Acumatica
The Cloud ERP

Accordant

Automate Procure-to-Pay with Acumatica

A Playbook for Manufacturers and Distributors

Employ Artificial Intelligence, Vendor Requisitions, and Configurable Workflows for Agile Procure-to-Pay Business Processes

Managing vendor relationships, vendor bids, contracts, supplier quality issues, returns, and accounts payable processes are tedious without the right business software. Even small manufacturers and distributors rely on hundreds of vendors for materials and outsourced services needed to provide quality products and services. There are many disconnected systems and activities in procure-to-pay processes, but none are as crucial as the financial management of vendor bills and payments. Despite technological advances, most AP invoices are still received on paper with manual processes for approvals and payment via paper checks.

Efficient procure-to-pay processes rely on connectivity, collaboration, and automation. Modern ERP applications provide a foundation for managing items, suppliers, subcontractors, and inventory replenishment. Material requirements planning and connected requisition systems automate the purchasing process. Barcoding and warehouse management streamline the receipt and put-away process. Efficient processes reduce data entry errors and provide real-time visibility into data to cut costs, streamline supply chains, and improve profitability.

This Playbook illustrates how Acumatica's business intelligence, machine learning, and configurable workflows streamline the entire procure-to-pay process for manufacturers and distributors. Take control with a future-proof ERP application built for tomorrow's supply chains. Harness automation to do more with less staff. Improve data accuracy with data validation and notifications. The procure-to-pay process encompasses four phases and 12 unique steps, from item definition and supplier management to financial reporting and business analysis.

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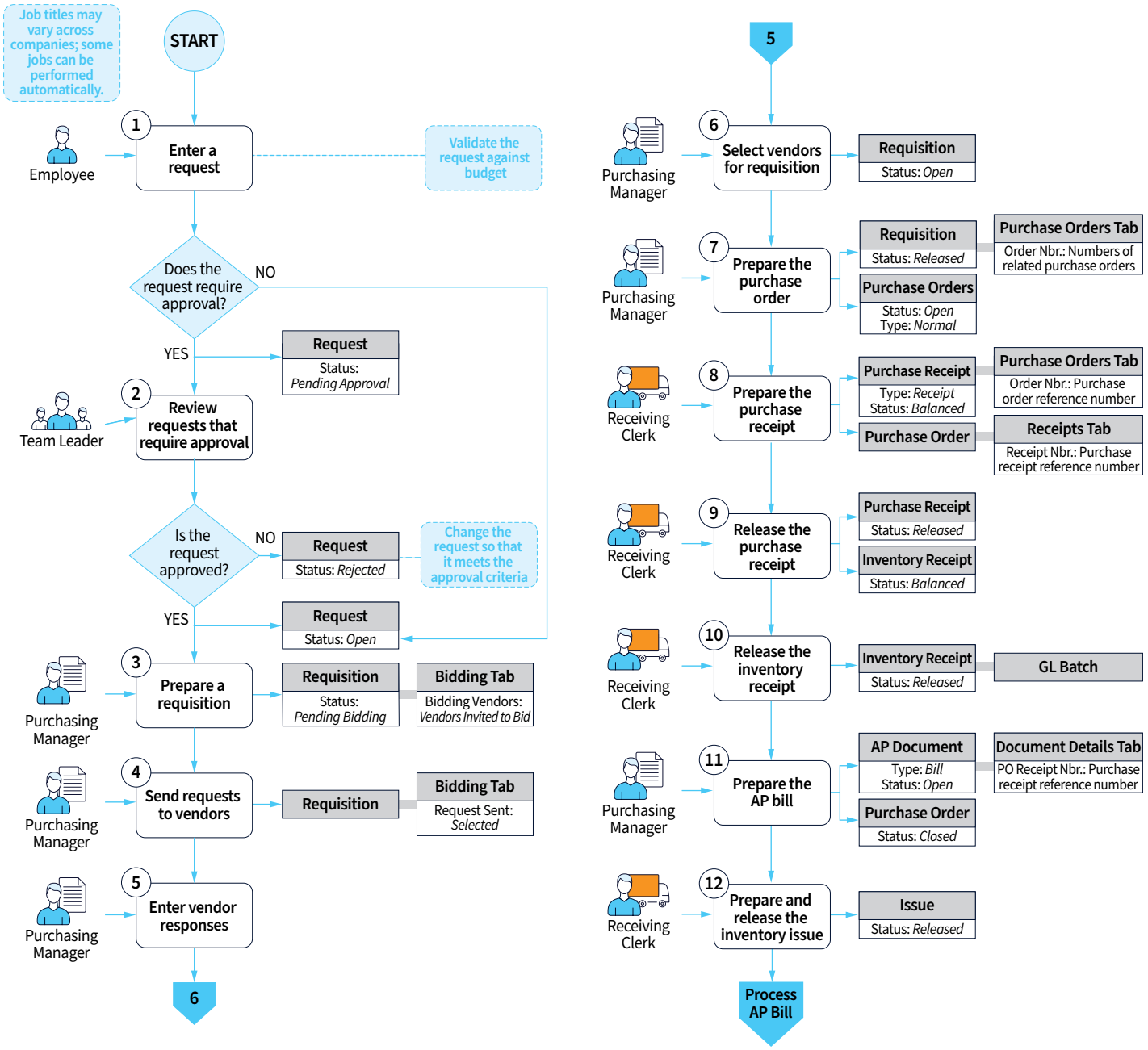
INTRODUCTION

