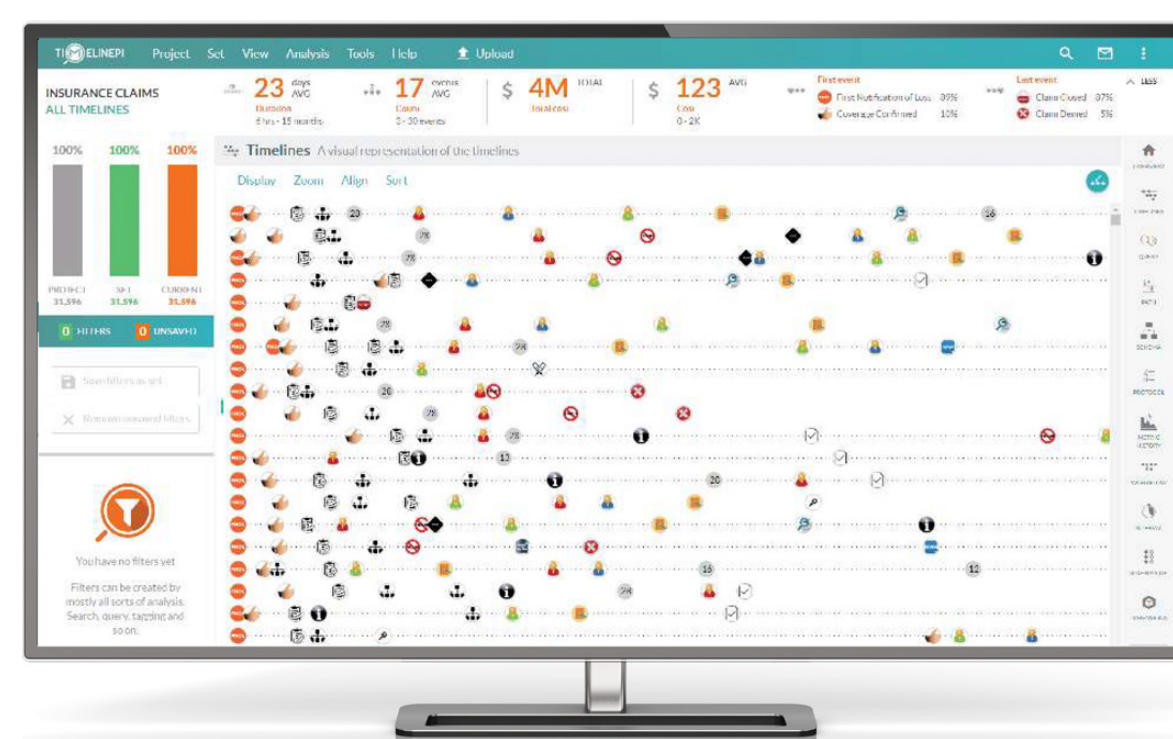
*Source:* *https://www.pncpa.com/insights/true-cost-wasted-time-in-your-accounting-processes/*
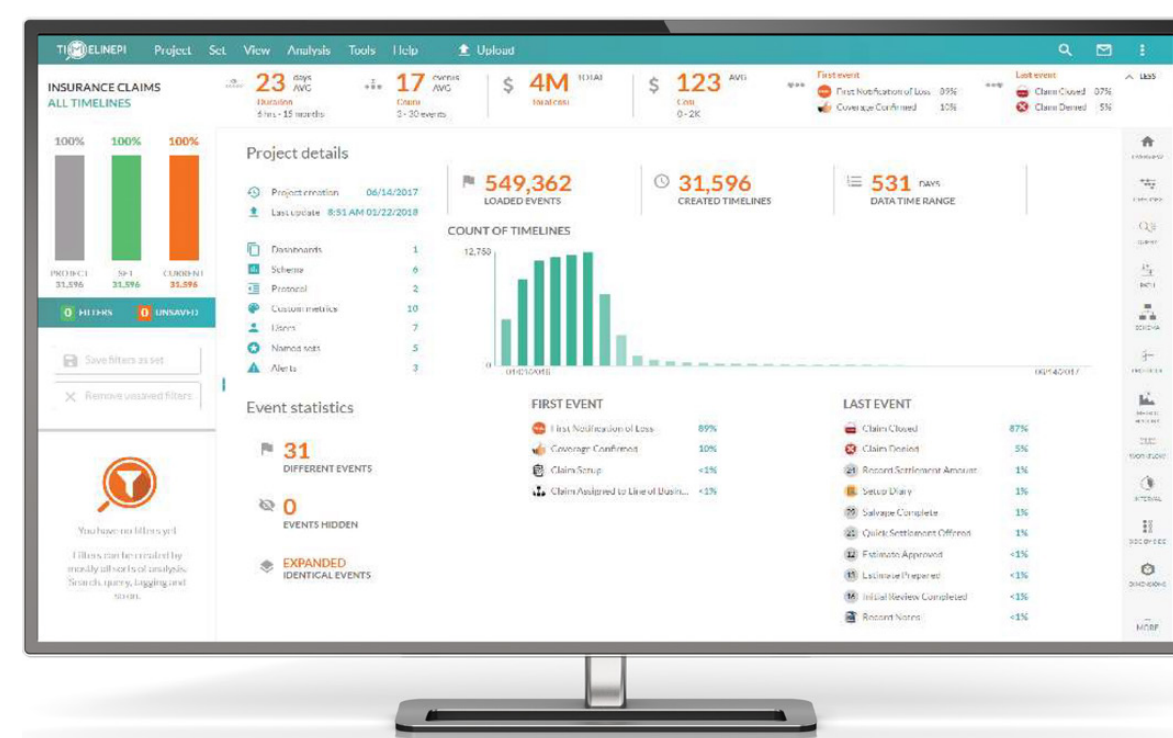
As soon as data is loaded ABBYY Timeline immediately provides profile metrics for your business processes.



