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Introduction

The timely delivery of documents is vital to any business, be it an invoice so you are paid on time or an urgent purchase order to buy crucial stock. How many times have you asked the question: "Am I really delivering this document in the most efficient and cost effective way?"

Post is a classic example. It's expensive, slow and sometimes very unreliable. When delivered, it's no better - post needs opening, distributing and filing, all of which cost money. We are amazed so many companies still persist in delivering business documents like statements and invoices by post. Let's get your attention with an example:

The True Cost of Post

If a company delivers, just 1000 invoices and 500 statements per month, that's a cost of:

$1500 \times 0.5 \times 12 = \text{£}9,000$ per annum

*This assumes a letter costs 50 pence "this covers the stamp, envelope, printing and paper cost but does not include the cost of lost post and the environmental impact.

Will My Customer Accept an Electronic Invoice?

Given the above example most companies recognise e-Billing is worth looking at but often dismiss the idea with the old nutshell, "Our customer simply won't accept an electronic invoice". It's so that your customers won't agree to this when we all routinely use the internet and it's very rare we receive a paper invoice. Have you actually spoken to your customers recently? In our experience, when companies ask the question they are surprised by the numbers agreeing to electronic invoicing; we would expect a typical uptake from 50 to 75%. Going back to our example calculation above, that equates to a cost saving of £5,400 per annum based on a 60% uptake rate. Just because you have a few die-hard customers, don't hold your business back based on their reaction. Convert the proactive ones now and move the traditionalists later.

Hint- a great way to drive e-Billing is to play the environmental card, nobody likes to be an "Eco Dinosaur".

Invoice Formats

What format do I send my invoice in? This all depends on if you are moving to a true e-commerce type scenario or simply looking to bill your customers more cost effectively. Output management software is an ideal "document translation hub" to take existing document output from your business system and seamlessly deliver to your customer in virtually any format "electronic invoices can be presented in many different formats (e.g. PDF, XML, CSV, EDI, TIFF, HTML, FAX etc) but most popular would be either Adobe PDF or XML format. PDF is an image representation of the invoice and is best suited to e-Billing, whereas XML is more suited to a true electronic interchange of invoice data and requires more setup. A good starting point is PDF, moving to XML if requested at a later date.

How does it Work?

Assuming you haven't got a 100% uptake rate, you need to add some logic to the current process to decide how a specific invoice needs delivering (i.e. post or electronic) – this logic which may come from the host application or failing that may come from a simple lookup table or database. For example, an MS SQL database can be created containing the account code and the relevant delivery method. Companies whose account code is not listed would automatically receive their invoices and statements via post. Companies whose account code does appear in the database would receive an electronic copy of their invoice. It's also good practice to put a file copy away into a document management system, again in PDF format, to allow resends or for company records. You may even want to email a PDF copy to your Credit Controller!

The Next Step

The technology side of e-Billing isn't complex, (as previously discussed) and can be implemented quickly whether your business system is SAP or Sage. However, the first thing to do is to talk to your customers in order to find out who is willing to accept an electronic invoice and collect their email addresses. There are two schools of thought here, these being:

1. Implement electronic billing by default, don't give your customers any choice. Only send paper invoices if they scream.
2. Ask if they would be happy to accept an electronic invoice.

We suggest starting with your largest customers (following the Pareto 80/20 rule), as they are the ones you send the largest proportion of your invoices to.

Once the email addresses have been collected they can be added to your business system, if it has the facility to hold email addresses, or they can be held in a separate look-up table or database (e.g. MS SQL).

You're now in a position to get started.

Guaranteed Delivery – Document Delivery Portals

Emailing PDF invoices is a good starting point, offering a significant cost saving from day one with little setup cost. However, emailing invoices has two drawbacks:

1. You can't guarantee an invoice has been delivered
2. You can't guarantee the customer has viewed the invoice

Document delivery portals can solve this problem – rather than send the invoice directly to the customer, the invoice is posted to an intermediate portal or web site. The customer is then sent an email prompting them to view the invoice from a web link (as this has no attachment it is less likely to be caught in an email spam filter). The customer clicks on the link, signs in securely, and can then see the new invoice alongside an archive of older ones. The sender meanwhile gets lots of useful information – information on who has viewed what invoice, when and even if they have downloaded a local copy. A credit controller can now optimise their effort by only chasing overdue invoices which haven't been viewed. It's also really easy to resend a link to a specific invoice if the customer has lost it.

If your business is still sending paper invoices we hope we've given you the impetus to investigate e-billing further!

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Document Genetics is an established UK based company providing a comprehensive range of document management solutions. We focus on improving document automation, workflow and collaboration within our client organizations, and our range of innovative solutions and specialist services help to save time and money by processing documents and data more efficiently.

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