Procure to Pay

Acumatica provides configurable workflow and automation to streamline the entire procure-to-pay process. Modify the process to fit your unique business requirements and harness the power of artificial intelligence and machine learning to automate vendor bill reconciliation. Major components of the procure-to-pay process include requests and requisitions, vendor bidding, inventory replenishment, material planning, purchase orders, inventory and warehouse management, accounts payable, general ledger, and business intelligence and reporting.



PHASE 1:
Preparation

The procure to pay process begins before the first purchase order is created. Companies define inventory items for stock and non-inventoried items. Setup vendors and implement systems to manage supplier relationships. Configure inventory replenishment and material requirements planning to automate the purchasing process.

Step 1: Item Definition

Manufacturers and wholesale distributors maintain items for purchasing, sales, production orders, projects, and services. Import vendor catalogs or generate inventory item records with Matrix Items using attributes such as length, width, style, color, and more. Track items by lot or serial number with expiration dates. Setup non-inventoried items for purchased services.

Stock Items

Simplify item management with comprehensive and flexible item creation options.

- Import items from vendor files
- Manual item creation
- Copy items from similar items
- Create items from templates
- Convert items from requisitions
- Generate items from estimates
- Create items from the product configurator
- Import items from CAD or PLM applications
- Create items using attributes with matrix items

Non-Inventoried Items

Maintain non-inventoried items for supplies, expenses, purchased services, and more.

- Professional and field services
- Product documentation
- Digital downloads
- Manufacturing and office supplies
- Billable expenses
- Maintenance and repair supplies
- Consumable tooling
- Support contracts
- Other non-stock items

"I made the decision to buy in bulk, which I couldn't do before. Looking at the data, I realized we could leverage our size to reduce costs. I made our first international purchase because it made sense to buy 6 to 9 months of inventory and save 30 percent. Decisions like that have paid off significantly."

FRANCIS NWABUDIKE, PRESIDENT AND CEO
SPACEMANAGER CLOSETS

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Step 2: Supplier Management

On-board prospective vendors and manage vendor communications and activities with the embedded Acumatica CRM application. Setup and maintain vendor details and vendor inventory catalogs. Acumatica supports flexible supplier contracts, including vendor discount policies, tax details, vendor relationships for complex billing scenarios, and resources to streamline communication and collaboration with suppliers.

Supplier Relationship Management (SRM)

