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Successful P2P Transformation:
An Implementation Guide

Digitisation of Purchase-to-Pay (P2P) processes can generate multiple business benefits, from direct cost savings to freeing up human resource to focus on more complex or strategic tasks. It is a key tenet of digital transformation for many businesses. But how best to implement it?
This guide draws on experience from 3,500 customer implementations to help you achieve the best from your P2P transformation. It covers:

$\rightarrow$ Foregrounding your core business goals.

$\rightarrow$ Digitisation throughout the P2P cycle, including invoice processing, purchase order matching, accessibility, data retrieval and cost reduction.

$\rightarrow$ The three key ingredients in any P2P transformation projects: people; processes; and technology.

$\rightarrow$ Factors for a successful implementation: start-up meetings; resources; collaborative working and internal communication; testing; cost-benefit analyses; and the right mindset.

$\rightarrow$ P2P transformation with Palette, and the tailored support packages we provide.

Digitialization is key to future success for any business – as highlighted in a recent report by Microsoft, most digitally mature organizations generate a yearly average of $100 million more in operation income compared to less digitally mature organisations.
Each organization's transformation will be different, with varying goals on which systems and processes to modernize first. Still, many recognize the many benefits associated with digitizing their Purchase-to-Pay (P2P). And no wonder – automation throughout P2P can result in numerous cost savings, reduce accidents and errors, free up human resource to focus on more complex or strategic tasks, speed up essential operations and create more unification and consolidation amongst back office processes.

Still, as with all investments and changes there are some uncertainties that companies need to address when transforming P2P processes to become more automated. From assessing the efficiency of your AP processes and which need to be automated or optimized, to deciding which automation solution best suits your needs, gaining a clear picture before you start is challenging but essential in ensuring the efficacy and longevity of your P2P transformation.

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In this guide we have collected experience from 3,500 customer implementations, some taking the first step towards automated AP while others replace systems and vendors for increased automation in P2P to help you achieve the best from your P2P transformation.

Multi-industry cooperative, Barona Group has implemented Palette Software's suite of purchase to pay solutions including to replace their manual financial processing system:

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"Automatization allows us to concentrate on our work and to further develop it. We strive to innovativeness and agility and expect our suppliers to work respectively. Cooperation with Palette Software has been smooth and we appreciate Palette's ability to respond to our needs quickly."

Pasi Vilhunen, Chief Financial Officer

Barona Group

Digital transformation – achieving core business goals

Many companies have understood the importance of digitalizing their processes, but there are just as many others that have just embarked on their journey.

At the start, organizations can tend to approach one area at a time, but while bringing the entire organization's transformation together is a challenge, it is important that digitalization is seen as a fundamental change for the whole business. If the transformation fails to achieve goals and KPIs across the organization, the company won't achieve the best return on investment.

When implementing new systems and technology that will transform the way your organization does business, it is essential to review the skills and knowledge the staff bring along with the processes they use. Beyond upgrading technology, digitalization projects should profoundly develop and upgrade your staff's skillsets.

It's not about completely automating the business and work tasks, it's about educating employees to gain a mutual and positive view of what digitalization means. While the focus is usually on digitalization as an IT project, it should be about the entire company – from its values to its processes, data and resources.

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Digitalization throughout the P2P cycle

P2P, some organizations start by automating part of their accounts payable processes. Although automating invoice management can significantly boost productivity and efficiency, for example, extending this digitization throughout P2P will bring the most benefits.

Although an increasing number of organizations are beginning to digitize part of their Accounts Payable processes, many miss out on the benefits of full automation across the P2P cycle, including:

→ **Invoice processing:** Automating the entire process of handling a supplier invoice, from initial receipt through to being logged in the ERP system and approved for payment, enhances the efficiency of paying suppliers, and keeps relationships on the best possible terms.

→ **Purchase order matching:** Matching goods to their correct purchase orders is a time consuming and repetitive task that can lead to accidental errors being made. Using an automated system ensures that the arrangement and processing of goods and invoices is done in an orderly and swift manner.

