

Procure-to-Pay Process Framework

A Key Enabler of Supply Chain Performance

February 2015

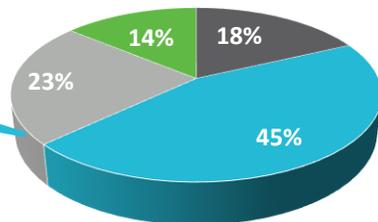
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The Procure-to-Pay Process – How Do You Stack Up?

- The Procure-to-Pay (P2P) process starts with a customer’s identification of a need and ends with a supplier who provides goods or services being paid
- Upstream P2P (sourcing and purchasing) and downstream P2P (accounts payable) are one continuous process
 - However, in most large companies, this process has evolved to where the upstream and downstream segments are managed by different organizations
 - Over time, this has led to disconnects at key integration points, which drive re-work, inefficiency, frustration, and higher costs
- Fixing P2P issues requires re-integrating the upstream with the downstream segments in a single, seamless process
- Many global organizations have experienced significant challenges when establishing an integrated P2P model – different business drivers and a lack of internal customer adoption
- Despite the challenges, aligning the process is a priority for many companies

How aligned are your accounts payable and procurement functions?

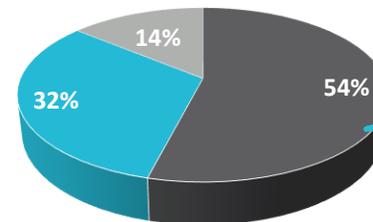
37% respondents are absolutely aligned or aligned on most things



- Not aligned, but we have the intention to change this
- Partially aligned
- Aligned on most things
- Absolutely aligned

Do you have a P2P owner/leader in your business?

54% respondents do!



- Yes
- No, but we are considering this
- No, and we are not considering this right now

Sources: "Thinking End-to-End: Time for Cinderella to Go to the Ball?" Rob Davis, sharingserviceslink.com

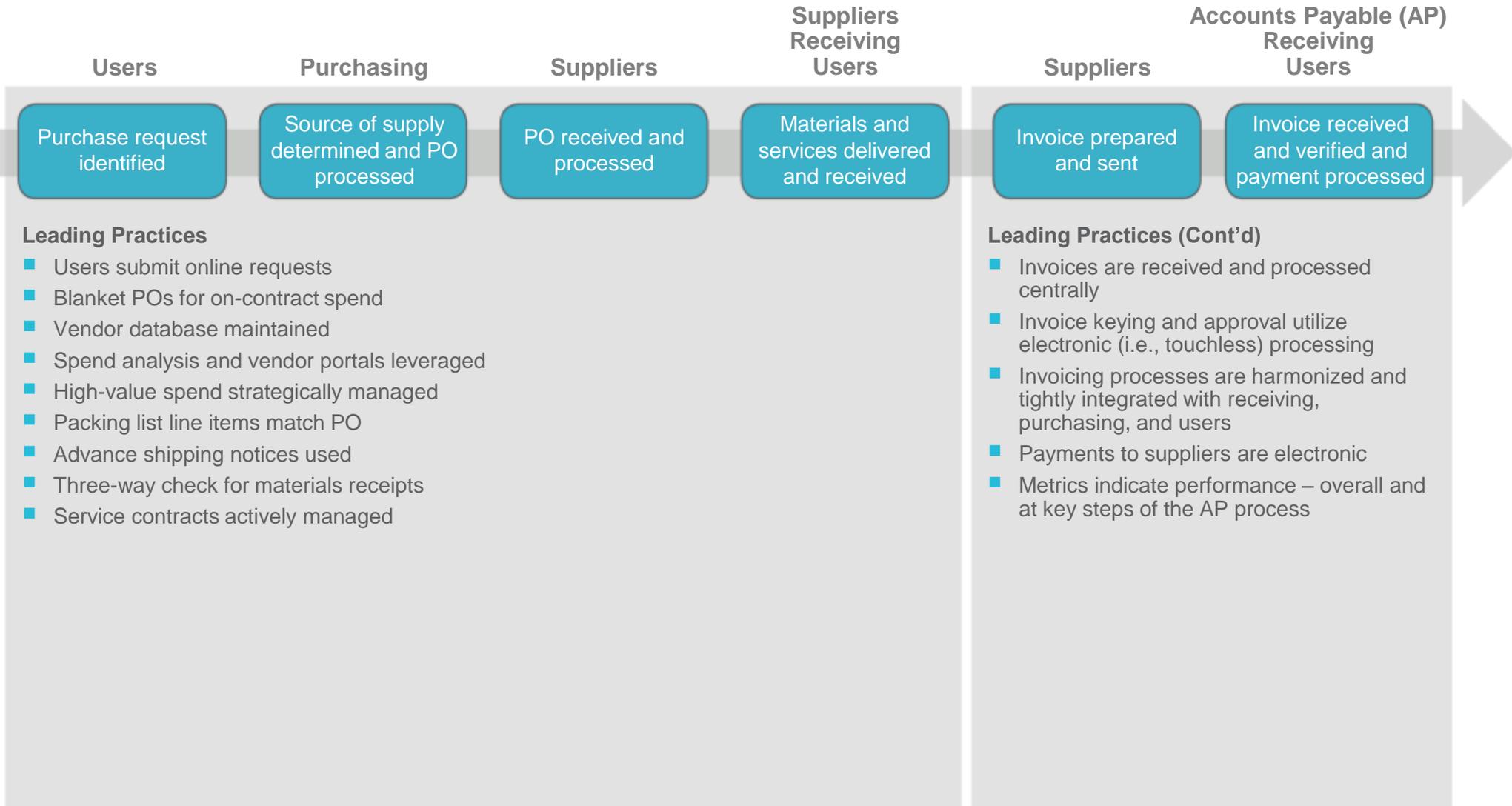
Typical Challenges of the P2P Process

There are myriad challenges across the P2P process which decrease efficiency, impact stakeholder satisfaction, and drive up costs.



