

**PAYMENT PROCESSING  
THE ULTIMATE SOLUTION**

***THE EFFECTIVE SOLUTION...***

# **PAYMENT PROCESSING THE ULTIMATE SOLUTION**

## **INDEX**

- Paper Makes Payment Processing Inefficient
- When Payment Processing Becomes a Nightmare
- Solving Payment Processing Problems
- The Solution: Payment Processing Automation
- Where to Start
- Payment Processing Workflow
- Payment Processing Workflow Report
- Benefits of an Automated Payment Processing
- How GA Technologies Can Help You Automate Payment Processing

## ➤ Paper Makes Payment Processing Inefficient

As information technologies evolve and become more and more sophisticated every day, companies are increasingly realizing that paper use is making their business processes inefficient and costly.

**Document Management Systems** can help companies tackle these challenges. They allow for a more efficient and productive information management by freeing up the data contained in a standalone sheet of paper and transforming it into relevant electronic information readily available to many users simultaneously.

Document Management Systems allow for an effective flow of information within the company, allowing organizations to automate critical processes and control the execution of important tasks with the use of workflow tools. Their use can represent the difference between chaos and efficiency in the management of business information.

One of the most inefficient business processes in many organizations is Payment Processing. Statistics show that about 80% of Billing & Payment processes are paper based. An inefficient payment processing can generate problems such as lost bills, payment errors, duplication and delays. Ultimately, the company's reputation and creditworthiness with important business partners can become affected.

GA Technologies can help your company avoid these problems by automating your Payment Processing.

## ➤ When Payment Processing Becomes a Nightmare

Paper-based documents play a leading role in causing Payment Processing problems. Paper documents can get lost or damaged. In the case of a lost paper bill, it will most probably lead to a delayed or unprocessed payment.

The payment process *per se* can also be the cause for inefficiencies and low productivity. Payment processing is a critical business process in most organizations, and just one unintentional human error can lead to “disaster”: incorrect payment amounts, unauthorized payments, delayed payments, unused prompt-payment discounts, lost bills, among others. These are symptoms of Payment Processing inefficiency.

In the lack of the proper systems application to manage Payment Processing efficiently, your organization will not only encounter inefficiencies, but can end up having to deal with upset vendors, penalties and late-payment interests.

Having the proper Document Management solution will ensure transparency in the payment process.

## ➤ Solving Payment Processing Problems

Payment processing usually involves multiple tasks and several people from different departments in the organization. A paper-based process will prevent information to flow smoothly between the involved parties.

However, implementing an information system to automate Payment Processing will not come without challenges to overcome:

**Resistance to Change:** This is the first great challenge to overcome. Many paradigms need to be shifted within the organization to be able to smoothly switch to a paperless and automated process.

**Bureaucracy:** Bureaucracy is usually created when processes are very manual and critical information is not centralized but “fragmented” between different departments in the organization. This situation makes process monitoring very difficult. Additionally, bureaucracy generates even more paperwork (unnecessary copies and prints, duplicate files, etc.) and a waste of organizational resources, including money. Bureaucracy needs to be eliminated in order to increase efficiency and productivity in Payment Processing.

**Policies and Procedures:** In order to ensure an efficient Payment Processing, organizations must have Policies and Procedures in place. These must be clear and should specify tasks to be executed, person(s) in charge, decisions to be made, expected response time and deliverables.

**Results Monitoring:** Finally, Payment Processing should be closely monitored and evaluated in order to verify adherence to Policies and Procedures. It will also ensure timely tasks completion.

## ➤ The Solution: Payment Processing Automation

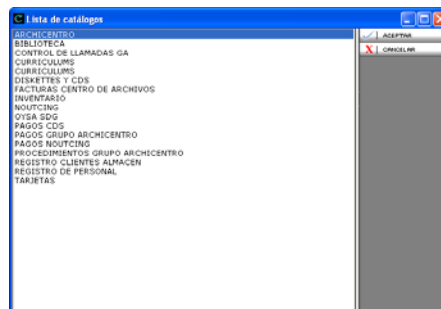
Document Management systems allow organizations to automate critical processes, and make information flow smoothly allowing it to be shared by all the organization.

