



WHITE PAPER

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INTELLIGENT ENTERPRISES POWERED BY PROCESS

FINANCE AND ACCOUNTING

process · analytics · technology

The advantages of customer self-service for B2B Electronic Invoice Presentment and Payment (EIPP)

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Perhaps never in the history of commerce have businesses been required to adapt so fast to changing conditions as those driven by the introduction of the internet. Of the world's seven billion inhabitants, over 2.4 billion use the internet¹. Conditioned by the convenience of social networking, online shopping, and instant access to information of every conceivable kind, the “wired” generation expects the business world to keep up, in the form of tools consumers can use to manage interactions with the businesses they patronize. That individual expectation crosses over into business-to-business interactions, putting pressure on IT departments to provide instant resolution of billing/payment or other customer/supplier issues so that their clients can meet end-customer demands.

Just as ATMs and online banking have overtaken face-to-face interaction with a teller, self-service portals and web-based technologies such as Electronic Invoice Presentment and Payment (EIPP) and eInvoicing have become increasingly important tools. Companies are now leveraging them to retain ever-more sophisticated customers and suppliers and to lower the overall cost of accounting operations. But even with increased acceptance of online services, businesses should not take a “build it and they will come” approach to EIPP or eInvoicing implementation. Actively encouraging widespread customer adoption of such tools remains a critical factor in deriving maximum benefit from these cost-saving technologies.

Meeting customer expectations with EIPP/eInvoicing

As Facebook, Twitter, and the millions of emails sent daily have proven in spectacular fashion, the advantage of the internet age is the ability to connect people—and businesses—at many levels, instantaneously, at low cost. Paper invoices and call-center resolution cost 2-50 times as much as self-service resolution and electronic invoicing.

Invoice Issuer	Printing & Mailing	Payment Remainder	Remittance and Cash Mgmt.	Archiving
Paper	\$5.00	\$0.64	\$5.77	\$2.82
Electronic	\$0	\$0.51	\$3.85	\$1.03

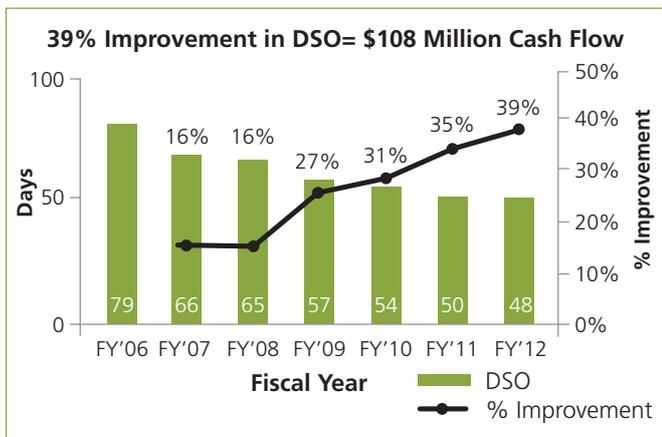
Invoice Recipient	Receive	Codify	Validate and Match	Dispute Mgmt.	Payment	Archiving
Paper	\$1.41	\$3.85	\$5.13	\$3.31	\$6.15	\$2.82
Electronic	\$0	\$0	\$1.41	\$2.56	\$2.56	\$1.03

Source: Billentis, 2013

¹Internet World Stats (www.internetworldstats.com), June 2012

In addition, failure to capitalize on the growing acceptance of internet technologies to manage or enhance all aspects of the customer/supplier relationship is to disregard the powerful influence of the web. The internet provides distinct advantages in speed, cost and interaction over “snail mail” and paper invoices that require manual handling at multiple stages of the Order to Cash (OTC) and Procure to Pay (P2P) processes. With each “touch,” the chance of error increases and time is added to the cycle, delaying payment, affecting cash flow, and decreasing efficiency. At the same time, paper invoices are inaccessible to customer service representatives attempting to answer questions from unhappy customers or suppliers. This negatively impacts revenue through the loss of customer loyalty and goodwill, and potentially eliminates a buyer’s ability to capitalize on opportunities to positively impact working capital.

EIPP is a web-based technology that automates and streamlines the business process through self-service, thereby shortening the time it takes to collect on invoices—a metric measured as Days Sales Outstanding (DSO). Reducing DSO improves cash flow as well as the customer experience and cuts the cost of customer support. EIPP allows businesses to manage vendor and customer relationships in ways that increase efficiency, provide wider and faster access to information, and reduce time, labor hours, and money spent on the entire OTC process.



EIPP enhances customer retention

Quite aside from the very real reduction in the cost of ink and paper for hard-copy invoices and postage costs, EIPP offers customers choices that encourage loyalty. In Genpact’s experience, customer retention is one of the biggest drivers of overall business impact, no matter the type of process improvement. Implementing EIPP to meet customer expectations of convenience, speed, and easy management of their business transactions can be a key factor in preventing them from taking their business to a company that does offer the customer experience they want.