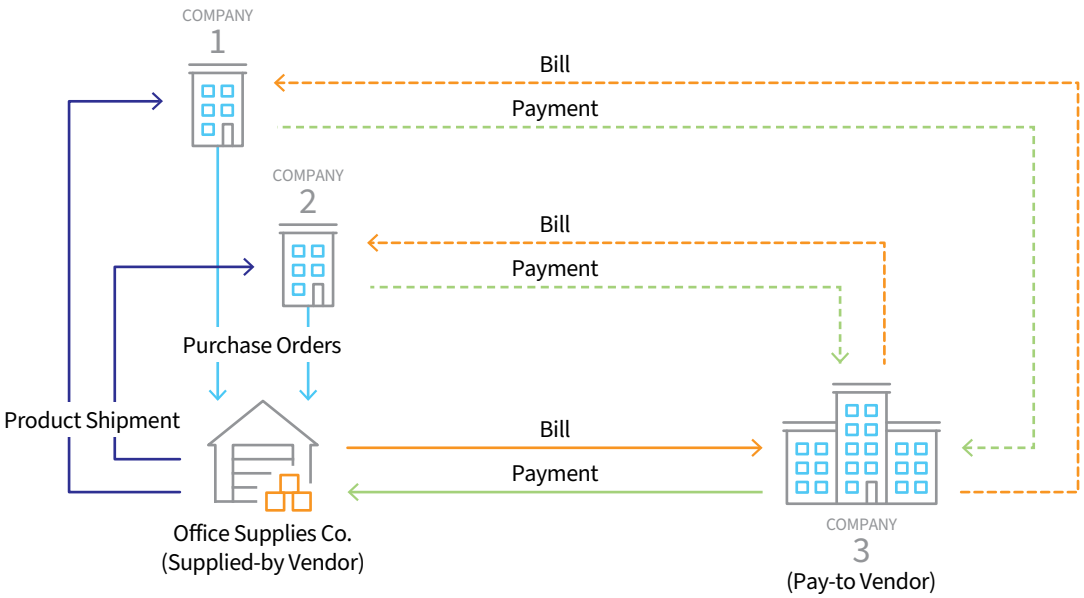
Acumatica's CRM application enables business professionals to create account and contact records for suppliers. Create supplier activities for contract negotiations or product disputes. Log phone calls, send emails, add notes, attach signed contracts, and tailor the application for contract renewal notification.

Vendors, Vendor Items, and Discounts

Create vendors from scratch or convert prospective vendors to new accounts through CRM. Identify contacts, addresses, payment terms, and 1099 details. Configure remittance contacts, payment methods, tax details, lead times, shipping instructions, receipt thresholds, and financial account information.

Advanced Supplier Management

Acumatica supports many advanced features for supplier management, including Foreign Account Tax Compliance Act (FATCA) reporting, multi-currency conversions, landed cost management, freight on board (FOB) points, drop shipments, and flexible tax definitions for use tax and VAT tax. Enable vendor relationships to track the vendor that receives payment and the vendor that supplies the needed items, where these vendors are different. For example, suppose that Company 1 and Company 2 want to order office supplies from their vendor, Office Supplies Co. They get a discount if they collectively order supplies on a joint purchase. The companies place their orders through a bigger company (Company 3), making settlement with this vendor. Company 1 and Company 2 send their purchase orders to Office Supplies Co. that ships the goods to them, respectively. Office Supplies Co. issues a bill to Company 3, who pays the bill and issues bills to Company 1 and Company 2 payable to Company 3 (specified in Acumatica as the vendor on the bill). As a result, the goods are supplied to Company 1 and Company 2 from Office Supplies Co. (the supplied-by vendor) with payments made to Company 3 (the pay-to vendor).



Step 3: Replenishment Setup

The procure-to-pay process is slightly different for distributors and businesses using replenishment than manufacturers who use a mix of replenishment and material requirements planning (MRP). The next step in the process defines replenishment and MRP settings for automated procurement.

Inventory Replenishment

Replenishment settings are essential for knowing what to buy, who to buy from, how much to buy, and when to place the order. Define replenishment settings to drive suggestions based on warehouse locations, safety stock, min/max stocking levels, reorder points, and supply warehouses for transfers. Manage perishable goods that require shelf-life tracking with the cradle-to-grave lot and serial traceability. Connected marketplace applications support robust hub-and-spoke distribution center models with advanced forecast demand formulas.

Material Requirements Planning (MRP)

Make-to-order manufacturers create purchase orders directly from production orders. Make-to-stock manufacturers use a mix of replenishment and MRP activities to determine what items to buy based on finished goods demand. Use the Rough-Cut Capacity Planning and finite scheduling systems to reconcile material plans against capacity constraints for improved purchase order planning. MRP calculations consider replenishment settings, work center and machine capacity, tooling availability, crew sizes, labor efficiency, scrap, move time, and downtime.

