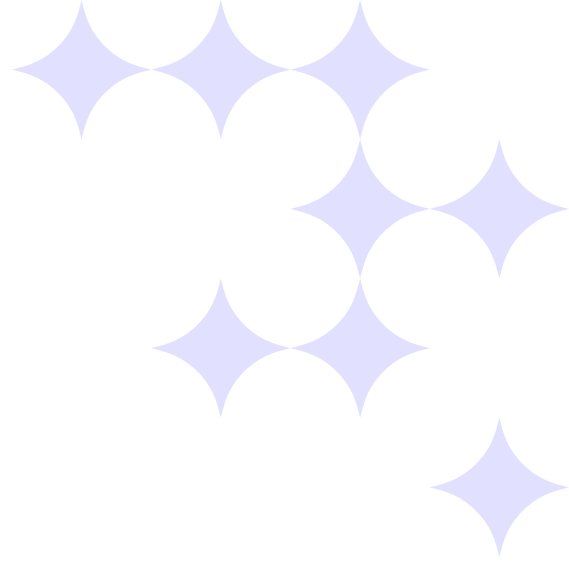**RazorpayX** SOURCE TO PAY

Achieving Financial Accuracy with the Right Source-to-Pay Solution in 2024

A Practical Guide for CFOs

Inside The Report
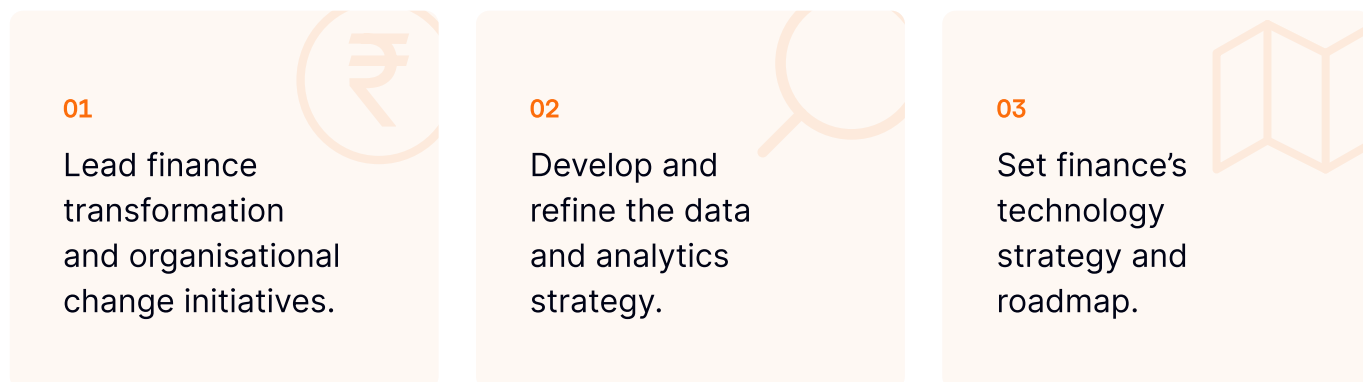
Introduction

The role of CFOs & other finance leaders has undergone a massive transformation in recent years. The scope of their responsibilities has extended from managing cash flow & revenue generation to being a strategic leader. Organisations are increasingly banking on them to find newer alternatives to unlock sustainable business profitability while navigating volatile macroeconomic conditions.

According to a 2023 Gartner Report[1], one of the top priorities for finance leaders is prioritising technology adoption to lead finance transformation.

Top 3 CFO Priorities

01

Lead finance transformation and organisational change initiatives.

02

Develop and refine the data and analytics strategy.

03

Set finance's technology strategy and roadmap.

Source-to-pay processes involve synergies between procurement, legal, and accounts payable departments with input from all lines of business. Since a large chunk of financial tasks are undertaken & supervised by this function, it is prone to a multitude of problems such as duplicate payments, incorrect or late payments, cost leakages, limited visibility & control, compliance & regulatory risks, vendor relationship challenges, etc.