These tools enable an automated processing of the information that comes in and out of the organization, replacing old and inefficient ways of sharing data. In addition, they provide control and monitoring capabilities for the Management to be able to make important decisions throughout the process.

Document Management systems control the flow of information throughout the whole Payment Processing cycle: Creation, Sharing, Follow-up, Restore and Version Control. They possess internal controls that ensure that the information is reliable, standardized, confidential and available to all involved parties in real time. They are able to handle different formats: flat text, electronic files, voice, video or websites.

By using features like “Catalogs” and “Workflows”, organizations can control and centralize certain operations.

A “Catalog” is a collection of documents with common characteristics that is comprised by a group of data entry fields.



A “Workflow” enables task automation and sequencing of processes. Its use is particularly useful in processes with multiple parties and shared resources involved.



Workflows allow automation and control of the Payment Processing tasks. They can enable your organization to monitor and analyze every step of the process from the receipt of a vendor invoice to check issuing and delivering.

## ➤ Where To Start

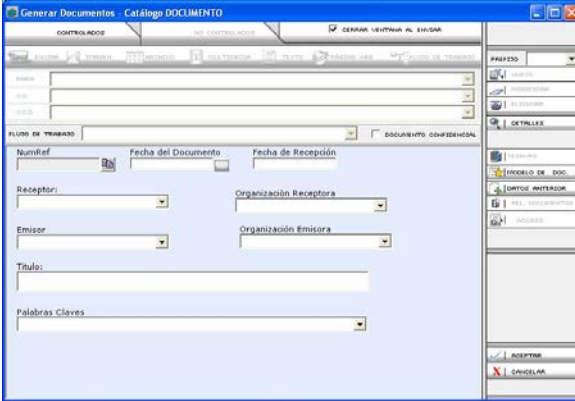
The creation of an effective Payment Processing process needs to follow these steps:

**Problem Definition:** The current or “as-is” Payment Processing process of the organization needs to be analyzed to determine what are the causes of the problems it is generating. It is also necessary to define the goals of the proposed optimization. This information will be used later to establish functional requirements, Catalogs, Workflow and Policies and Procedures.

**Information Gathering:** Detailed information on the “as-is” process needs to be collected and analyzed in order to establish what parties within the organization are involved in the process, as well as to define the Workstations and tasks to be performed by each Workstation.

**Catalog Design:** A Catalog of required fields will be designed, and the way the data should be entered into each document will be established. As an example, the following fields can be established in a Payments Catalog:

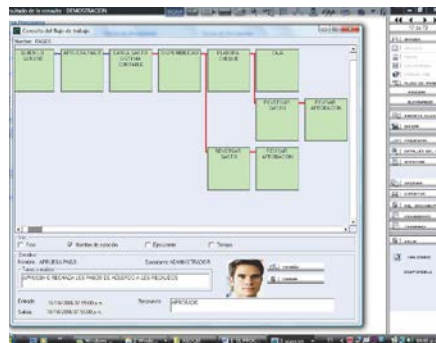
- ✓ Date
- ✓ Invoice Number
- ✓ Amount
- ✓ Beneficiary
- ✓ Accounting Code
- ✓ Check Number
- ✓ Check Date
- ✓ Bank Name



The screenshot shows a software window titled 'Generar Documentos - Catálogo DOCUMENTO'. It features a menu bar with options like 'CONTROLADOR', 'CONTRATACION', 'GENERAL', 'ENTRADA AL SISTEMA', 'MANTENIMIENTO', 'SISTEMA', 'SOLUCIONES', 'SOLUCIONES', 'SOLUCIONES', 'SOLUCIONES', 'SOLUCIONES', 'SOLUCIONES', 'SOLUCIONES'. Below the menu is a toolbar with icons for 'Nuevo', 'Actualizar', 'Eliminar', 'Imprimir', 'Volver', 'Salir'. The main area contains a form with the following fields: 'Numero de Documento', 'Fecha del Documento', 'Fecha de Recepción', 'Receptor', 'Organización Receptora', 'Emisor', 'Organización Emisora', 'Titulo', and 'Palabras Claves'. On the right side, there is a sidebar with a 'PASADO' dropdown, a 'DETALLES' section, and buttons for 'Aceptar' and 'Cancelar'.