→ **Accessibility:** Traditionally, invoices could only be accessed and authorized in the office or location where they are kept. Now, using web-based solutions, these can be viewed and approved remotely at one's convenience.

→ **Data retrieval:** The best P2P automation solutions will generate instant reports for end-of-month reporting, senior management meetings, compliance audits etc. which reduces the burden of administration on organizations, freeing up time to focus on value added strategic tasks.

→ **Reduced costs:** A like-for-like comparison of manual and automated processes shows that the latter is a much more cost-effective option, and on average generates savings of nearly one-third.

The key ingredients

Organizations embarking on P2P transformation projects must ensure that they have these three essential building blocks in place to ensure that they get all the benefits of automation:

People

Processes

Technology

"An important part of the successful implementation is Change Management. To elevate individuals who work in the process and make them involved in automation."

Marie Louise Ankersjö, Project Manager
Palette Software

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While your P2P solution provider will guide you through the implementation, it is important to assemble a dedicated project team from your organization. It is important that everyone involved in the project is well briefed, dedicated and knows the aims and deadlines right from the beginning.

The project manager should have expert knowledge of your company's accounts payable processes, and financial processes in general, as they will be responsible for configuration and testing. Implementations led by Project Managers with experience from your business and ERP system are the most successful. If a purchasing solution is being implemented, it is essential the team has detailed knowledge about the purchasing process/es. Direct access to the purchasing manager is another vital element for a successful implementation of digital purchasing using requisitions and budgeting tools.

Your provider should set you up with personnel who have proven experience in supporting and guiding project teams through to a swift and successful implementation. If they have access to local resources, this facilitates good, direct communication with the solution provider and enables effective time management for an efficient implementation.

Processes

To truly transform your business processes, you need to scrutinize your current processes under a microscope. Rather than choosing a solution that fits around your ways of working, dare to challenge your current processes.

Your provider should encourage and guide you through this process and offer detailed guidance for change management within digitalization projects. Look for those experienced in helping organizations determine the scope, time frame and resources needed for your project.

Pick a provider that will work with you to assess your needs based on experience from implementations similar to yours in terms of business type, processes and systems. Don´t underestimate the value of best practise to avoid pitfalls and mistakes others have fallen foul of - ask your preferred vendor what the key success factors have been in previous implementations.