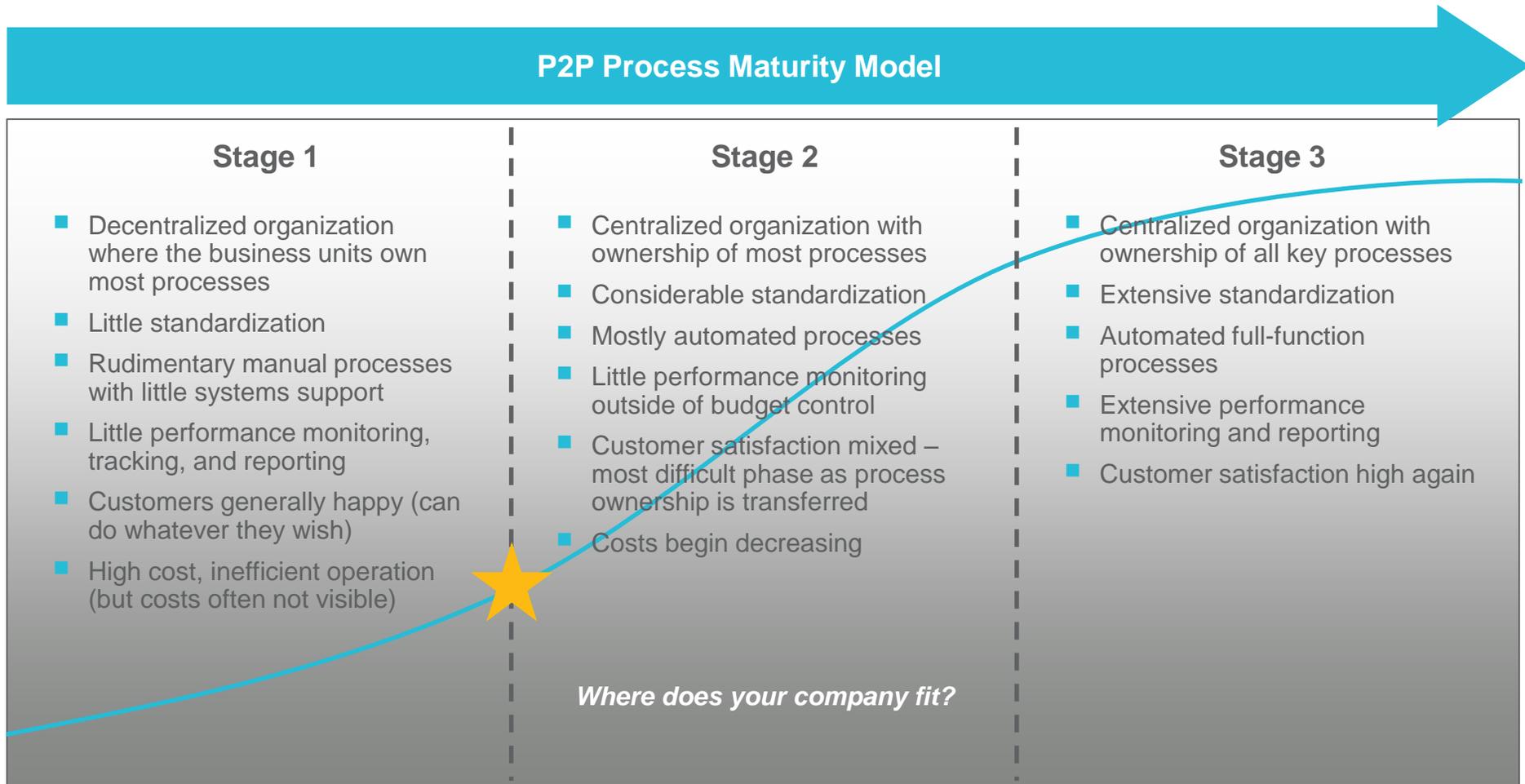
P2P Process Leading Practices

In ScottMadden's experience, companies can address the typical challenges by adopting these leading practices.



P2P Process Maturity Model

ScottMadden has a maturity model to differentiate the phases that companies pass through on their journey to a fully integrated P2P process. The model is divided into three stages, each representing a greater degree of performance effectiveness and efficiency.



How ScottMadden Can Help

ScottMadden provides a number of services to help organizations improve their P2P processes

- P2P strategy and governance
- Leading practice assessment
- Feasibility analysis and business case development
- Organization design
- Process redesign
- Performance metric definition
- Technology design, selection, and implementation

Building P2P process maturity provides significant benefits

- Reduced staffing levels
- Improved liquidity
- Managed payment terms and discounts
- Cash recovery from aged credit notes, incorrect payments, debit balances, etc.
- Savings through improved use of approved vendors
- Greatly improved supplier service levels and relationships
- Better tracking of vendor timeliness, quality, and delivery accuracy
- Reduction of user/management time spent on transaction administration and approval
- Improved internal control and audit traceability

Contact Us

For more information on improving P2P performance, please contact us.

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