



Is your business spend a black box?

One of the most important processes still left to digitize is procure-to-pay (P2P). It spans every business activity from initial supplier research and negotiations to invoicing and final payment for goods received—and yet it remains a mystery to many of the players involved.

Manual processes are the main driver for this lack of critical insights. They create lots of tactical issues while at the same time reducing visibility into status, cost, and performance. Fraud, overpayments, and operational waste are tougher to spot and address too.

It's a common problem. A recent survey of procurement professionals showed that:

A donut chart with a blue segment representing 60% of the total.
**60%
OF RESPONDENTS**
want to improve visibility
across business spending

An icon of a target with a lightning bolt striking the bullseye.
TOP CHALLENGE
respondents face
is manual data entry
and inefficient processes

Our takeaway? Whatever the maturity of your P2P operation, there's opportunity to reduce friction and create better experiences. That's where ClearSulting can help. Our focus is on eliminating unnecessary steps, optimizing the ones you need, and automating where possible across the P2P continuum.

Touchless, timely, and trusted P2P

Freeing up your people for value-added activities is but one goal when transforming your approach to P2P. Another is realizing the efficiency, accuracy, and control you need to drive procurement, finance, and technology excellence. Add in ClearSulting's business awareness and process expertise and you're well on your way to a digitized—and maybe even touchless—P2P operation.

Our Procure-to-Pay offerings include:

- Technology strategy and readiness
- Technology vendor selection and implementation
- P2P visioning and execution
- Overall process improvement
- Overpayments analysis and reduction
- Vendor optimization and enablement
- Enhanced data visualization and reporting
- Governance strategy
- Digital center of excellence

Are you losing money to overpayments?

In most cases, yes. Overpayments are common control weaknesses that can cause companies to overspend on the P&L. We typically see four root causes: duplicate liability, invalid liability, duplicate invoice, and invalid invoice. Our approach identifies prior issues for recovery and establishes controls to govern processes moving forward.

Why you might be overpaying

Duplicate liability

This happens when the same liability comes through on slightly different invoices. They could be distorted by:

- Inappropriate processing
- Typos
- Abbreviations
- Common invoice numbering schemes
- Cluttered vendor masters
- Non-obvious vendor relationships

Duplicate invoice

An invoice that's submitted multiple times with matching details for:

- Invoice date
- Invoice number
- Vendor name
- Invoice amount

Non-invoice payment requests submitted multiple times also fit here.

Invalid liability

An individual invoice is valid, but the total account no longer has an outstanding liability due to:

- Credits
- Prior remittance
- Discounts

invalid invoice

An invoice is invalid if it:

- Has insufficient approval
- Is missing a required PO or contract
- Is not an actual invoice
- Is directed to the wrong entity
- Is over tolerance for price and/or quantity

ROI you can't ignore


A focused exploration of overpayments can provide you with a quick win and hard savings, building confidence and support for additional P2P improvements. A bonus is that you'll also improve controls to reduce continued errored payments.


Our experience is that organizations typically overpay within a consistent range of 0.25% to 0.50% of their spend each year. If similar process and control risks exist at your business, you can approximate your one-year overpayments with this simple calculation:

$$\frac{0.25\% \times \text{Annual Spend}}{\text{Your Potential Overpayments}}$$

By taking a closer look at payment processes, we helped one organization realize these results:

 Recovered **\$4M** in overpayments from the last 3 years by identifying duplicate invoices and liabilities

 Applied more than **\$10M** in credits by tracking down invalid liabilities

 Reduced the supply base by more than **50%** which helped address duplicate liabilities and invoices

Why work with us?

We start by understanding the why behind your organization's P2P challenges. From there we find ways to streamline processes, realize savings, and implement technology solutions in alignment with your existing landscape. ClearSulting brings:

- Extensive experience across the source-to-pay pillars
- A business-led and technology-enabled approach to realizing touchless procurement
- A team that works side by side with you and is motivated by what we do and how we do it
- The right combination of resources, expertise, and methodology

Our P2P best practices at your fingertips



Business awareness

- Map out a journey to your future state procurement process
- Understand downstream payments, along with upstream sourcing, invoicing, master data, and more

Process excellence

- Get to the root cause of your P2P issues
- Live at the intersection of best practices and leading technology
- Operate simpler, faster, and smarter

Data and governance strategy

- Maximize controls, minimize bureaucracy, and eliminate waste
- Use data and analytics to quickly and efficiently make forward-looking decisions

Get started.

If you're ready to get a unified view of your P2P landscape—suppliers, internal operations, invoicing, and cash flow—we should talk.

KYLE ROGERS

Partner | Finance Effectiveness
kyle.rogers@clearsulting.com

GARY WARDER

Director | Source-to-Pay
gary.warder@clearsulting.com

www.clearsulting.com

This material has been prepared by ClearSulting for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice. ClearSulting shall not be responsible for any loss sustained by any person who relies on this publication. © 2022 ClearSulting LLC. All rights reserved.