Genpact’s experience with a particular client demonstrates this point very well. Faced with customer rebellion over multiple

invoices for various services provided by several business lines, the client instituted Genpact’s EIPP solution. EIPP produced a single, integrated invoice for all services, easily tracked by the particular asset that accumulated the charges. This proved to be a “win-win” for both the client and its customers. The business was able to eliminate hundreds of thousands of manually-produced paper invoices, reduce errors, and lower costs. The client’s customers were able to instantly track assets with higher maintenance costs, helping them to reduce their own operating expenses. By capitalizing on the flexibility EIPP offers in creating customized invoices, this business gained a competitive advantage over rivals still invoicing by business line, and won a great deal of customer goodwill and continuing revenue.

Companies who use EIPP/Invoicing offer their customers choices that encourage loyalty and extend relationships.

Similar benefits can be seen in the Procure to Pay (P2P) process with the use of web-based technology such as eInvoicing to automate key steps in the invoice cycle. Implementing eInvoicing can improve productivity exponentially via auto-matching and posting of invoices directly into the ERP without manual intervention or approval. Companies also gain instant access to invoice and query status through the self-service portals.

Winning customer acceptance

There are few technical obstacles for most companies to implementing a web-based invoicing system. Modern business is nearly 100% “wired”, with reliable access to the internet at speeds conducive to online transactions. Devices ranging from PCs to smart phones allow customers ready access to their accounts. Larger companies especially, those juggling millions of dollars in costs and hundreds of thousands of invoices per year, have every incentive to shift to a more efficient system now that technology supports it.

Inevitably, however, not all businesses (or their customers) will be equally acceptant of a shift to EIPP/eInvoicing. Worries over data security, a reluctance to budget for the required technology, or resistance to changing well-established procedures can all make senior managers hesitate. Certain steps can be taken, however, to encourage customer and supplier participation that ultimately will bring significant advantage to both the biller or supplier and the payer.

Know the needs of your customer:

No two customers are the same when it comes to business needs. Why, therefore, assume that all customers or suppliers will embrace or reject EIPP/eInvoicing for the same reasons?

Before implementing EIPP/eInvoicing, understand each customer's current approach as well as their use of and comfort level with internet technologies. Older companies with a stable work force may offer greater resistance to changing long-established processes, demand specialized invoices, or prove uncomfortable with giving up paper invoices to rely entirely on an electronic system that could become unavailable at inconvenient times.

Adapting your own EIPP/eInvoicing system to address customer preferences can greatly improve adoption rates.

Fortunately, EIPP and eInvoicing provide a great deal of flexibility in addressing concerns such as creating invoices that provide a branded look or that incorporate information of specific value. Overall, surveys conducted with customers have shown that EIPP features of interest to customers fall into two general categories:

- Features that streamline reconciliation (the process of receiving, approving, and paying an invoice)
- Features that improve access to billing data such as supporting documents and scanned images of checks or invoices

Adapting your own EIPP system to address customer preferences in these areas can greatly improve adoption rates. Likewise, understanding how customers view the advantages of EIPP will provide insight into their readiness to adopt it or do business with a supplier who does. Companies who see value in EIPP are more likely to select business partners who invoice using EIPP over those with more cumbersome systems.

For eInvoicing, features that are flexible and enable suppliers to easily enter their non-PO or PO-based invoice and attain up-to-date information on inquiries or the status of transactions are critical to a company's willingness to utilize a new system.

Focus on internal adoption first:

"Eat what you sell" is especially apt with regard to EIPP/eInvoicing adoption. Companies should successfully implement EIPP/eInvoicing internally and ensure all personnel are comfortable with it prior to attempting to persuade vendors and customers to get on board. Because EIPP/eInvoicing provides visibility into invoicing from end to end, sales and customer service representatives can readily answer questions without referring them to busy billing or payment department personnel. This quick response is an easy way to gain customer and supplier goodwill. Incentivizing employees to learn and use the system by providing cash incentives to enroll customers and suppliers is a good way to serve the overall goal of increased efficiency and reduced cycle times.

Constantly raise EIPP/eInvoicing awareness with customers:

Each time a customer contacts the business with a question is an opportunity to promote the use of self-service portals for obtaining answers. Understand how your customers and business partners resolve their own billing issues, whether that is via a call center, the sales representative, or email. You can encourage adoption of self-service electronic invoicing by providing appropriate reminders at every contact point. These include on-hold messages to raise awareness of alternate, self-service means of obtaining answers; scripts for customer service representatives to use after successfully resolving the customer's issue by telephone; or auto-responder acknowledgements to emails.

