

KDD056 - Invoice Management with S/4HANA

Status	Approved
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Issue

Syensqo currently use Readsoft's solutions for Invoice processing. This covers two areas of functionality:

1. Readsoft Process Director for Invoice Management: Processes and approves supplier invoices.
2. Readsoft OCR: For scanning paper and PDF invoices into the system.

Situation: With the move to S/4 HANA Private Cloud, this setup needs review to see which tools work best for the future setup.

Recommendation

The recommended is to:

- Use OpenText VIM for Invoice processing in S/4HANA, as it provides superior native Fiori apps to give users a more consistent look and feel aligned to the overall UI of the S/4HANA system, and
- Use OpenText OCR for invoice parsing to ensure better compatibility with the OpenText VIM add-on to S/4HANA.

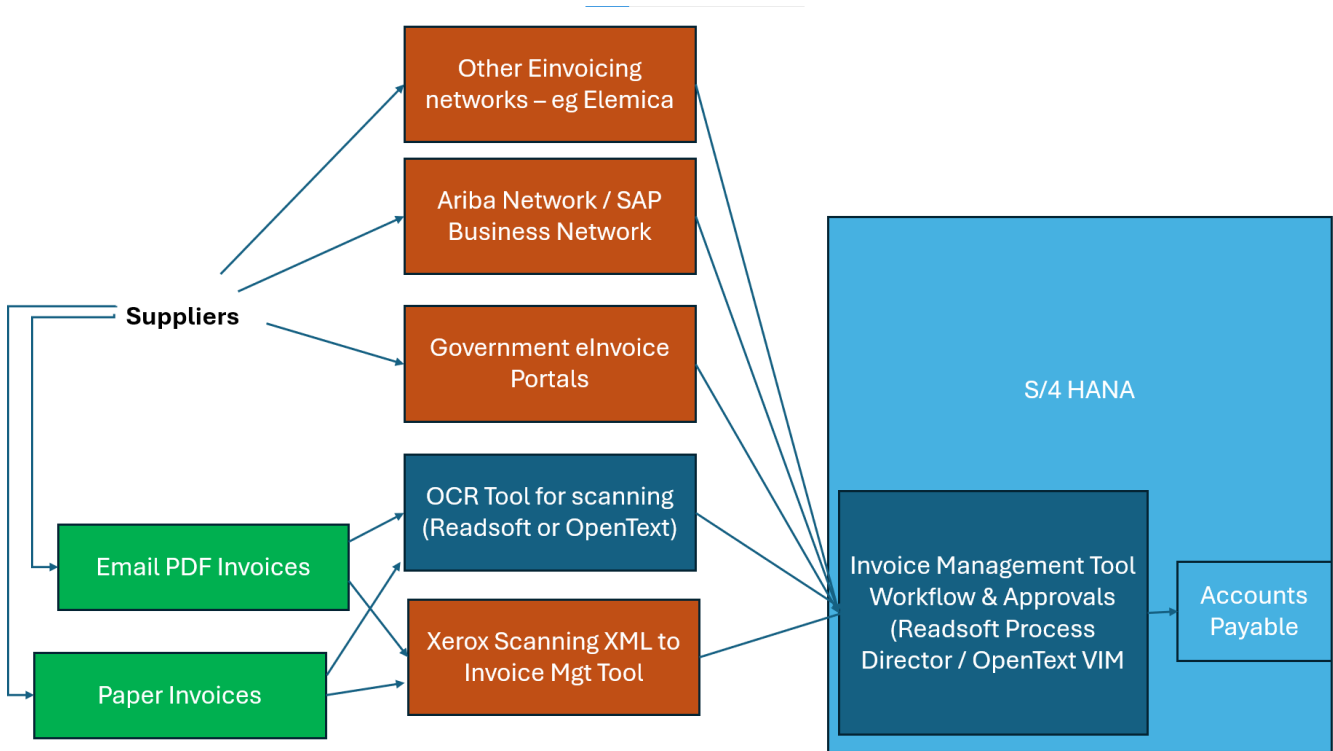
Additionally it appears that OpenText's solution will be more cost-competitive compared to the existing ReadSoft product being used today.

Background & Context

Invoice Management Tool and Invoice approvals

All Supplier Invoices have to be processed by the Invoice Management tool - it validates the invoice data and runs any approvals queries etc for Supplier Invoices before posting them in the SAP Accounts Payable module for payment.

Invoices flow from suppliers into the Invoice Management tool from a number of sources



All of these processes will need to continue to flow into the Invoice Management Tool regardless of whether Readsoft or OpenText is used.

Supplier invoices coming into Syensqo will need a process to approve invoice in the following scenarios

- Invoice Validation - PO, Vendor Numbers match up
- PO Based Invoices where there is a price discrepancy
- PO Based invoices where there is a quantity discrepancy or no GR has been entered
- Non PO Based Invoices that need to be coded to a cost object and approved by the cost object owner
- Invoices where there is a query (eg Tax calculation)

Users will need a tool in S/4 HANA (essentially a Fiori App) to send invoices for processing and approval and for approving/rejecting the Invoices.