"We've been able to increase our margins because we have more control and visibility and can stay ahead of pricing changes and replacement costs."

KEITH FORD, PRESIDENT, EAGLE FENCE DISTRIBUTING

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Discover Why Businesses Rely on Acumatica to Perfect the Procure-to-Pay (P2P) Process

P2P for Distributors **P2P for Manufacturers**

PHASE 2:

Procurement

Purchase requisitions are essential for sourcing new items from existing or prospective suppliers. Acumatica's embedded Requisition Management application provides automation for vendor bidding and conversion of requisitions to vendor and item records in the application. Purchase orders are also created with native inventory replenishment, material requirements planning (MRP), and manual purchase order creation activities. Acumatica supports blanket purchase orders and drop shipments from vendors directly to customers. Configure receipt of goods and put-away workflows to complete the procurement process.

Step 1: Purchase Requisitions

Create requests for stock and non-stock items with Acumatica's native Requisition Management application. Employees use the mobile application to create requests with mobile approvals for managers. Route requests internally for approval based on request classes and approval maps using criteria such as item class, product type, or cost. Managers view and respond to open requests on their mobile devices. Requests may be validated against defined budgets. Requisitions for new items are transmitted to vendors to solicit quotes. Vendor responses are managed in the system with one-click conversion to generate the purchase order from the winning vendor quote.

Step 2: Purchase Orders

Create purchase orders from scratch through Purchase Order Entry or generate purchase orders from approved requisitions. Purchase orders are also created from Sales Order Entry for purchase-to-order environments or drop-shipments from the vendor directly to customer locations. Further, Acumatica supports intercompany transactions where a purchase order in one company can generate a sales order in another company with workflow to create the purchase receipt in the buying company when the selling company processes the shipment. Acumatica supports additional intercompany transactions and workflows. Manufacturers use the Material Requirements Planning Display screen to generate purchase orders from suggested orders. Purchase orders may also be created as releases from defined blanket purchase orders.

Step 3: Receipt of Goods and Put-Away

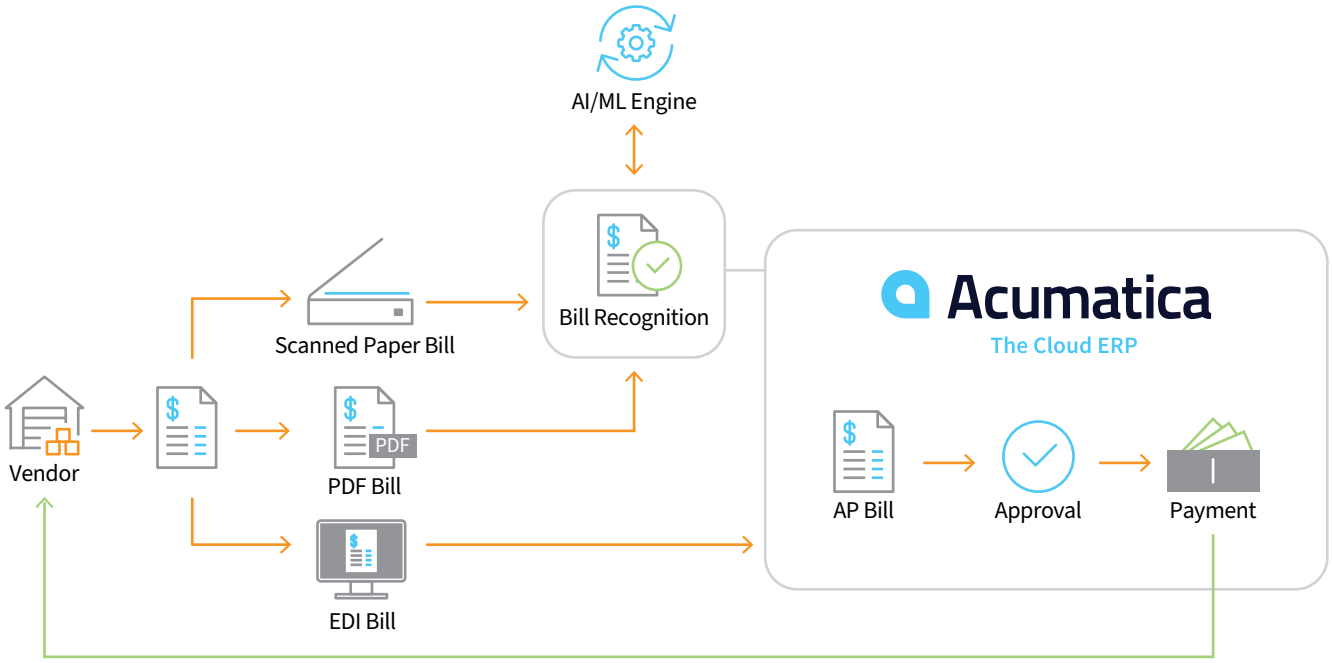
Inventory received from vendors is processed through the Purchase Receipts task. Receipt processes include the vendor, item, unit of measure, warehouse, location information, quantities received, dates, and additional information. Item lot or serial information is captured during the receipt of goods process to identify vendor lot and serial details such as expiration dates. Automate receipts with ruggedized scanners or keyboard wedge devices to scan barcodes on vendor shipping and packing documents to streamline data entry and reduce errors. Native warehouse management is optimized for smartphones and other popular mobile devices.