1

Optimising the source-to-pay process becomes even more crucial in light of how businesses currently operate. According to the Payables Insights report,[2] 55% of businesses still enter financial data manually. This makes procurement processing more time-consuming, personnel-intensive and error-prone. A digital-centric approach to procurement can transform the finance function by increasing process efficiency and effectiveness.

Incorporating automation and other digitising strategies in source-to-pay processes has multiple advantages. Automating key procurement tasks through AI and Machine Learning such as automatic invoice capturing, 3-way matching via OCR, automated reconciliation and intuitive spend management can help finance teams achieve important KPIs such as successfully protecting margins, containing cost escalations, and dynamically capturing opportunities with more favourable contract negotiations.

Moreover, according to a McKinsey report,[3] automation can save businesses up to 3.5% annually in business spends. By introducing automation, businesses can effectively increase employee productivity, improve invoice approval & processing timeframes and reduce overall AP processing costs.

2, 3 All footnotes are added at the end of the document

Current Challenges in the Source-to-pay Landscape

Indian organisations currently face several challenges and inefficiencies in terms of procurement & payment disbursals.

01

Manual and paper-based processes are still prevalent, leading to errors, delays, and increased operational costs. This increases the chances of errors and results in higher processing costs and a lack of real-time visibility into procurement activities.

02

Lack of visibility and control over the entire procure-to-pay cycle hampers decision-making and exposes organisations to compliance risks. Automating supplier management processes can help overcome these challenges and improve supplier engagement.

03

Inefficient supplier management and onboarding processes result in delays and hinder the ability to identify and engage with quality vendors. This leads to delays in sourcing and procurement activities, impacting operational efficiency.

04

The absence of real-time data and analytics makes it difficult for organisations to optimise their spending, negotiate better contracts, and drive cost savings.
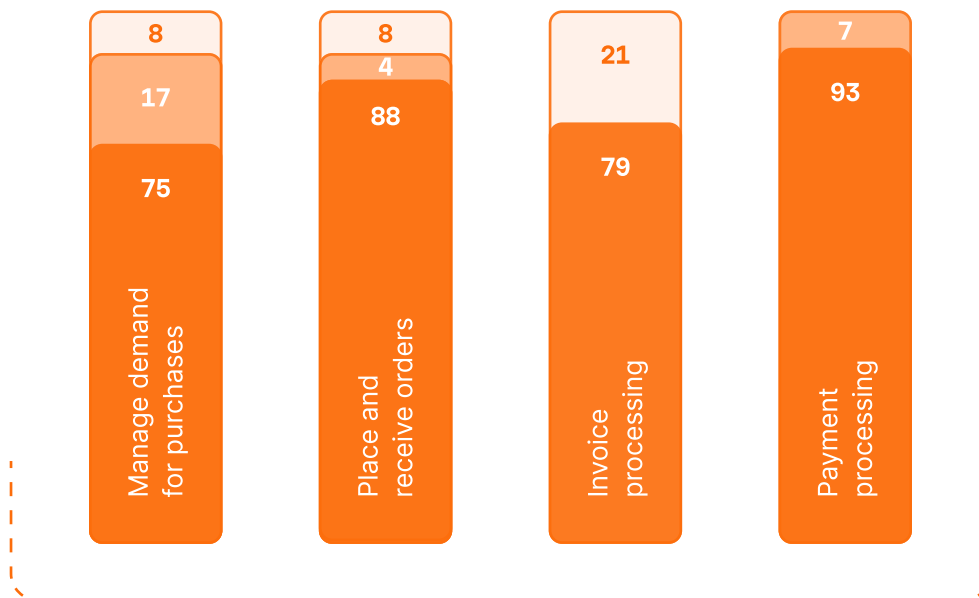
These challenges create bottlenecks, increase process complexity, and hinder businesses' overall efficiency and financial health.

Automating Source-to-pay Processes: Key to future-proofing your business

Since source-to-pay involves complex activities, it is difficult to determine the extent and areas of automation in the end-to-end process or where the primary sources of value lie.