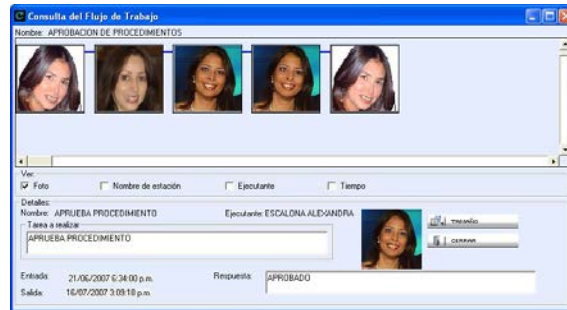
Many catalogs can be created for the same process, and links or relationships can be established between them or between its fields. For example, Invoices, Vendors, Purchase Order and Payments Catalogs can be linked through one or many relationships like Vendor Name, Vendor Code, etc.

**Workflow Design:** A workflow containing all workstations from which the invoice will be flowing, as well as the tasks that will be performed in each workstation will be designed at this stage. Also, choices or decisions to be made on each workstation and the duration of each task will be determined. For each workstation, alternative actions will be assigned. For example: if activity “y” is not completed, then perform activity “z”. The quantity of alternative actions is equal to the quantity of choices or decisions to make.



**Workstation:** In this stage, tasks to be performed in each workstation will be designed:

- ✓ Task to be performed at the workstation
- ✓ Execution time of these tasks
- ✓ Catalog Fields for the workstation
- ✓ Decision making



**Workflow Report:** The workflow report allows the organization to control and monitor the Payment Processing process. It provides detailed information to validate task completion, establish response times for each workstation, identify “bottlenecks” within the process and, verify if payments are being processed within the established timeframe. Reports can be exported to another application for statistical and managerial purposes. Besides, this tool enables the organization to control the process in real time.

**Functional Outline:** This is the theoretical part that explains how the workflow works. In this stage, users are presented with detailed information on the workflow so they can deeply understand how it works, how the catalogs fields are to be filled out, and what is the ultimate objective of the workflow.



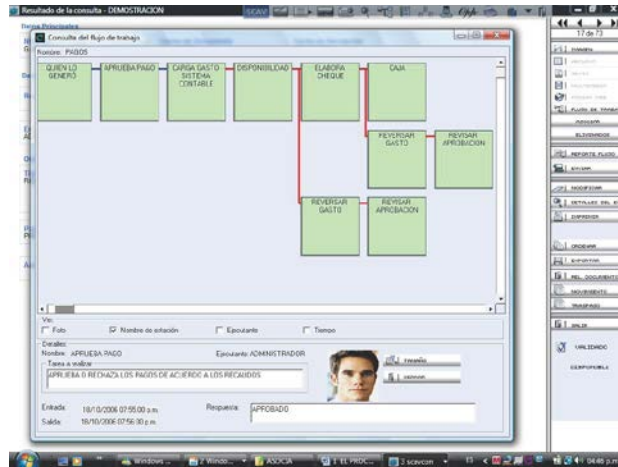
## ➤ Payment Processing Workflow

The Workflow is a very useful tool because it adapts to each organization's specific needs and requirements. The Workflow contains all required "workstations". Workstations contain one or many "tasks" and one or many "decisions" to be made. Also a Workflow can be linked to multiple "catalogs".

A simple workflow for a Payment Processing process can contain the following workstations:

- ✓ Payment request
- ✓ Payment approval
- ✓ Accounting data entry
- ✓ Funds availability check (expense reverse / approval check)
- ✓ Check issuing (expense reverse / approval check)
- ✓ Cashier

The following image shows different workstations and its corresponding decisions. The **blue** line indicates the workstations that have completed the tasks assigned; the **red** line indicates the workstations that remain to be traveled through.