OCR Tool

OCR (Optical Character Recognition) is used to scan PDF and paper invoices into the Invoice Management Tool. Whilst an increasing number of invoices will be received via interfaces and so not need OCR scanning, there will always be a residual requirement to bring paper and PDF invoices into the after some kind of OCR processing.

Readsoft and OpenText supply both OCR tools & Invoice Management tools and these can be deployed independently, e.g. using the combination of Readsoft for OCR and OpenText for Invoice Management. This leads to a more complex system and increased licence costs. So it's recommended that the same vendor be used for both

The more important decision is the invoice processing - as all invoices that come in will need to go through the processing, but only invoices that are not in a digital machine-processable format (e.g. paper or PDF) will go through the OCR system.

Options

1 - No Invoice Approval Tool

- Continue with current OCR setup
- Likely impractical due to high invoice volume.
- Does not meet the process improvement objectives of ERP Rebuild.

2 - Non-SAP 3rd Party Tool

- Not advisable due to likely significant effort to integrate with S/4 HANA Cloud and Fiori UI.

3 - SAP-Recommended Tools:

There are two common choices; these will be evaluated in this document.

3a) Readsoft:

- Handles both scanning and invoice processing
- Currently installed globally - Syensqo has system experience and is currently integrated to many invoice flows

3b) OpenText

- Handles both scanning and invoice processing
- Not currently used by Syensqo
- SAP's preferred option (marketed by SAP as "SAP Invoice Management"), with long-standing strategic alignment between SAP and OpenText

Key Points

- Readsoft and OpenText offer very similar functionality
- Both can handle OCR scanning and invoice approval
- Syensqo already uses Readsoft; key users and IT support teams know how to use the tools.
- OpenText is marginally better integrated to S/4HANA Private Cloud Edition (uses Fiori Apps, cloud native architecture)

Assumptions

- OpenText and Readsoft are close competitors and both are credible solutions for Syensqo as an invoice management tool. Currently OpenText is better integrated into the S/4 HANA Cloud architecture and uses Fiori Apps. Readsoft has stated that they are developing the same tools, so we can assume that as a strong competitor Readsoft will match OpenText in this area before go-live.
- The volume of invoices that will require some kind of approval will be too high for a purely manual process, so not having any invoicing tool is not practical
- Using a tool not recommended or certified by SAP as being able to be integrated into S/4HANA is not advisable.

Different vendors for Scanning and Invoice Management

Whilst its technically possible to use a scanning tool from one supplier and an invoicing processing tool from another it does cause issues.

The use of two different systems run by different vendors means there are:

- Potential gaps with dataflows, error handling & workflows
- Custom integration/Middleware
- Compatibility issues
- More complex implementation
- More complex Upgrades & Patching
- Potentially higher licensing costs

Constraints

The Invoice Management tool should be able to:

- handle invoices coming into the system from a number of sources - eg eMail PDF scans, Government Portals, SAP Business Network, EDI Inputs
- identify the correct approvers and transmit Invoices to them with minimal manual input

Local governments can mandate the use of an Invoice Portal for all invoices to be passed through - so the system will need to be compatible with this.

The system should be able to receive inbound invoices from multiple sources - eg Portals, SAP Business Networks, EDI etc

The system should be certified as compatible with S/4 HANA Cloud Private edition.

Impacts

If the invoices are not processed, approved and paid in a timely fashion then the suppliers of Syensqo may begin to refuse to supply Syensqo and so cause disruption to the business.

This means that the Invoice Management tool must not have errors or lost data due to unreliable inbound interfaces from all the inbound processes and networks.

Business Rules

- All PO related Invoices that have differences outside of tolerance levels will require approval.
- Invoice payments on time are tracked and monitored for compliance with local prompt payments standards so timely payment is a requirement.
- Local governments may require all invoices to be processed through an Invoice Portal, necessitating system compatibility with this mandate.

Options considered

The following options were considered. Both of these are part of "Option 3" in the Background and Context section above. The choices of not using any processing tool, or using a tool not certified by SAP for integration, were discounted from consideration.

Option A: Use Readsoft OCR and Process Director for Invoice Management

Continue the use of ReadSoft OCR and ReadSoft Process Director, but integrate these with S/4HANA. Most probably this would require a re-implementation of ReadSoft Process Director due to the different configuration and processes inside the S/4HANA system as compared to Syensqo's existing ECC-based implementation.

Option B: Use OpenText OCR and VIM for Invoice Management

Implement OpenText VIM for the invoice processing functionality inside S/4HANA, and supplement this by implementation of the OpenText OCR component to parse incoming PDF invoices. This would cause the ReadSoft solution to be discontinued in parallel with the ECC system where it is implemented today.