However, a Mckinsey study[4] identified that 56 percent of the tasks associated with the source-to-pay process are fully or largely automatable using existing technologies.

Potential for automation using currently demonstrated technologies by process stage, % of tasks within process stage

8	8	21	7
17	4		93
75	88	79	
Manage demand for purchases	Place and receive orders	Invoice processing	Payment processing

Procure-to-Pay

🟧 Difficult to automate 🟧 Somewhat automatable ⬜ Mosty or fully automatabe

By automating the procurement process from procurement to invoice, organisations can minimise manual effort, reduce errors, and accelerate cycle times. This includes automating purchase requisitions, purchase orders, receipt of goods or services, and invoice processing. Implementing automation in the invoice-to-pay process streamlines the payment cycle, improves accuracy, and enhances cash flow management.

These areas of automation save time and effort and provide organisations with real-time visibility and control over their financial operations.

The next generation of S2P software will intensely focus on enhancing user experience and improved reporting. This will enable organisations to make data-driven decisions, uncover inefficiencies, and provide more visibility into their spending patterns. If organisations want procurement to become a competitive advantage, they must automate labour-intensive and error-prone manual operations.

Their current set of P2P activities must also be combined with cutting-edge technologies like artificial intelligence (AI) and machine learning.

Benefits and Features of a Modern Source-to-Pay Solution

A modern source-to-pay solution offers significant advantages to organisations by streamlining and optimising their procurement and payment processes. It provides a comprehensive platform that enhances visibility, control, and efficiency throughout the procure-to-pay cycle.

Let's look at some numbers

90+
Emails exchanged for every purchase request

>5
Tools/platforms to manage for each purchase

10%
GST ITC loss due to vendor non-compliance

150 hours lost
In communicating and resolving vendor queries every quarter

What does a modern Source-to-Pay solution offer?

01

Complete visibility and control over organisational spend

A study by Deloitte found that organisations with a modern source-to-pay solution reported up to 30% improvement in spend visibility.

With real-time dashboards and analytics, organisations can track and monitor their spends across departments, categories, and suppliers, ensuring better control and compliance.

02

Proactive spend management and transparency

Automated approval workflows and policy enforcement mechanisms enable proactive spend management, ensuring compliance and reducing off-contract spend.

03

Actionable insights for optimisation and growth

A McKinsey report[5] suggests that organisations leveraging advanced analytics through a source-to-pay solution achieved up to 2.5 times higher procurement savings.

Organisations can make informed decisions, optimise sourcing strategies, and drive cost savings by analysing vendor performance, market trends, and pricing data.

04

Strong integration capabilities

A source-to-pay solution that is right for your business will seamlessly integrate with your accounting or ERP systems to streamline data flow and enhance operational efficiency. It will also eliminate manual data entry, reduce errors, and improve accuracy in financial reporting and reconciliation processes.

5

Top 10 Questions to ask your Source-to-Pay solution provider

Q 01

Can the tool be integrated with my existing ERP/Accounting Software?

Q 02

Can the solution provide detailed reports and analytics to understand spending trends?

Q 03

Does the solution come with a vendor portal? What are its capabilities?

Q 04

How does the solution aid auditing at the end of the year?

Q 05

Does the solution automatically notify respective stakeholders when a task depends on them?

Q 06

Does the solution automatically notify vendors about POs and Payment status?

Q 07

Does the solution auto-decline POs in case of overspending to control spending?

Q 08

Does the solution have a GST Input Tax Credit Checker?

Q 09

Does the solution have automated 2-way and 3-way matching?

Q 10

Does the solution have budgets and cost centers?