Timeline automatically reconstructs process instances from your data even when that data is sourced from multiple systems.

That means they are capable of raising alerts when certain conditions or events are detected, alerting around cash flow events—either opportunities, like processing invoices before cash discount due dates, or risks, like cash leakage or maverick purchasing in violation of compliance or negatively impacting PO penetration. You decide what those triggers are for your unique operation. The improved visibility and insights these solutions provide makes it easier to develop criteria for and prioritize what information should be captured and set up for alerts.

Customer and user experience are becoming the focus of all modern automation, making it easier to use, add to, and adapt to change. That's true of this newest generation of IDP solution as well. For example, process monitoring dashboards make it easy to track key process metrics and get alerts when certain conditions or events are detected. Action in response to alerts can also be automatic. On the simplest level, it can be generating an email to people best positioned to immediately address the problem. But calls can also be made to other BPM processes or generate new bots in RPA applications.

A valuable byproduct of these capabilities is a digital log that can serve as an auditable record of proper process functionality. The log looks at processes end to end, including those that extend beyond your department to others. This is especially important when it comes to audits, timely responses to inquiries, and compliance with financial regulations. Rather than having to rely on spot checks that save time and money in the short term, you have an accurate portrayal of what is happening within your operations.
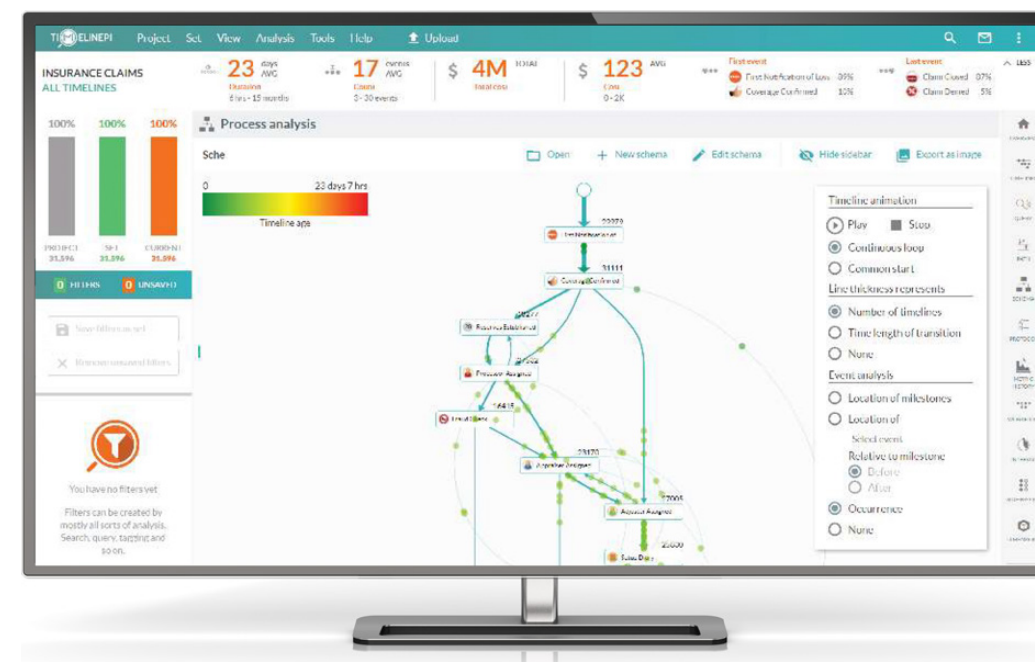