PHASE 3:
Payment

Vendor payment is fraught with manual processes. Despite advances in technology, most companies still process payments manually from paper invoices received in the mail or electronic bills in their email. Accounting professionals spend countless hours entering data, matching invoices to purchase orders, and processing payments. Manual processes are prone to data entry errors and delay payments resulting in late penalties that strain vendor relationships. Modern ERP applications like Acumatica provide artificial intelligence and machine learning to automate payment processing enabling small companies to scale without adding staff.

Step 1: Automate Invoice Capture

Monitor your cash flow by tracking outstanding invoice payments and available discounts, due dates, and cash requirements. Accounts payable automates invoice receipts from your suppliers and sub-contractors. It also ensures timely and accurate payment to those creditors. Vendor bills received electronically can be added to the recognition engine powered by artificial intelligence with machine learning. Paper bills can be scanned with optical character recognition (OCR) and added to the recognition engine for processing. Acumatica's automated accounts payable process identifies the vendor, terms, currency, line items, amount, and other details on the bill. These elements are mapped automatically into accounts payable from the electronic or scanned document. Users make corrections to the recognition process by mapping additional data from the scanned image, correcting line item details, and making further adjustments. The application learns from these corrections, improving future recognition processes.



PHASE 3 Payment

Step 2: AP Bill Creation and Reconciliation

The automation engine converts electronic or scanned documents into accounts payable bills. Users can create bills manually through the Bills and Adjustments screen. Acumatica works with leading electronic data interchange (EDI) platforms for transmission of purchase order and other EDI documents to vendors. Accounts payable supports bill creation in multiple currencies and conversion of bills from foreign currencies into home currencies. Bills are created quickly by referencing purchase order receipts, which add line items and other details to the bills and adjustments screen from previously entered purchase order transactions. The application also supports bill reversal, prepayments, landed costs, and tax calculations. Once created, bills can be routed electronically for review and approval using configurable approval workflows.

"Acumatica is our one-stop shop for everything from accounting to inventory to sales to purchasing and so on. For technology to work well without hacks or workarounds is rare, and Acumatica works really well."

CRAIG MATUSINKSI, ECOMMERCE DIRECTOR, KEVINS WORLDWIDE

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Step 3: AP Invoice Release and Payment Processing

Configure multi-step approval and workflow processes with notifications for bill approval. Released bills are added to the open general ledger batch. Pay bills with checks or with ACH. Bills can also be paid with corporate credit cards reconciled through the Advanced Expense Management application with automated bank feeds and artificial intelligence for expense matching with machine learning. Credits on account with the vendor may also be applied for payment of new bills. Payments can be made for specific bills or groups of bills paid to the same vendor from the Checks and Payments screen. Acumatica includes tools to validate vendor addresses to ensure that payment is sent to the correct location. Accountants can check cash balances before processing payments to ensure adequate funds are available.

"We use the Acumatica Customer Management Suite religiously to track opportunities and leads, and what's going on with a contact, and we love that Acumatica integrates well with the Microsoft Office suite because we are also strong users of Excel, Power BI, and Outlook."