Feature Comparison Matrix for Source-to-Pay Software in India

Parameters	RazorpayX Source to Pay	ERPs	Accounts Payables Solutions
Free OCR scanning for invoices and POs	✓	✗	✓
Spreadsheet free process	✓	✗	✓
In-built GST Input Tax Credit Checker	✓	✗	✓
Dedicated account manager for support	✓	THROUGH PARTNERS	✓
Personalized onboarding and setup	✓	✓	✓
Budget Utilisation Indicator	✓	✓	✗
Auto-declining POs in case of overspending	✓	✗	✗
Trend Analysis	✓	✗	✓

Parameters	RazorpayX Source to Pay	ERPs	Accounts Payables Solutions
Multi-dimensional approval workflows	✔	✘	✔
Mobile app for approvals on the go	✔	✘	✔
Purchase Orders	✔	✔	✘
Automated PO-GRN-Invoice matching (3-way matching)	✔	✘	✔
Cost centers	✔	✔	✔
Vendor Portal	✔	✘	✘
Real-time data sync and reconciiation on ERP	✔	NA	✔

Selecting the right Source-to-Pay solution:

There are many source-to-pay solutions available in the market. To ensure that you choose the right solution, finance teams must evaluate each on various factors such as ease of adoption, pricing, scalability & reporting capabilities, etc.

Gap analysis:

Evaluating the current automation level and identifying gaps is crucial for organisations to understand their readiness for future-ready source-to-pay solutions. Conducting a comprehensive assessment of existing processes, systems, and technology capabilities helps identify areas where automation can add value and bridge gaps in the source-to-pay cycle.

Pricing:

When considering technology implementation costs and benefits, organisations should weigh the upfront investment against the long-term advantages of future-ready source-to-pay solutions. While initial costs may be associated with implementing and integrating automation solutions with existing systems, the benefits are significant.

Scalabiity:

Your source-to-pay solution should grow with your company. To give complete visibility and control over the whole process, your system should ideally automate a few essential manual tasks at every stage. Invoice matching with goods received should also be automated to ensure accurate & timely payment disbursals.

The Future of Source-to-Pay Software: RazorpayX

Spend Management:

+ Assign different budgets to cost centres and control spending

+ Avoid budget over-utilization by auto-declining purchase orders

+ Department-wise spend analytics for accurate forecasting

Procurement:

+ Plan purchases and track project expenses with purchase orders

+ Create custom approval workflows for better stakeholder management

+ Advanced analytics to monitor spends and plan cash flow better

Vendor Management:

+ Vendor portal for self-onboarding, KYC and document sharing

+ Automated vendor communication alerts and notifications

+ Account verification with GSTIN to avoid fraudulent payments

Input Tax Credit Checker:

+ Identify GST ITC risks & errors from vendor filing or non-compliance

+ Recover credit dues by controlling payment schedules

+ Reconcile your books with ease and maximise your ITC

Advanced Accounts Payables:

+ Easy payouts with instant, bulk and scheduled vendor payments

+ Accurate TDS auto-calculation, deduction and payment on invoices

+ 3-way matching with OCR for error-free invoice processing (PO-GRN-Invoice)

Automated Accounting through Integrations:

+ Automate bill entry in Zoho Books & Tally, with bill attachments

+ Auto-synced to General Ledgers for automatic reconciliation

+ Create smart rules to automate bookkeeping and categorise transactions

Get Maximum financial control with a fully integraated Source-to-Pay solution

Connect, automate and integrate your accounts payables and vendor payments workflow under a single platform

Book Now

RazorpayX's source-to-pay solution addresses several pain points faced by finance teams, including:

For CFOs & finance heads

- **Team-wise Month-wise Budget View:**
  RazorpayX provides a single tool for finance teams to have a team-wise and month-wise budget view, eliminating the need to check different tools or spreadsheets before approving.

- **Complete Visibility and Control:**
  RazorpayX provides complete visibility and control over organisational spend, enabling proactive spend management and transparency.

- **Real-time Reporting and Analytics:**
  RazorpayX's solution provides real-time reporting and analytics, empowering organisations with actionable insights to optimise processes, identify cost-saving opportunities, and drive growth.

- **Cash Flow Management:**
  RazorpayX enables organisations to pay and schedule payments based on cash flow requirements, providing better cash flow management capabilities.

