

# On-demand and end-to-end

The latest on-demand or cloud solutions for end-to-end finance operations are providing a rapid business impact in terms of cost savings and cash to cash performance, according to Arnold Leap of invoice automation pioneer **Direct Insite**.



**T**he past few years have seen significant progress in the area of business to consumer (B2C) e-commerce. Electronic orders and invoices can be sent, received and processed seamlessly and up-to-date account information accessed from a growing number of devices. The business to business (B2B) community has, however, been much slower to catch on.

With decisions having to be made by committee and multiple approvals required, companies are often slow to agree upon and adopt new ideas. When it comes to accounts payable (AP) and accounts receivable (AR) systems, the situation is even more complicated. Many tools and processes need to be decided upon by both the buyer and supplier, providing a shaky platform for innovation.

According to Arnold Leap, executive vice-president sales and marketing and CTO at Direct Insite, things are finally beginning to change. This is largely out of necessity.

"There is a willingness now to look at the next set of tools and much of this has to do with the global economy," he explains. "The more stable companies have already taken the appropriate measures to conserve cash and get their operating margins in order. Now it is about using innovation to make the next set of cost savings and to manage cashflow in a way that encourages growth."

**“Adopted by Direct Insite more than a decade ago, an on-demand model can accelerate cashflow and streamline capital management and treasury decision-making.”**

## On-demand invoicing

An increasingly popular way of achieving these goals is through an on-demand, software-as-a-service model. Initially adopted by Direct Insite more than a decade ago, this end-to-end solution can accelerate cashflow, streamline capital management and treasury decision-making, as well as filling processing gaps. Significantly, the system is modular, meaning that upfront cost can be as much or as little as you choose.

"We provide a series of tools both on the receivables and the payables side," Leap says. "We can provide end-to-end

capabilities, or set up a client with a basic service within 30-45 days. This is a rapid implementation that provides immediate cost savings and benefits. What differentiates our service is that we are very invoice-centric. Both the receivables and payables are very important to us and we make around the same amount of revenue from each side."

Direct Insite offers an array of products to help streamline the accounts payable and accounts receivable processes. For example, a supplier can receive purchase order (PO) notifications, and automate invoice preparation and delivery. This allows them to flip a PO into an invoice, apply line item adjustments and consolidate invoices. A line item editing form lets suppliers change line items to a PO.

On the receivables side, the company's Invoices On-line (IOL) service automates bill preparation functions such as flipping a sales or purchase order into a preliminary bill, making adjustments and edits to invoice line items, consolidating invoices from multiple sources, and review and distribution capabilities. All of these activities are monitored via an enterprise workflow system.

"CFOs right now are looking for different, not necessarily creative, but measurable and predictable ways to improve their cashflow situations and the relationships they enjoy with their suppliers," Leap explains. "There are hundreds of entry points, from treasury to cash management and everything in-between. We make sure people understand that they can take one or two pieces out of 100 to get started. Nothing is everything to everybody. Clients all have unique pressure points."

The structure of this on-demand solution gives it added flexibility. Components can be gradually integrated with a customer's legacy system, making sure there is no disruption to core processes. Unusually, Direct Insite only charges the buyer to use its AP solutions, removing another impediment to adoption.

"The financial supply chain is tightly managed and the objective of being able to communicate with a third-party service provider brings with it a different level of control and complexity," Leap explains. "We have a very open interface called OAGIS, which being an XML allows us to map and integrate any client's system. We know we are going to be integrating with systems that may or may not have certain pieces of information, but our clients still expect those systems to work appropriately."



On-demand also allows for easier scalability, an advantage that has done much to shape Direct Insite's marketing strategy. In Leap's view, even when dealing with a Fortune 500 company, it is important not to forget the many smaller partners that make that organisation function.

"We know how to come down-market very rapidly," he says. "Because of our invoice-centric point of view, when we deal with a large shared services centre on the AP side, we are mindful of the fact that on the receivables side there are many suppliers servicing that company. On a global basis, IBM has several thousand small local suppliers providing very specific sets of services. So if we sign on a shared service centre with another 20,000 suppliers, we'll look at the top 10% as another 2,000 prospects for our services on the receivables side."

### Bank on new business

A lot of recent customer activity has come from the banking sector, with many looking to improve strained customer relations through a strengthened financial supply chain. Direct Insite is the only vendor in the market to have achieved Payment Card Industry (PCI) level one compliance, providing piece of mind for these customers as well as more flexible, comprehensive payment operations.

"We are PCI-certified level one, and so are capable of facilitating payments in a very strict, completely compliant way," explains Leap. "For our banking partners that was an important requirement. We are agnostic to our payment partners, so we aren't handcuffed to one bank. With PCI compliance we can also round off the financial supply chain by facilitating payment, which improves areas such as days sales outstanding (DSO). That gives us the advantage of being a one-stop shop. Customers can be very conservative in the steps they take to make these changes, knowing that if in a

few years time they really wanted to implement payment automation off the tail end of their payables operation, then they can."

In Leap's view, the pieces are beginning to fall into place for on-demand service providers. The system consists of so many potential parts that it has proved very difficult to even define, never mind sell. Leap believes, however, that companies such as Direct Insite are beginning to succeed in getting their message across, a belief reinforced by sales figures.

"Sometimes, I wish we were selling automobiles," he says. "It's well-defined, whereas invoice automation is very different. With so many options available, how do you get your idea across without diluting it to the point where nobody really understands it? We are now at a point where the stars are aligning and the market is beginning to embrace these tools a lot quicker than they were even two years ago."

Given Direct Insite's extensive experience in the invoice automation space, the company is sure to reap the benefits of this trend.

"We have pedigree – we were early adopters and understand the system better than most," says Leap. "To a large extent we are as good as our clients. When we partner with the top-tier companies such as Royal Dutch Shell and HP, we become stronger and better educated in those markets as we learn more about where those companies are going. In a consultative role, we provide expertise where our competition falls short."

### Further information

Direct Insite  
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