PATRICK MADISON, CFO, KORPACK

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PHASE 4:

Process Improvement

Every financial transaction is posted to the General Ledger for financial analysis and reporting. Generic inquiries, dashboards, and business intelligence applications enable users to create key performance indicators with drill-downs to view source transactions. Identify overdue payments before they become a problem and analyze vendor performance. Reporting and analysis tools enable management to adjust workflows to streamline the procure-to-pay process. Extend the process with related applications to manage documents, asset procurement, professional service purchases, and more for a holistic view of your business.

Step 1: General Ledger

Every financial transaction is recorded in the General Ledger. Define the chart of accounts and subaccounts to analyze revenue and expenses. General Ledger segments make sense of costs for production, services, materials, subcontracted operations, and projects. Create data views to analyze costs across multiple dimensions. Acumatica supports various business entities with intercompany accounting transactions and consolidations. Data views provide drill-downs to view the original transactions with attachments and supporting documents.

Step 2: Reporting, Analysis, and Vendor Performance

Financial Reports

The native financial report designer does not require third-party software. Create different views of the data or dimensions using sub-accounts. Slice financial reports by product, vendor, product line, department, or subaccount dimensions. Consolidate and summarize data by period.

Dashboards

Create dashboards to monitor expenses, vendor performance, bills, and payments by user role. Visualize data with Business Events to send alerts and notifications when the user requires attention. Drill into dashboard tables and graphs to view source transactions in real-time.

Business Intelligence

Acumatica provides native pivot tables and seamless integration with Microsoft Power BI for advanced, multi-dimensional analysis. Extract actionable information, monitor key performance indicators, and pull data together for a single source of truth for your financials.

Operational Reports

Acumatica provides robust applications for customer management, manufacturing, field service, project accounting, and distribution activities in a single platform. Access hundreds of stock reports or use Acumatica's Analytical Reporting Manager (ARM) to create reports to monitor every aspect of your business.

Alerts and Notifications

Automate text or email notifications for large bills, discount deadlines, overdue payments, and other financial or operational insights. Manage your business by exception with real-time insights to drive growth and profitability.

Generic Inquiries

The Generic Inquiry writer is a reporting tool that accesses any data in Acumatica—including data stored in customized fields or external data synchronized into the database. Generic Inquiries require no coding knowledge. Select the data you need using wizards that walk you through the process.

Step 3: Related Processes

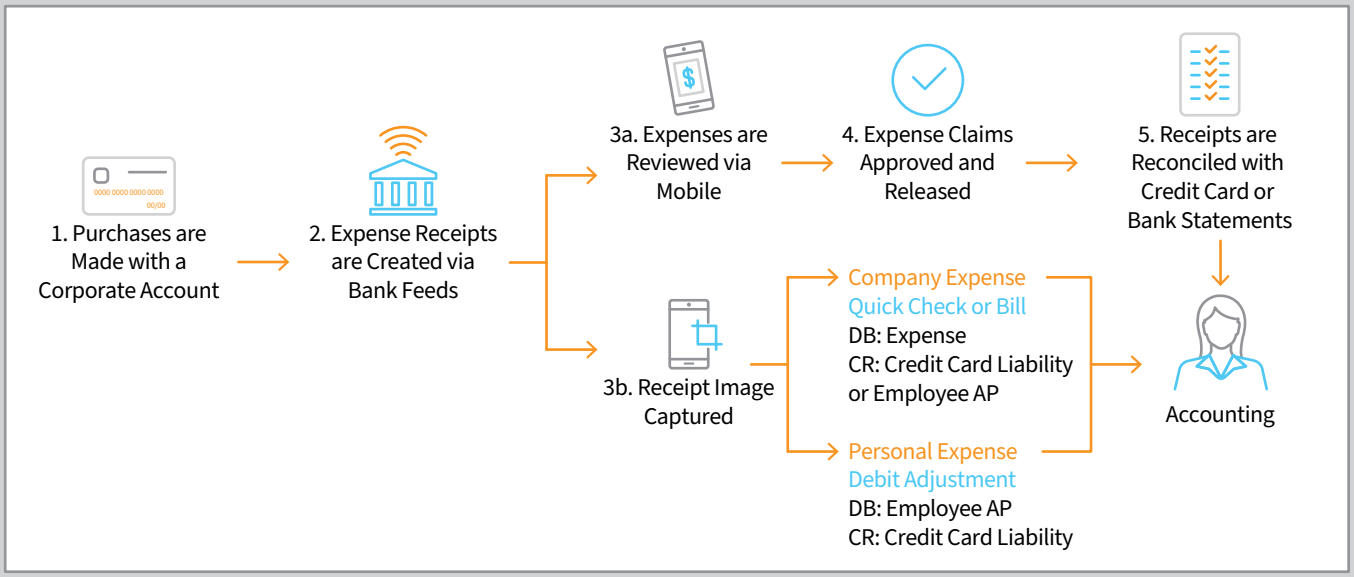
Companies purchase materials, inventory, subcontracted or outside process services, and supplies for manufacturing, projects, and field service appointments. Acquire goods through a formal purchasing process or enable employees to purchase and expense materials and supplies with costs allocated back to production, projects, or service orders. Acumatica's full suite of connected applications works holistically with the Purchase Order and Accounts Payable applications. Attribute purchased materials directly to projects or service appointments.

