

Are You Leaving Money on the Table?

Five ways a technology-powered supplier statement review can supercharge your audit program



Why Companies Are Adopting Technology-Powered Statement Reviews

Top-performing procure-to-pay teams rely on supplier statement audits as a time-honored best practice. And they find it's well worth the effort. According to our apexanalytix audit experts, the typical statement review can uncover millions in credits that were never applied or refunded.

How do credits get missed? Common triggers include merchandise returns and markdowns, canceled orders, rebates, unapplied cash discounts, freight allowances, forgotten deposits and credit memos mistakenly paid as invoices.

The potential losses can be significant. One example: A company in the energy industry recently uncovered \$2 million in statement errors during a review of just eight of its suppliers.

Think about the thousands of suppliers your company buys from globally, and you'll have a feel for the potential value a supplier statement audit can deliver. That's why many companies are adopting new technology-powered statement reviews. They are proactively protecting their bottom line by capturing credits as close to the time of the original transaction as possible.

Why statement audits matter.

Credits Recovered for Companies During Annual Audit Cycle, by Industry Sector¹

\$6.5M

Retail

\$2.0M

Energy

\$1.5M

Packaging

\$1.2M

Telecommunications

How New Technologies Are Upending the Traditional Statement Audit

Old-school statement audits are heavily grounded in manual processes. Audit experts gather payment data, contact each supplier, manually reconcile payment details against supplier statements and then book the credits. And of course they likely stop at many points along the way to research missing or invalid contacts found in your vendor master file.

It all adds up to a time-consuming process that can take many months or even years to complete. And when you reach out to recover a significant credit long after the supplier's books are closed, you can imagine the frustration. Some may even refuse to cooperate at all.

¹ apexanalytix global case studies.

“Old School” Manual Audits Processes That Can Be Transformed by Technology



Transferring data for analysis



Contacting every supplier



Tracing missing or invalid contacts



Reconciling statements with transaction data



Booking credits

Fortunately predictive analytics, micro targeting and automation are upending this labor-intensive process and radically reducing the manual effort involved. As a result, you can significantly shorten the entire statement audit process and identify issues closer to the time of the actual transaction. That's good news for your bottom line—and for your suppliers.

Here are five of the many ways that technology-enabled reviews are transforming the statement audit process.

01

Focus first on the fastest and greatest returns.

If you have thousands of suppliers, it can be virtually impossible to review all of their statements at once. But that begs the question of where you should begin. Do you move through the list in alphabetical order? Rank suppliers by annual billings? Group them by market segment or category type?

With cognitive-based predictive analytics, the guessing game is over. You can quickly develop a statement review strategy that will deliver the fastest and greatest returns to your business.

Sophisticated algorithms let auditors develop “claim likelihood” scores and focus first on suppliers with the highest potential of having an open credit. For example, you can score each supplier in your vendor master file based on the type and quantity of previous audit claims and on whether and how quickly those claims were recovered. You can even score suppliers based on whether you have current contact information that can be validated against public and private databases by the technology tools auditors use.

Once you have the scores at your fingertips, auditors can help you stratify your suppliers and get off to an impactful start.

02

Automate supplier statement requests.

One of the most cumbersome and time-consuming aspects of any statement audit is reaching out to suppliers to request the account statements you need. With automated engagement tools, though, it all becomes effortless. Simply trigger an outbound email campaign or phone message. The software will populate all the addresses and phone numbers and take care of the entire process for you.

You also can easily configure your statement request workflow to fit the needs of your team. You can reach out to all suppliers on your audit list at once, or schedule the outbound campaign in periodic waves to stagger the workflow. The choice is yours.

03

Turn reconciliation into a paperless, touchless process.

Reconciliation is at the heart of any supplier statement review. Auditors need to examine the statements suppliers submit and compare them to your corporate disbursements to spot the discrepancies. It can be a tedious process at best.

