

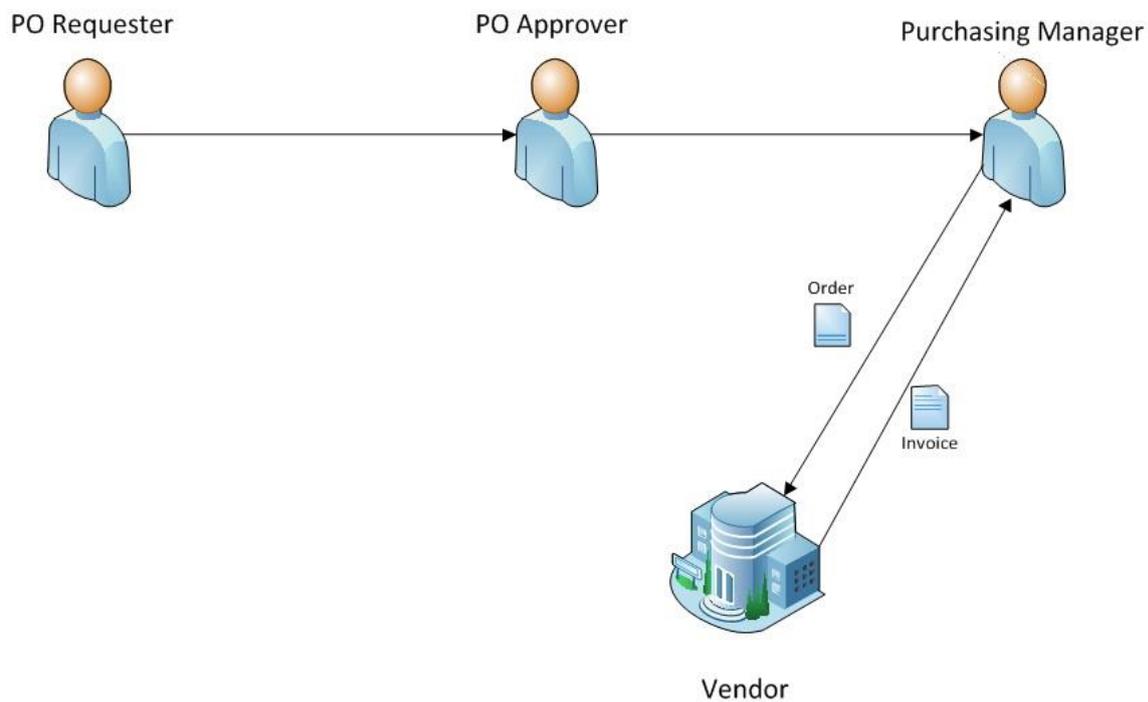
## Automating Business Processes

Business Processes are the core of an organisation. Yet many companies are bogged down by manual drop-offs that siphon energy from workflow processes. How often has approval of an electronic document at your firm, hinged on first having it printed, signed and faxed - versus an electronic endorsement.

Extra steps like these add up to more than just pocket change ... annually they can easily mount into the low millions. But why let it? You can heighten the efficiency of your current system now by fully automating.

**Why automate now?** Consider a basic claim where there can be as little as 100,000 requests a year. Then take the costs of operating and sending faxes, telephone calls, payroll for re-keying material, document filing, electricity, paper, office space...etc. Conservatively around \$20 per request is saved.

For 100,000 requests per year at \$20 easily equals **2 million dollars** in annual savings - achieved through the removal of these manual steps. Below is a common scenario of purchasing from a vendor, similar to what most organisations tend to encounter.