3 Process schemas are automatically detected in both structured and ad hoc (case management) business process environments.
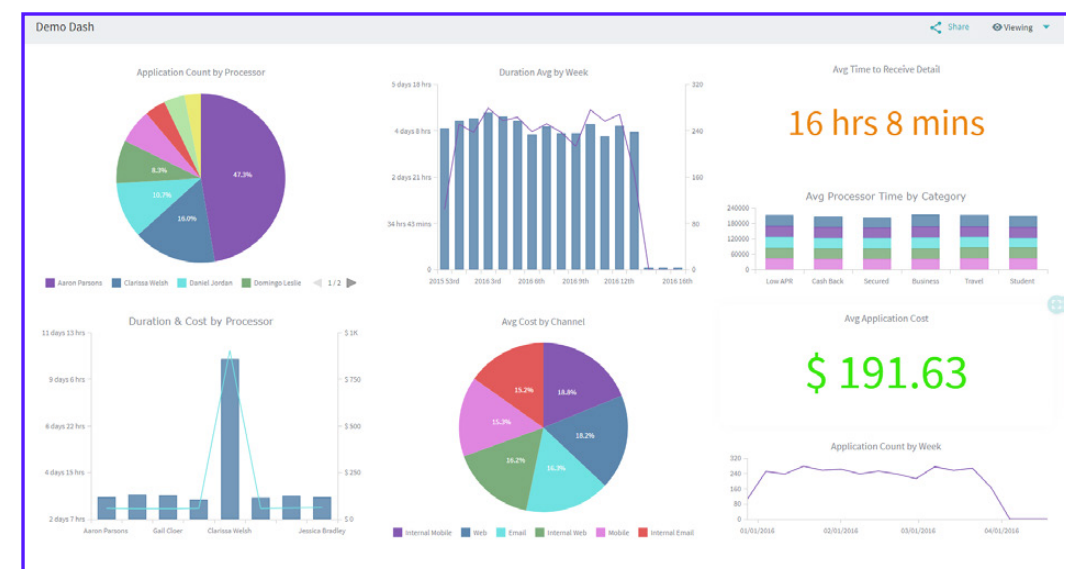


4 All users can easily define process monitoring dashboards to track key process metrics and be alerted to any change of conditions that relate to their operational areas.

# Payment on time

To pay suppliers to terms, finance and procurement need to align their PO and invoicing processes, and communications with suppliers. Organizations often pay late because of PO overages, error-prone manual processes, or issues with goods receipts. Late payment can create cash-flow pressure for vendors and impact supplier relations and future contract negotiations.

*Source:  https://www.genpact.com/insight/point-of-view/aligning-procurement-and-finance-to-drive-business-impact*

