Acumatica
The Cloud ERP

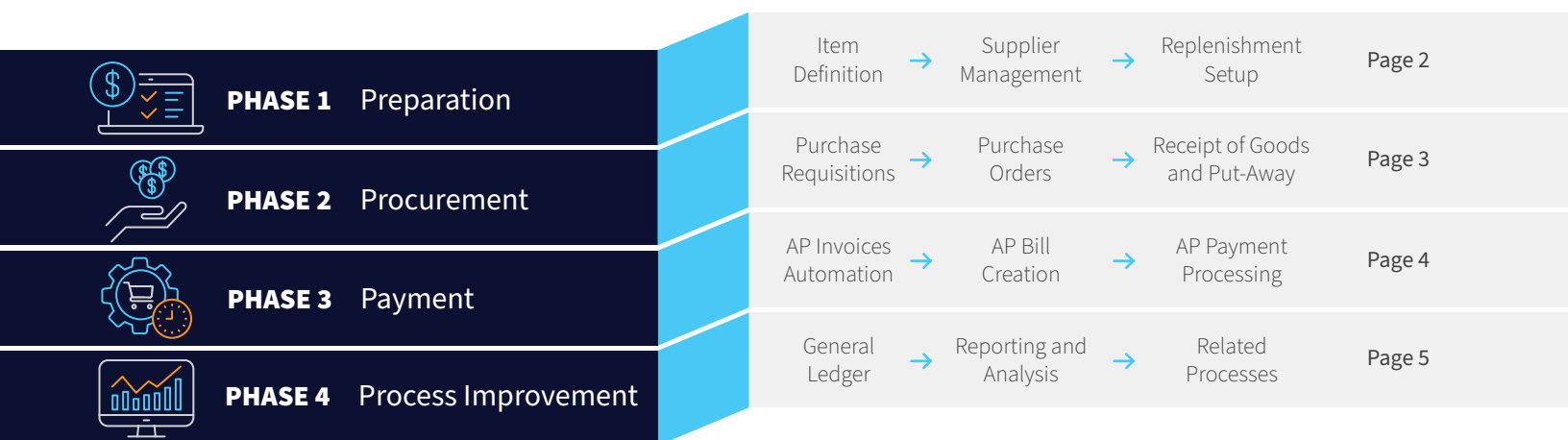# Automate Procure-to-Pay with Acumatica

A Solution Brief for Manufacturers and Distributors

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

Managing vendor relationships, supplier bids, contracts, vendor quality issues, returns, and accounts payable processes are challenging without the right business software. Even small manufacturers and distributors rely on hundreds of vendors for materials and outsourced 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 procurement process. Barcoding and warehouse management streamline receipt and put-away processes. Efficient processes reduce data entry errors and provide real-time visibility into data to cut costs, streamline supply chains, and improve profitability.

This Solution Brief 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. The procure-to-pay process encompasses four phases and twelve unique steps, from item definition and supplier management to financial reporting and business analysis.

PHASE 1 Preparation	Item Definition →	Supplier Management →	Replenishment Setup	Page 2
PHASE 2 Procurement	Purchase Requisitions →	Purchase Orders →	Receipt of Goods and Put-Away	Page 3
PHASE 3 Payment	AP Invoices Automation →	AP Bill Creation →	AP Payment Processing	Page 4
PHASE 4 Process Improvement	General Ledger →	Reporting and Analysis →	Related Processes	Page 5

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. There are nine ways to create items, including imports from vendor catalogs or product lifecycle management applications, requisition conversions, manufacturing estimates, product configurator, and matrix items. Manage non-inventoried items such as services, digital downloads, and supplies. Track items by lot or serial number with expiration dates.

→ Step 2: Supplier Management

On-board prospective vendors and manage supplier activities with the embedded Acumatica CRM application for a 360-degree view of relationships. Setup and maintain vendor details and inventory catalogs. Acumatica supports flexible supplier contracts with discount policies, tax details, and resources to streamline collaboration with suppliers. In addition, Acumatica supports Foreign Account Tax Compliance Act (FATCA) reporting, multi-currency conversions, landed cost management, freight on board (FOB) points, special order 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.

→ Step 3: Replenishment Setup

The procure-to-pay process is different for distributors using replenishment than manufacturers who use replenishment and material requirements planning (MRP). Next, 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 lot and serial traceability. 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 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, and resource capacity, crew sizes, and more.

"With Acumatica, you are going to save money, save time, and you are not going to need to hire more (accounting) people . . . Because Acumatica is web-based, information is there at your fingertips."

- MARTIN GALSTYAN, CONTROLLER AND ACTING CFO, TOUGHBUILT

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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. 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 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. 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 documents to streamline data entry and reduce errors. Native warehouse management is optimized for smartphones and other popular mobile devices.

"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 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 automation ensures timely and accurate payment to 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 enabling the application to learn and improve future recognition processes.

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 the transmission of documents with 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.

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 be applied for payment of new bills. Payments can be made for specific bills or groups of bills paid to the same vendor. Accountants can check cash balances before processing payments.

"Another thing that I really liked—and it was a must—the software had to have this—was a Purchase Requisition which Acumatica has."

- DAN WILKINS, PARTNER, BELL AND COMPANY

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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 the original transactions with attachments.

Step 2: Reporting, Analysis, and Vendor Performance

Create different views of the data or dimensions using sub-accounts. Slice financial reports and inquiries by product, vendor, product line, department, or subaccount dimensions. Create dashboards to monitor expenses, vendor performance, bills, and payments by user role. Visualize data with Business Events to send alerts and notifications. Drill into dashboard tables and graphs to view source transactions in real-time. Acumatica provides native pivot tables and seamless integration with Microsoft Power BI for advanced, multi-dimensional analysis. 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.

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. 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. Convert fixed asset purchase orders to a new fixed asset record. Build new fixed assets by purchasing components assembled into finished assets.

"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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Automate and Streamline Procure-to-Pay 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 automates and streamlines business processes with flexibility to adapt to the way you do business. Transform your business to thrive in the new digital economy with a future-proof platform built on an open architecture for modern technologies, rapid integrations, scalability, and ease of use. Acumatica delivers an unparalleled experience for users and customers alike.
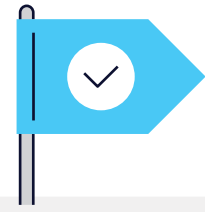
> "With Acumatica, we can double the size of the business without doubling the space and the people because we have power in the information. We can work more logically, provide better service and save millions in labor by not having to double the staff size."
>
> **BEN LEINSTER, CEO AFF|GROUP**

ABOUT ACUMATICA

Acumatica Cloud ERP provides the best business management solution for digitally resilient companies. Built for mobile and telework scenarios and easily integrated with the collaboration tools of your choice, Acumatica delivers flexibility, efficiency, and continuity of operations to growing small and midmarket organizations.

Business Resilience. Delivered.

Learn more about how Acumatica can work in your business by visiting us online at www.acumatica.com.

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