### The PO Requester

- Fills in a form, prints it for signature, and hands it to the PO Approver

The PO Approver may eventually sign and approve it. It is then manually handed to the purchasing manager

## Purchasing Manager

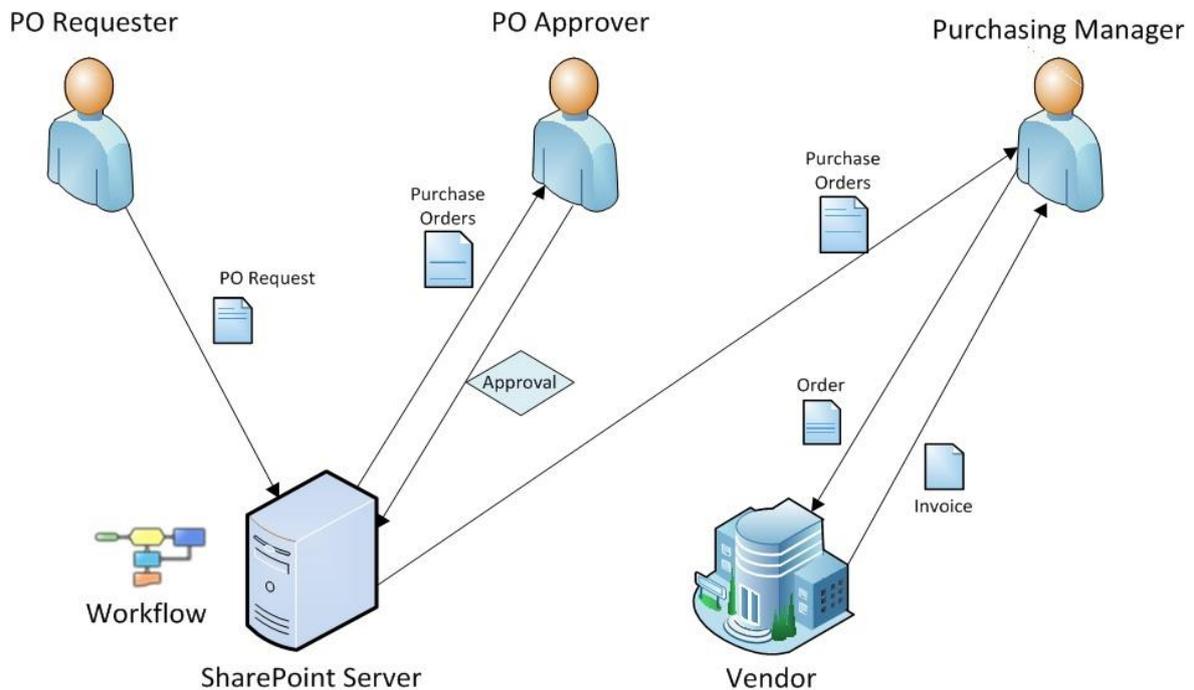
- Would manually generate an order, and then phone, fax or email an order to the Vendor.

## The Vendor

- Provide an invoice which would kick off a different process inside the organisation, again another manual process.

It's difficult not to notice how utterly time consuming this process can be. Requiring several people in the loop and relying on information being re-keyed that can lead to errors. Resulting in costs that need not be expended.