The Acumatica platform provides native document management to capture documents and files for purchase orders and accounts payable transactions. Use visual business events to trigger notifications and email alerts to users for transactional data. Convert fixed asset purchase orders to a new fixed asset record. Build new fixed assets by purchasing components assembled into finished assets. For example, create a new machine by purchasing and assembling the components to build the finished asset for depreciation.

AUTOMATED BANK FEEDS WITH ADVANCED EXPENSE MANAGEMENT

Acumatica Advanced Expense Management automates the process of reconciling corporate credit card purchases. Scheduled bank feeds pull transactions into Acumatica from over 11,000 financial and lending institutions. Artificial intelligence with machine learning automatically identifies and categorizes expenses. For example, configure the application to categorize office supplies automatically by looking at the financial institution's data feed for office supply categories or default the office supplies category for any purchase from office supply stores by name.

Expenses can be tied to projects and service orders for a complete view of costs related to professional and field service activities. The Advanced Expense Management application generates receipts from transactions and prompts employees to review, validate, and upload expense details and receipts via push notifications sent to their mobile application. Receipts are easily captured using the camera application on employee smart phones and tablets.



Automate and Streamline Manufacturing and Distribution Procure-to-Pay Processes with Acumatica Cloud ERP

Streamline the procure-to-pay process with a modern, flexible, and secure ERP application. Acumatica includes all the tools manufacturers and distributors need to connect, configure, and automate business processes in a single application framework.

Improve vendor relationships and supplier communication with embedded customer relationship management. Identify supplier contacts, log calls, and send emails to vendors directly from the application.

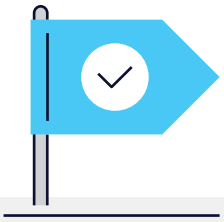
Manage requests and requisitions for new items with configurable approvals workflow with embedded Requisition Management.

Automate receiving and put-away with barcode scanners and native warehouse management designed for mobile devices.

Artificial intelligence with machine learning automates data capture from vendor invoices with smart matching for expenses from more than 11,000 financial and lending institution bank feeds.

Acumatica provides configurable dashboards, comprehensive business analytics with Microsoft Power BI, and native financial and operational reports and inquiries to understand what is happening across every part of your business in real-time.

Acumatica provides the best business and industry management solution for transforming your business to thrive in the new digital economy. Built on a future-proof platform with an open architecture for modern technologies, rapid integrations, scalability, and ease of use, Acumatica delivers an unparalleled experience for users and customers alike.



"With Acumatica, we can double the size of the business without doubling the space and the people because we have power in the information. We can work more logically, provide better service and save millions in labor by not having to double the staff size."

BEN LEINSTER, CEO
AFF|GROUP

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Acumatica Cloud ERP is a comprehensive business management solution that was born in the cloud and built for more connected, collaborative ways of working. Designed explicitly to enable small and mid-market companies to thrive in today's digital economy, Acumatica's flexible solution, customer-friendly business practices, and industry-specific functionality help growing businesses adapt to fast-moving markets and take control of their future.

Learn more about how Acumatica can work in your business by visiting us online at **www.accordantco.com** or calling us at **973-887-8900.**