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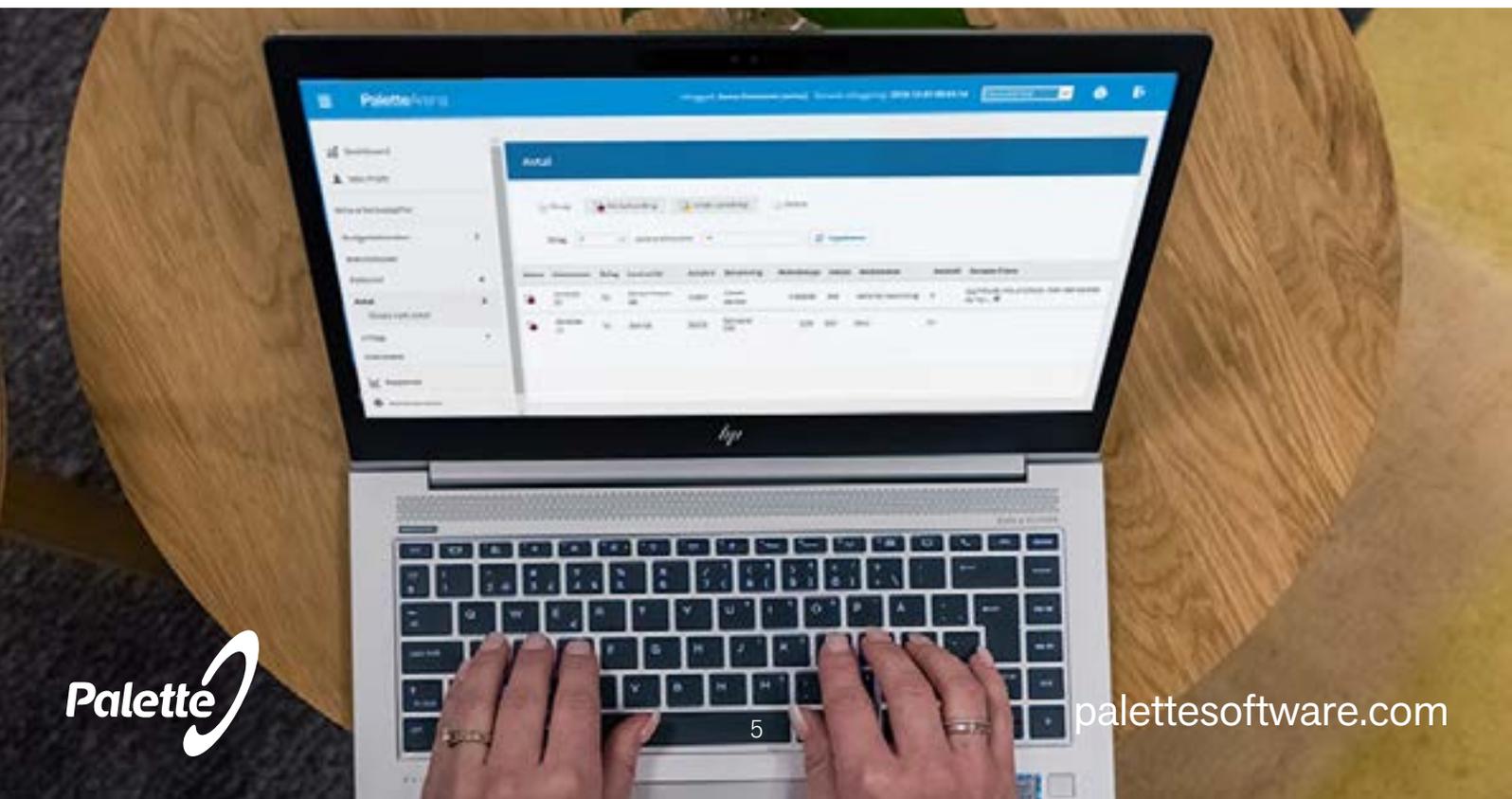
Technology

P2P implementation doesn't have to be a large and complex IT project. When you begin your P2P auto-mation journey, it may help to think of it just like any other regular business project. You can always make changes and adjust the solution along the way.

Best practise demonstrates that the most successful implementations happen in a series of distinct stages. Many companies start by digitalizing invoice processing and follow this with requisitions and contract management, for example. Choose a vendor with experience in stepwise implementations and can support you through this journey, and offers modules that can be easily added, such as those supporting e-invoicing – which will become increasingly important as e-invoices become increasingly required by law throughout Europe.

Flexibility is an important factor that should be a priority. Choose a solution that will adapt with your needs and allow you to scale. If it's easy to use and allows your key personnel to configure elements such as costs and approval flows, it will offer efficiency and bring down maintenance costs compared to technologies requiring maintenance and development by your vendor. User friendly solutions will also offer big returns, especially in global roll outs.

Clas Ohlson, one of Sweden's most famous hardware store chains, changed to a new ERP system and saw an opportunity to implement a digital invoice management solution, with automatic matching. They selected Palette and began a small-scale roll out of the solution in England, before implementation in Norway, Finland, Germany and Sweden:

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"Palette is an incredibly simple and user-friendly system, both to work with and to operate. You can become a 'superuser' in no time. Together with the Palette team, we started the project and spent the first two months planning before going live in England. The rest we have been able to handle ourselves,"

Jan Skarner, Head of Business Navigation

Clas Ohlson

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The right features for your business

Before beginning a P2P transformation project, organizations should consider the type of package in terms of the solution and support they need that is best suited to their business to ensure that it is value for money.

Miikka Suikki Senior Consultant at Palette Software has worked with many different organizations in connection with system replacement projects. He advises:
"Many companies end up updating their existing system without mapping alternative solutions, despite the fact that another model might serve their
business' and customers' needs better."

Palette customer Attendo approached this by:
"Ranking their system requirements from essential "must have" features, to the desirable ones that would be "nice to have.""