The following tasks are involved in this Workflow example.

<u>WORKSTATION</u>	<u>TASK</u>	<u>DECISION</u>
<b>Purchasing (Payment Request)</b>	Receives Invoice from vendor. Verifies vendor data and supporting docs. Indicates cost or budgetary unit. Enters data in Catalog. Scans invoice and supporting documents.	
	<b>Initiates Workflow</b>	

<u>WORKSTATION</u>	<u>TASK</u>	<u>DECISION</u>
<b>Approving Manager (Payment Approval)</b>	Approves or rejects payment request.  <b>Workflow:</b> Sends to Accounts Payable.	<b>Invoice is OK</b> (Workflow continues)
<b>Accounts Payable (Accounting data entry)</b>	Verifies supporting documents. Calculates Tax withholding, if any. Reviews Accounting Code. Enters payment into accounting system. Enters "Voucher Number" field.  <b>Workflow:</b> Sends to Treasury	<b>Invoice is OK</b> (Workflow continues)
<b>Treasury (Availability)</b>	Verifies funds availability. Assigns payment date.  <b>Workflow:</b> Sends to Administration Dept.	<b>Invoice is OK</b> (Workflow continues)  <b>Expense Reverse / Approval Review</b> (if payment is not valid, Workflow ends)
<b>Administration (Check issuing)</b>	Issues Check.  <b>Workflow:</b> Sends to Cashier.	<b>Invoice is OK</b> (Workflow continues)  <b>Expense Reverse / Approval Review</b> (if payment is not valid, Workflow ends)
<b>Cash Department (Cashier)</b>	Calls Vendor. Delivers check. Scans check and supporting documents.  <b>Workflow ends</b>	

## ➤ Payment Processing Workflow Report

The Workflow Report shows the results of the executed tasks for each workstation, as well as the payment information. Workflow Report indicates the results for the following variables:

- ✓ Reference Number (assigned by the system)
- ✓ Workstation Name
- ✓ Task Executor
- ✓ Task
- ✓ Response
- ✓ Date / Time of Entry
- ✓ Date / Time of Exit
- ✓ Status
- ✓ Date
- ✓ Check Amount
- ✓ Voucher Number
- ✓ Due Date
- ✓ Check Date

For the below Workflow shown as an example, the Report shows the results of the following workstations:

- ✓ Purchasing
- ✓ Approving Manager
- ✓ Accounts Payable
- ✓ Treasury
- ✓ Administration
- ✓ Cash

*The Workflow Report:*

<u>REFERENCE</u>	<u>WORKSTATION</u>	<u>EXECUTOR NAME</u>	<u>TASK</u>
PN-09-09500	Purchasing	Amy Adams	<ol style="list-style-type: none"><li>1) Receives Invoice from vendor</li><li>2) Verifies vendor data and supporting documentation</li><li>3) Indicates cost or budgetary unit</li><li>4) Enters data in Catalog</li><li>5) Scans invoice and supporting documents</li></ol>
PN-09-09500	Communications	Max Smith	<ol style="list-style-type: none"><li>1) Approves or rejects request</li></ol>
PN-09-09500	Accounts Payable	Colin Marsh	<ol style="list-style-type: none"><li>1) Verifies supporting documents</li><li>2) Calculates Tax withholding, if any</li><li>3) Reviews Accounting Code</li><li>4) Enters payment into accounting system</li><li>5) Enters "Voucher Number" field</li></ol>
PN-09-09500	Treasury	Lizzie Bronte	<ol style="list-style-type: none"><li>1) Reviews funds availability</li><li>2) Determines payment date and bank</li></ol>
PN-09-09500	Administration	Dan Mitchell	<ol style="list-style-type: none"><li>1) Issues Check</li></ol>
PN-09-09500	Cashier	Louise Alcott	<ol style="list-style-type: none"><li>1) Notifies vendor</li><li>2) Delivers check</li><li>3) Scan check and supporting documents</li></ol>

