

## Invoice Reconciliation Management - Benefits from Data Format Requirements and automation Software



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This post follows on from article on Digital Invoice Management Standardisation.

When undertaking sourcing activities particularly for large and/or complex procurements such as outsourced agreements, it is important to ensure that you include requirements with regards to the data format that the invoice and support data should be in.

In this digital age, there are increasing opportunities to automate business processes, delivering productivity improvements and reducing costs. Automation in the context of digital invoice management refers to the use of software to automate the effort intensive verification processes associated with checking the monthly invoice and producing relevant reports and chargeback (or at least showback) journals and reports. From my experience automation with the right software can reduce this resource effort by up to 60%, providing a rapid return on investment.

By digitising the contract metrics in invoice reconciliation management software and importing the invoice data each month from the vendors, exceptions are automatically generated and provided in an Issues register, complete with links back to the relevant transactions. This then allows the client to only pay for the portion of the invoice that has been correctly rendered or to pay in full and seek a credit in future invoicing cycles. Incorrectly rendered invoices is a common occurrence with outsourced agreements, with a prominent benchmarking firm recently quoting an error rate in the region of 1 to 3%. With the right software, these issues can be dealt at the source, the error doesn't go unnoticed and repeat itself each month leading to accumulated incorrect (and usually over) payments.

By holding invoice data in one place, instead of myriad of excel spreadsheets and PDFs, you have a single source of truth in a single repository. The benefits from this include accessibility, the ability to analyse and report on the data, informing forecasting and decision making. It also automatically provides the baseline data for future sourcing activities, often a resource intensive and tiresome process. By connecting this best of breed software to your ERP, you are able to quickly harvest the benefits that this software can provide, including

automated journals for chargeback, linking contract item codes to the Ledger to provide forecasting and budgeting that can be imported straight into the ERP.

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