For finance & procurement teams

- **GST ITC Checker:**
  RazorpayX's solution comes with a GST ITC checker that helps finance teams check and control payments based on vendors' past GST compliance data.

- **Vendor KYC and Onboarding:**
  RazorpayX ensures foolproof vendor KYC and onboarding processes to minimise fraud risks.

- **Cumbersome Audit Trail and Email Approvals:**
  RazorpayX simplifies the audit trail and eliminates the need for email approvals, streamlining the approval process.

- **PO Matching and Control:**
  RazorpayX emphasises PO matching to ensure control over spends, budgets, and vendor activities, reducing errors and improving financial management.

- **Avoiding Duplicate Payments:**
  RazorpayX's solution includes measures to avoid duplicate payments and increase payment accuracy.

- **Custom Workflows:**
  RazorpayX offers customisable workflows to suit specific organisational needs and processes.

- **Intuitive User Experience:**
  RazorpayX's solution offers an intuitive dashboard and user experience, ensuring easy adoption and increased productivity.

- **Seamless Integration:**
  RazorpayX seamlessly integrates with accounting or ERP systems, such as Zoho and Tally, ensuring data integrity and eliminating manual data entry.

- **Robust Customer Support:**
  RazorpayX offers robust customer support and implementation services, ensuring a smooth transition and ongoing assistance.

- **Intuitive Vendor Dashboard Portals:**
  RazorpayX embraces modernisation in invoicing methods through supplier portals, enhancing the efficiency of the AP process.

> We now receive all invoices directly on the dashboard, and they are ready with details pre-filled. It just takes a few clicks to stay on top of our vendor payments
>
> **Chetan Mahajan**,
> Founder & CEO

Automation features:

Ensure that your solution offers features such as OCR which can automatically capture invoices onto your ERP platform thus saving time and manual efforts. Solutions like 2-3 way matching can streamline payment processing to get higher accuracy rates. This guarantees the accuracy of all data before money is disbursed and for approvals.

Workflow optimization and customization:

Your source-to-pay solution should provide your finance team with enough customisation to create and approve complex workflows without compromising security and visibility. It should also be adaptable enough to allow your AP staff to outsource some portions of the process and alter routing rules, policies, and processes as needed.

Reporting capabilities:

Seek systems with integrated solutions for tracking important indicators and downloading standard, predetermined reports. Easy-to-use, rapid reporting features provide a precise, almost real-time picture of your accounts payable, allowing you to continually enhance your AP performance and make better decisions about payments to maximise your cash flow.

Ease of use:

Ensure the solution offers an intuitive, user-friendly interface to drive user adoption and productivity. The best solution will have an easy-to-use workflow that will staff members through every step of the process and even complete some of the work for them.

Conclusion

Businesses that still rely on legacy systems for their procurement will quickly lag behind due to outdated processes that cause delays, and are unreliable and error-prone. Fortunately, spend management can become a proactive, profit-generating process instead of a reactive cost centre with the help of modern source-to-pay software. If implemented correctly, the solution will assist your company in bringing spending under control, essentially eliminating rogue spending and recovering valuable time and funds lost on repetitive, error-prone manual labour.

RazorpayX's source-to-pay solution offers an integrated & comprehensive vendor management solution that provides unmatched control, visibility, & efficiency for your business success.

Appendix

1 Top priorities for advancing the finance function. (n.d.).

https://emt.gartnerweb.com/ngw/globalassets/en/finance/documents/trends/top-priorities-ebook-finance.pdf

2 2018 Payables Insight Report: GEP

https://www.gep.com/research-reports/2018-payables-insight-report

3 Jain, K., & Woodcock, E. (2017, April 26). A road map for digitizing source-to-pay. McKinsey & Company.

https://www.mckinsey.com/capabilities/operations/our-insights/a-road-map-for-digitizing-source-to-pay

4 Jain, K., & Woodcock, E. (2017, April 26). A road map for digitizing source-to-pay. McKinsey & Company.

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5 The era of advanced analytics in procurement has begun. (2017, March 23). McKinsey & Company.

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