Actual EIPP Implementation Results (Large Retail Chain)

Performance:	▲	Raised to best-in-class
Costs:	▼	20% via customer self-service
Call Center Volume:	▼	35%
Invoice Volume	▼	20%

Customers using electronic self-service pay 20 days faster

Source: Genpact

Make it easy to use:

Modern customers have become conditioned to speed and ease of use in online transactions because businesses have learned the painful lesson that complexity drives people away. Efforts to encourage use of EIPP/eInvoicing should include making it as simple as possible to enroll in the system and obtain useful information from it. Ensure that current and relevant information is readily available regarding billing data. Customers have no incentive to use the system if they cannot access the information they need to resolve their questions or complete their transactions.

Companies must actively market EIPP/eInvoicing internally and externally to achieve full acceptance and maximum return.

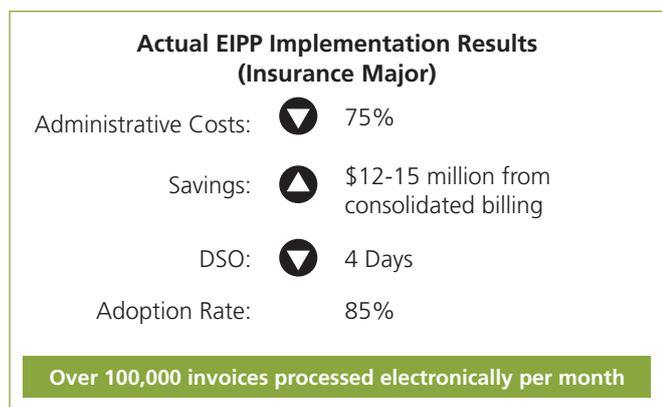
Encourage adoption through active marketing:

Before customers can participate in the supplier's or payer's new EIPP/eInvoicing system they must first be made aware it exists. Plan to actively market your new EIPP/eInvoicing system to customers as part of your implementation strategy. Effective ways to raise awareness and encourage participation include discounts, offers made on invoice envelopes, customer training sessions, and notices on customer portals and corporate

websites. These should be accompanied by clear directions and easy, click-through enrollment from the portal. In addition, helping customers train their personnel to use the new system can help ensure that they see benefits rather than obstacles to adoption.

Efficiency adds up to revenue

In hundreds of customer engagements, Genpact has seen the dramatic and positive business impact of lowering cycle times and improving efficiencies. EIPP/eInvoicing provides a powerful tool for reducing DSO and improving working capital by automating the process, eliminating manual touch points where errors occur, and providing speedier resolution of billing errors and customer questions. For one company, implementing EIPP provided \$2.5 million in initial annual savings that grew to \$25 million per year, with another \$1.5 million per year in postage savings. The EIPP initiative was touted by the company's CFO as "Our highest ROI project of the year."



Source: Genpact

Cost reduction is only one component of the benefits gained by implementing EIPP/eInvoicing, however. As technology continues to advance and provide more and easier access to information, it raises expectations among customers that can never be lowered short of some catastrophic failure of the entire internet. With the pressure on to have answers to any customer question at employees' fingertips, businesses may find that implementing tools such as EIPP/eInvoicing is not so much a matter of choice but of survival. In highly competitive environments, vendors may find themselves shut out of contracts because their customers no longer want to deal with paper. Customers may demand self-service portals rather than require incentives to use them.

"Our highest ROI project of the year"

In either case, both biller and payer will benefit from the flexibility, cost savings, and comprehensive approach to invoice management offered by EIPP/eInvoicing.

About Genpact

Genpact Limited (NYSE: G), a global leader in business process management and technology services, leverages the power of smarter processes, smarter analytics and smarter technology to help its clients drive intelligence across the enterprise. Genpact's Smart Enterprise Processes (SEPSM) framework, its unique science of process combined with deep domain expertise in multiple industry verticals, leads to superior business outcomes. Genpact's Smart Decision Services deliver valuable business insights to its clients through targeted analytics, reengineering expertise, and advanced risk management. Making technology more intelligent by embedding it with process and data insights, Genpact also offers a wide variety of technology solutions for better business outcomes.

For more information, visit www.genpact.com. Follow Genpact on [Twitter](#), [Facebook](#) and [LinkedIn](#).

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About the author:

Tanya Johnson is a 25-year veteran of the Enterprise Software and Cloud Computing industry, specializing in developing and delivering high-volume, highly scalable applications and solutions that have enabled top Fortune 500 companies like Dell, Penske, and MasterCard to transform the way they do business. Products she has been responsible for have won numerous industry awards for innovation.

Tanya's expertise in highly scalable distributed end-user applications led to the development of Oracle's first enterprise-wide end-user solutions. As Vice President, F&A Engineering & Services at Genpact, Tanya is responsible for the development and delivery of Akritiv's Order to Cash, Procure to Pay, and Record to Report Software-as-a-Service solutions. Tanya holds an MS in Statistics and BS in Mathematics.