With a technology-based audit, though, the process becomes paperless and touchless. Suppliers submit the statements you need online. Then the same analytics used to design your audit program make reconciliation a snap. They extract transaction data from your procure-to-pay systems, compare it to each supplier statement and flag any unapplied discounts for your follow-up.

Once analytics have done the heavy lifting, your internal or external audit team has all the details needed to improve your claim “stick rate.” They can make notes online, view or download images, and communicate with suppliers about potential credits due. Your audit software will automatically update your procure-to-pay systems to reflect recoveries as credits are applied or checks are issued.

04

Track up-to-the-minute results.

By using technology to guide your statement review, you can track results online in real-time. You can determine which of your suppliers have responded to your outreach and have submitted their statement records. You can see which statements have been reconciled and whether the supplier has been contacted about potential credits you are due. You can also track the big picture—including your recoveries to date, how many potential claims are in your pipeline and how you are doing against a variety of key performance indicators.

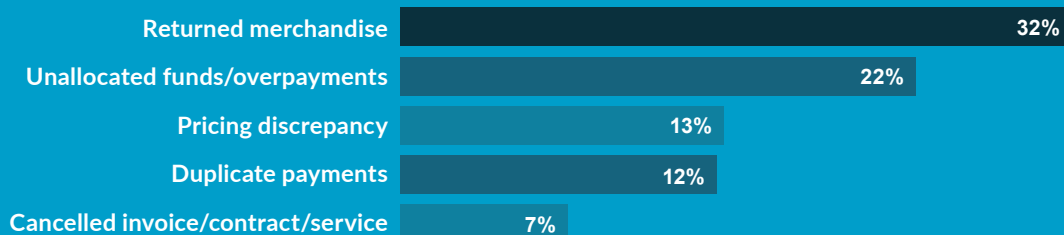
05

Reduce your future losses.

Cognitive analytics can do more than predict the best statement audit targets and automate reconciliation. They also can help you determine the root causes behind statement errors.

Drilling down to determine why mistakes happen can benefit both you and your suppliers. With facts in hand, you can partner to tighten controls and to make the types of continuous improvements that can keep future unclaimed credits from lingering on a supplier’s books or on yours. You can even use current audit data as a benchmark and track the impact of your improvement initiatives over time.

Top Five Reasons Credits Are Found on Statements



The Case for a Continuous Statement Audit Program

If you are ready to launch a statement credit review or to breathe new life into an existing statement program, it makes good business sense to partner with a provider equipped with the latest cognitive technologies. These powerful tools can significantly shorten the statement audit process and set you up for success.


They also allow you to benefit from continuous protection. Auditors can establish rolling reviews and make statement audits an ongoing part of your day-to-day operations. With technology taking over the vast majority of the effort, you have little to lose and much to gain. You can continuously review, continuously recover and continuously protect your company's profits.

To Find Out More

If you want to know more about apexrecovery technology-powered statement audit services and how they can benefit your organization, contact apexanalytix at +1 800-284-4522. You also may want to explore the powerful statement audit technologies offered with our industry-leading supplier portal software, apexportal.

An added bonus.

Self-Fund Strategic Projects

 With artificial intelligence software, auditors typically find and recover more claims. And that means greater returns to your bottom line. Many teams use what they recover to invest in strategic projects—from supplier portal solutions to fraud detection software.



About the Author

Eric Lamkin is the Senior Director of Global Central Services at apexanalytix and is responsible for oversight of all global Statement Audit and Recovery Services. Since 2009, he has been involved in development of enhancements to the Global Statement Audit Recovery process including innovations in technology and predictive analytics.

apexanalytix revolutionized recovery audit with advanced analytics and the introduction of firststrike overpayment prevention software. Today, apexanalytix leads the world in supplier management innovation with apexportal and smartvm, the most popular supplier onboarding and compliant master data management solution available. With over 250 clients in the Fortune 500 and Global 2000, apexanalytix is dedicated to providing companies and their suppliers the ultimate supplier management experience. To learn more visit www.apexanalytix.com, email apexinfo@apexanalytix.com or call +1 800-284-4522.

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