Outi Vainio, Project Manager and Internal Control Specialist at Attendo said:
"We asked system vendors to introduce their systems based on our specification - so we got a good idea of how the system meets our needs."

Göran Ohre, Senior Project Manager at Palette Software said:
"Customers often wish for a rapid implementation with a go live date in the near future. For us at Palette, this is rarely a problem. It is good to remember though that implementation of a P2P or AP automation software requires specialist resources also from the customer's side."

Your wish list will be unique to your organization. For guidance on the key questions to ask before you implement a P2P solution, look at our Buyers' Guide.

Factors for a successful implementation

What is the recipe to building a fully functioning and efficient P2P automation solution?
Before implementation, the pre-testing phase is critical to ensure the smoothest possible transition. This requires a well-planned and resourced operation supported by a collaborative and committed team, which values and embodies the following factors:

$\rightarrow$ **Rapid implementation** Every implementation project is initiated by a start-up meeting, where scope, time frame and need of resources are established.

$\rightarrow$ **Resources** Any organization embarking on a transformation needs to be realistic about the resource it invests into the project, ensuring these are sufficient. These include contributing appropriate material resources as well as the right people.

$\rightarrow$ **Working together**Internal communication can make the difference between a project that succeeds and one that flags- The management must be vocal advocates for the project. It's key that everyone affected by the transformation understands its value to customers, suppliers and the business – and to their own working lives.

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$\rightarrow$ **Testing** This is your opportunity to ensure that everything is working as it should, and can save significant time if it's done right. Go through all possible use cases and ensure that the system and interfaces work as planned.

$\rightarrow$ **The right mindset** Those who are tasked with managing the implementation should approach the project with an open-mind, set clear roles and responsibilities for the whole project team, work towards objectives and deadlines keeping them updated at every stage of the project, and adapt to any unexpected circumstances that may arise.

P2P Transformation with Palette

Palette has over 25 years' experience providing automated payment solutions and successfully completing projects on time, which have then integrated seamlessly into a customer's day to day business operations.

To carry out a successful implementation to an end to end B2B solution, Palette provides a tailored support package to make the process as smooth as possible.

Göran Ohre, Senior Project Manager at Palette said:
"The project team from Palette supports the customer throughout the go live process until there is proof of well-functioning approval flows. This usually takes 3-6 weeks from go live date – time corresponding to the management of an invoice from reception, scanning, through the established approval flow and transfer to the ERP system for payment."

The support package includes:

- Specialist consultants and other resources assigned to the customer at the outset.

- A Palette implementation team featuring an IT-technician, an application consultant and a developer.

- Education for the customer's project team. This may be held before the software implementation starts, in order to speed up the project.

- After initial training, the application consultant from Palette supports the local project manager with further training and support during the configuration and testing periods.

- Ongoing support available once the project is complete – including local user groups and open training sessions to ensure you always get the best from your P2P solution.

- A detailed post-implementation evaluation that will be monitored in detail, and contribute to future developments in Palette's software.

In order to support the customers and ensure that the transformation to new system and processes is secure, the implementation team from Palette remains available for the customer until all parts of the system are used by the customer's organization.

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Palette's Solutions

Palette can ease many different tasks with one single system, covering the full P2P cycle and providing full visibility across all processes.

Our flexible solutions integrate with any system or supplier, providing a vendor agnostic approach.

Our system changes with our customers. Palette is a fast moving and innovative organization with a research and development team that ensures its technology remains cutting edge. Customer feedback is important to us. We actively encourage users to tell us what works for them and what needs to change. We use this feedback to continuously update and upgrade our solutions so they suit all of our users, whatever changes.

For more detail on Palette's solutions, and to get in touch with Palette's experts to see how Palette can transform P2P in your organization, visit www.palettesoftware.com

Follow our blog

to stay updated on purchase to pay related issues!

Palette is a market leading provider of financial process automation software with over 4 200 customers across the world. We help companies transform and automate their Purchase to Payment Processes utilising their existing ERP and finance system investment.

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