Evaluation

	Use SAP Readsoft Process Director & OCR	Use SAP OpenText VIM & OpenText OCR
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Invoice Document Coverage	+ Supports MM Invoices + Supports FI Invoices + Supports Down-payments	+ Supports MM Invoices + Supports FI Invoices + Supports Down-payments
Non-Invoice Documents	+ Supports some documents other than Invoices (e.g. Purchase Orders, Goods Receipts, etc.), though currently no design requirement exists for this.	
Syensqo Knowledge	+ Syensqo are already using ReadSoft Process Director so are familiar with the tool and what it is capable of.	- OpenText is currently not used by Syensqo so there will be a learning curve for key users and IT support staff + Green-field implementation approach for S/4HANA would anyways require a re-implementation of the approval processes and configuration, so starting from a blank slate with OpenText is not a disadvantage.
Integration	+ Already Integrated with Xerox and Elemica EDI - Integration with Italy government portal would need to change as a result of E-Invoicing approach.	- Not currently Integrated with Xerox, Elemica + Opportunity to build a consistent integration approach with EDI sources (e.g. Elemica, Ariba Network), and government portals in line with E-Invoicing approach.
Adaptation to Cloud	- Generally, Process Director is compatible with S/4 HANA. Kofax (which acquired Readsoft) is currently working on ensuring compatibility with S/4 HANA cloud environments and some features or customizations might need to be adjusted or re-implemented for the cloud environment. Although there is no committed timeline by the vendor, it is reasonable to assume that this process will be completed before ERP Rebuild goes live. - ReadSoft's product is not currently certified for S/4 HANA Cloud Private Edition (although this will presumably be in place before ERP Rebuild goes live in the future)	+ OpenText's product is recommended by SAP for invoice management, and re-sold by SAP on its price list as <i>SAP Invoice Management by OpenText</i>. + OpenText is certified for S/4 HANA Cloud Private Edition
Standard Fiori Apps	- Web-based UI does not share Fiori design elements, and will be more difficult to integrate into the overall end-user interaction design .	+ Accessed via Fiori apps which integrate well into the overall UI. (See also KDD036 - User Access to Enterprise Systems)
Licence Costs	- ReadSoft is the incumbent vendor at Syensqo and have traditionally been seen as expensive. An informal pricing analysis has shown the ReadSoft solution to be 10-20% more expensive than a comparable OpenText solution.	+ OpenText's products are re-sold by SAP on SAP's price list. This provides an opportunity for commercial advantages by way of being part of a larger SAP licensing deal that also includes S/4HANA licenses and other SAP software packages required by ERP Rebuild. + An informal pricing analysis has shown OpenText to be 10-20% cheaper than ReadSoft's solutions for equivalent functionality and volume.

See also

File	Modified
PDF File Workspace Mail - Fwd_ KDD056 - Invoice Management.pdf	Sept 25, 2024 by FALL-ext, Cheikh

Change log

Version	Published	Changed By	Comment
CURRENT (v. 32)	Sept 16, 2024 11:08	WENNINGER-ext, Sascha	
v. 31	Sept 12, 2024 14:39	WENNINGER-ext, Sascha	
v. 30	Sept 12, 2024 13:00	WENNINGER-ext, Sascha	
v. 29	Sept 12, 2024 10:26	MCCARTNEY-ext, Stephen	
v. 28	Sept 12, 2024 10:24	RUSNAK-ext, Peter	
v. 27	Sept 12, 2024 10:22	RUSNAK-ext, Peter	
v. 26	Sept 10, 2024 17:19	MCCARTNEY-ext, Stephen	
v. 25	Sept 10, 2024 17:18	MCCARTNEY-ext, Stephen	
v. 24	Sept 09, 2024 14:15	MCCARTNEY-ext, Stephen	
v. 23	Sept 03, 2024 16:40	MCCARTNEY-ext, Stephen	

[Go to Page History](#)

Workflow history

Title	Last Updated By	Updated	Status
There are no pages at the moment.			

Workflow history

This view shows the 5 most recent entries. The complete workflow log is available from the 'Document Activity' menu item.

Sept 26, 2024	Actor	Type	Activity	Version
Approved	 FALL-ext, Cheikh	State	changed state to Approved at 1:10 pm	v32
Pending SteerCo Review	 FALL-ext, Cheikh	State	gave <i>Final Approval</i> approval at 1:10 pm	v32
		State	changed expiry date to '10 Oct, 2024 01:10 pm' at 1:10 pm	
		State	changed state to Pending SteerCo Review at 1:10 pm	
Pending Stakeholder Review	 FALL-ext, Cheikh	State	gave <i>Stakeholder Review</i> approval at 1:10 pm	
Sept 16, 2024				
Edited following DA Endorsement	WENNINGER-ext, Sascha	Edit	updated the page at 11:08 am	v32
		State	changed expiry date to '23 Sept, 2024 09:09 am' at 9:09 am	
		State	changed state to Pending Stakeholder Review at 9:09 am	
	WENNINGER-ext, Sascha	State	gave <i>Minor change</i> approval at 9:09 am	

State changed state to Edited following DA Endorsement at 9 v32
:08 am