# Make strategic decisions with greater confidence

The Digital Intelligence gained from increased visibility, deeper understanding, and faster time to action pays dividends as you plan the best next steps in improving content-intensive accounting processes. Unlike more general process mining solutions, IDP solutions with Digital Intelligence providers offer deep experience in the improvement of content quality. And unlike more limited document processing solutions, as we've seen, they leverage modern analytics and machine learning technologies that take current information on how your processes are working.
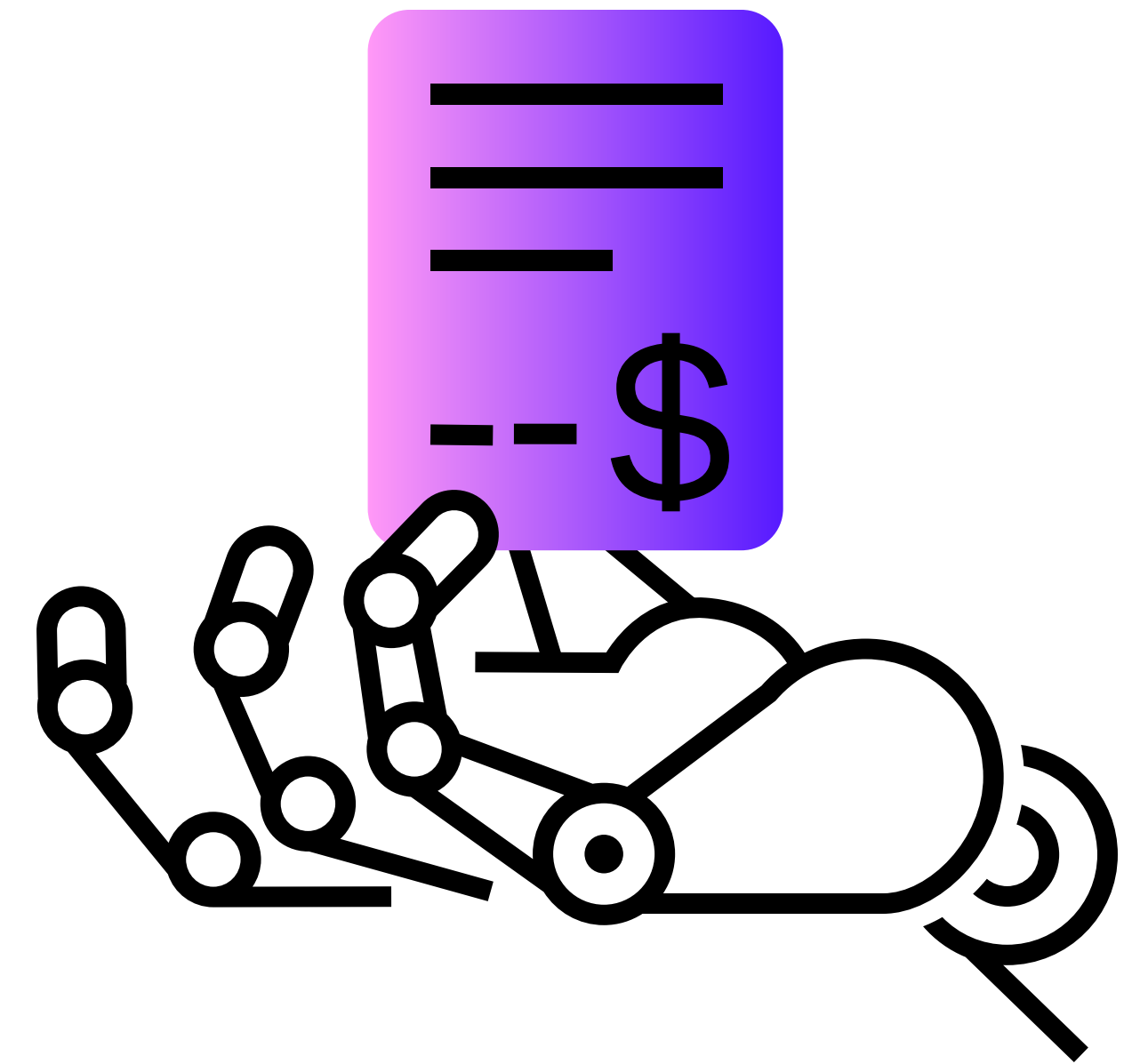
Digital Intelligence enables you to...

- Predict, rather than guess, content events that will happen next in your existing process;
- Apply a prescribed solution to make the process perform better on KPIs to deliver better business outcomes; and
- See whether making a specific change to processes or scaling for citizen developers will result in enough benefit to warrant the effort.

With this data-based, more informed approach, you can have greater confidence that the strategic changes you make (in staffing, technology, and other resources) will create the positive business outcomes that matter to the business as a whole.

# Take the next step

IDP solutions with Digital intelligence are not a thing of the future—they are available now and should be considered a logical next step on your journey to fixing cash flow problems, averting regulatory compliance risk, and gaining/retaining customers as revenue sources.

ABBYY Digital Intelligence for Finance & Accounting takes a process-first approach to expediting and improving accounting processes. Using data from your processes in their as-is state, we can help you identify the precise process areas that are costing you the most time and money—and the opportunities you may be missing to improve the bottom line.

Armed with this intelligence, you unleash the full power of an IDP system that automates the capture, recognition, field extraction, and validation of content in accounting processes, delivering more value to the crucial systems that drive your organization.

Want to learn more? Download our Accounting Checklist for identifying opportunities for improvements in accounting operations.

# ABBYY

Contact us to get started today