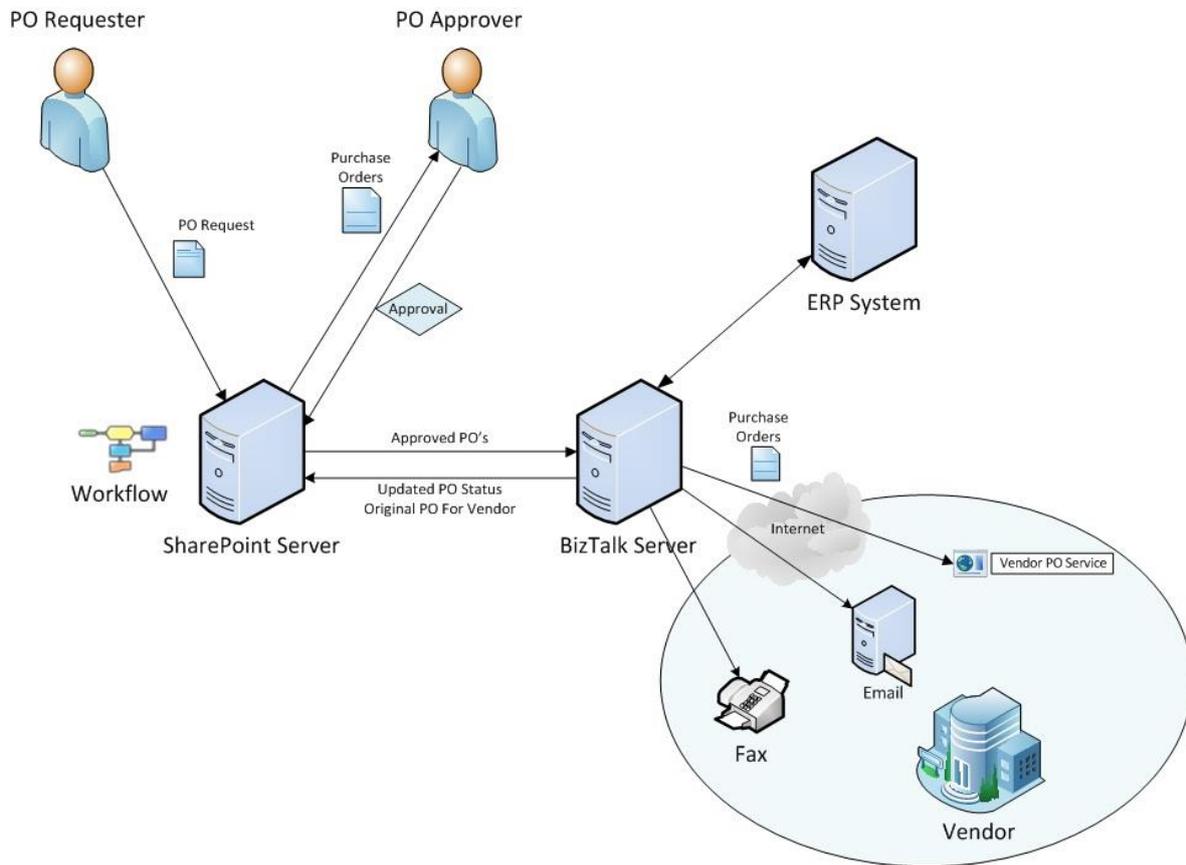
Even if just a few steps are automated from start to finish companies can save a great deal. This scenario outlines what adding workflow to the process can resemble.



The purchase order approval process is automated and simplified. Now full life-cycle tracking of orders with PO approval status is possible. In fact, there can be multiple approvers and multiple people who can submit a PO.

The process for the purchasing manager has also slightly changed, instead of dealing with paper, a list of approved PO's, are available electronically. Information is only entered once with the rest of the process refined through automation. Resulting in a final invoice available for the customer - same as before.

It is important to remember however, that a workflow does not end once it is approved. The diagram below demonstrates more of the real power and benefits of this solution and how it can be linked to real business scenarios:



### **Tweak the Technology - Pt I**

The opportunities to use additional tools with an existing system continues to expand. As demonstrated, integration of a new tool stops manual drop-offs by shepherding data that otherwise become manual documents, to their final destination. Countless opportunities to harness workflow synergy by taking full advantage of this technology are abound limited only by your level of business process automation (BPA).

Since most business processes need to end somewhere ... where is that point?

Conventionally it is when the manager clicks approve, the requested document is uploaded then manually printed and acted on. The document or the approval is then recorded in the system ... a process that was once thought to be enough.

It is possible to read from your system that can be configured to wait for approved documents. It can also communicate with your internal systems, update details, and orchestrate a back end process; that can, seamlessly follow your current process. Completing the entire task, even FAXING the order to the end company. Thus removing all of the time stealing manual steps that bog down the workflow.

Now let's ponder the process once the PO's are approved:

#### Tool

- Takes the PO's directly from SharePoint, the ERP system is sent the order, the new tool generates the PO for the vendor.

#### ERP

- In an automated process, from interfacing to the ERP system, would receive the details of the order, generate enough information for the vendor to process the order.

#### Vendor

Communication with the vendor can occur in several ways depending on the vendor.