<u>RESPONSE</u>	<u>ENTRY TIME</u>	<u>EXIT TIME</u>	<u>STATUS</u>	<u>SITUATION</u>
Verified Communications Charger New Vendor Enter Vendor data in Vendor Catalog	9/2/2009 9:39	9/2/2009 11:50	Workflow Message Replied	On Time
Approved. Request Supplies Delivery on 09/30/09	9/2/2009 11:50	9/2/2009 15:10	Workflow Message Replied	On Time
Processed and Coded	9/2/2009 15:10	9/3/2009 9:10	Workflow Message Replied	Delayed
ABC Bank Charged Check Date 09/28/09	9/3/2009 9:10	9/3/2009 14:30	Workflow Message Replied	Delayed
ABC Bank Check No 4234754	9/3/2009 14:30	9/27/2009 16:20	Workflow Message Replied	On Time
Check was delivered and scanned Supplies received and sent to Communications Dept.	9/27/2009 16:20	9/30/2009 10:40	Workflow Message Replied	On Time

<u>INVOICE DATE</u>	<u>CHECK AMOUNT</u>	<u>CHECK VOUCHER NO.</u>	<u>DUE DATE</u>	<u>CHECK DATE</u>
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8/31/2009

8/31/2009

8/31/2009      1,249.32      200901-84      9/30/2009

8/31/2009      1,249.32      200901-84      9/30/2009

8/31/2009      1,249.32      200901-84      9/30/2009      9/28/2009

8/31/2009      1,249.32      200901-84      9/30/2009      9/28/2009

## ➤ Benefits of an Automated Payment Processing

An automated Payment Processing brings many benefits to the organization:

### **General Benefits**

- ✓ Increased security and control
- ✓ Increased efficiency and productivity
- ✓ Immediate response to payment status requests from vendor
- ✓ Increased cash flow planning capability
- ✓ Enables document sharing and collaboration
- ✓ Eliminates the problems related to lost paper documents
- ✓ Significantly reduces paper use and related costs
- ✓ Increased process transparency

### **Invoices**

- ✓ Invoices are scanned, cataloged and entered into the workflow
- ✓ Relevant information is captured and data entry errors are minimized with the use of the “Thesaurus”
- ✓ Dates are automatically generated (invoice date, due date, payment date, etc.)

### **Approvals**

- ✓ Approvals are received faster
- ✓ Prompt-payment discounts and other financial benefits can be better used

### **Payment**

- ✓ Timely payment of invoices
- ✓ Strict compliance with the terms and conditions of the organization’s credit lines
- ✓ Increased cash flow planning
- ✓ Reduced risk of fees and interests related to delayed payments

### **Reports**

- ✓ Capability to visualize each step of the Payment Processing process
- ✓ Capability to generate reports by activity, invoice, vendor, discounts, etc.
- ✓ Capability to control and monitoring of the Payment Processing process
- ✓ Identification of process “bottlenecks”
- ✓ Optimization of the organization’s resources
- ✓ Ensure compliance with internal Policies and Procedures

## ➤ How GA Technologies Can Help You Automate Payment Processing

GA Technologies is a leader in Document Management solutions with more than 30 years experience. We integrate knowledge, technology, tools and consulting to help you implement Payment Processing automated solutions effectively.

We have developed our proprietary Document Management System, **SCAV®**. This powerful tool is a user-friendly software that can be completely adapted to the needs and requirements of your organization. It will allow you to manage and control your business information, regardless of the format.

Some of the many advantages of **SCAV®** are:

- ✓ Ability to handle an unlimited number of documents in different formats
- ✓ User-centric graphic interface that allows non-technical users to design Workflows and Databases directly
- ✓ Keyword-enabled search engine capable of performing multiple searches simultaneously
- ✓ Multiple keywords allowed for document indexing
- ✓ Advanced image handling capabilities including highlighting, electronic notes and electronic stamps
- ✓ Data-entry validation capabilities through an internal “Thesaurus”
- ✓ Graphic command bar to handle common functions

**SCAV® will interconnect your organization...**  
**will change the way you communicate...**  
**and will improve the way you work !**





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