- The most efficient communication method is a vendor webservice that the Supplier would expose via the internet to allow secure automated submission of PO's which would flow to the internal systems of the vendor.
- If the vendor prefers they can also receive the order via PDF Format or email.
- If the vendor is unable to or does not have email, a fax can be sent to the vendor's fax machine. In reality, any industry standard protocol is supported as a means of communication with a vendor, eg: FTP, HTTP

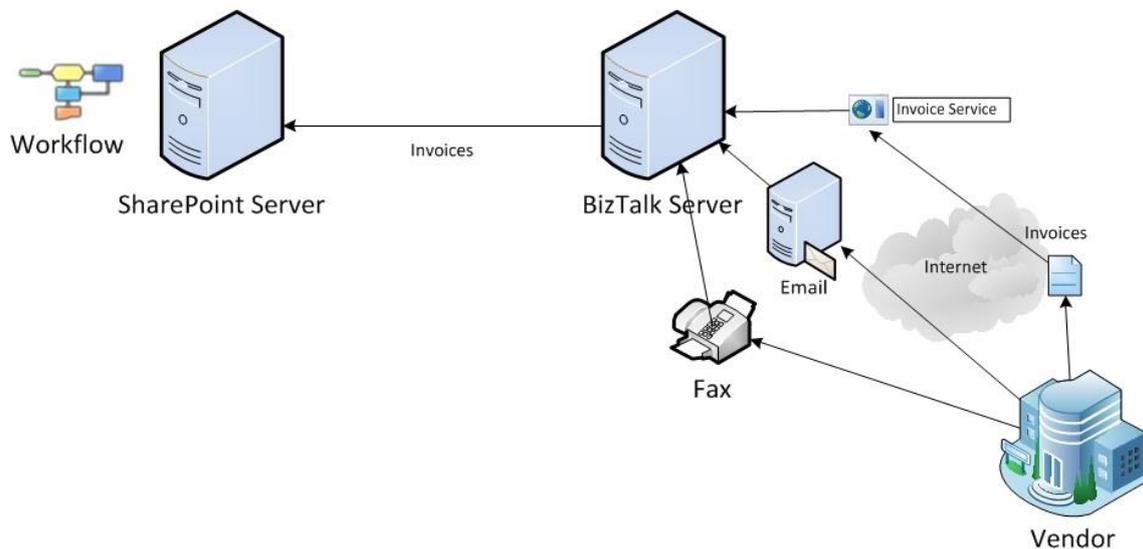
#### System

- The status of the PO is updatable as vendor interaction occurs. Thus the business can see what stage the PO is at and the original vendor PO can be archived in the system. All steps completed without manual intervention.

The key is that no human interaction is required. For this task the purchasing managers time can now be better utilised elsewhere as a result of the process being made more efficient through automation. The benefits of the improved efficiency are now apparent via heightened bottom-line revenue.

## Vendor Invoicing - Pt II

The vendor would eventually send an invoice for the goods; this can be received in several ways as well:



### Vendor

The vendor can send the invoice, electronically and securely, to an invoice service that has been identified on the internet. Invoices can also be sent via email or fax.

### Tool

The service would communicate with BizTalk directly. The email can be interpreted, and read from the local mail server, or Optical Character Recognition (OCR) can be used on a fax.

### System

Invoices can be stored centrally in your system where a workflow can be started to process these invoices. Leading to a process where the vendor's invoice is matched with a PO, interfaced to the ERP; as well as, the accounting system. Payments can even be made on the invoice once they are approved.

**Calculating second process savings when automated:** Take an organisation that has 100 purchase orders a month (that's  $100 \times 12 = 1200$  per year), with a conservative estimate saving of \$100 per PO. This results in an annual \$120,000 savings for this process alone.

For a larger organisation that sends say 1000 purchase orders a month, we are looking at  $12 \times 1000 = 12000$  per year - increasing the annual estimated saving to \$ 1 200 000.

The initial cost of implementing such a system is often recouped by the annual savings generated via each process that is automated. This means the entire system cost is recovered for the cost of the first process with money to spare. Additional savings continue to mount with each business process you automate by building the rest of your processes on the same system.

Considering all that automation can do for your company by tweaking existing systems, only one question remains: Why aren't you implementing the technology to drive corporate-wide savings?

Paul Somers

Email: [paul@somers.com](mailto:paul@somers.com)

Blog: <http://paulsomers.blogspot.com>

Paul is a Microsoft MVP. He specialises in driving Business Process and Integration.

Numerous organisations have benefited from his constructing or enhancing their business automation processes - resulting in greater efficiency and cost savings.