

3 Way Match Automation

Automate the matching of purchase orders, invoices, and goods receipts



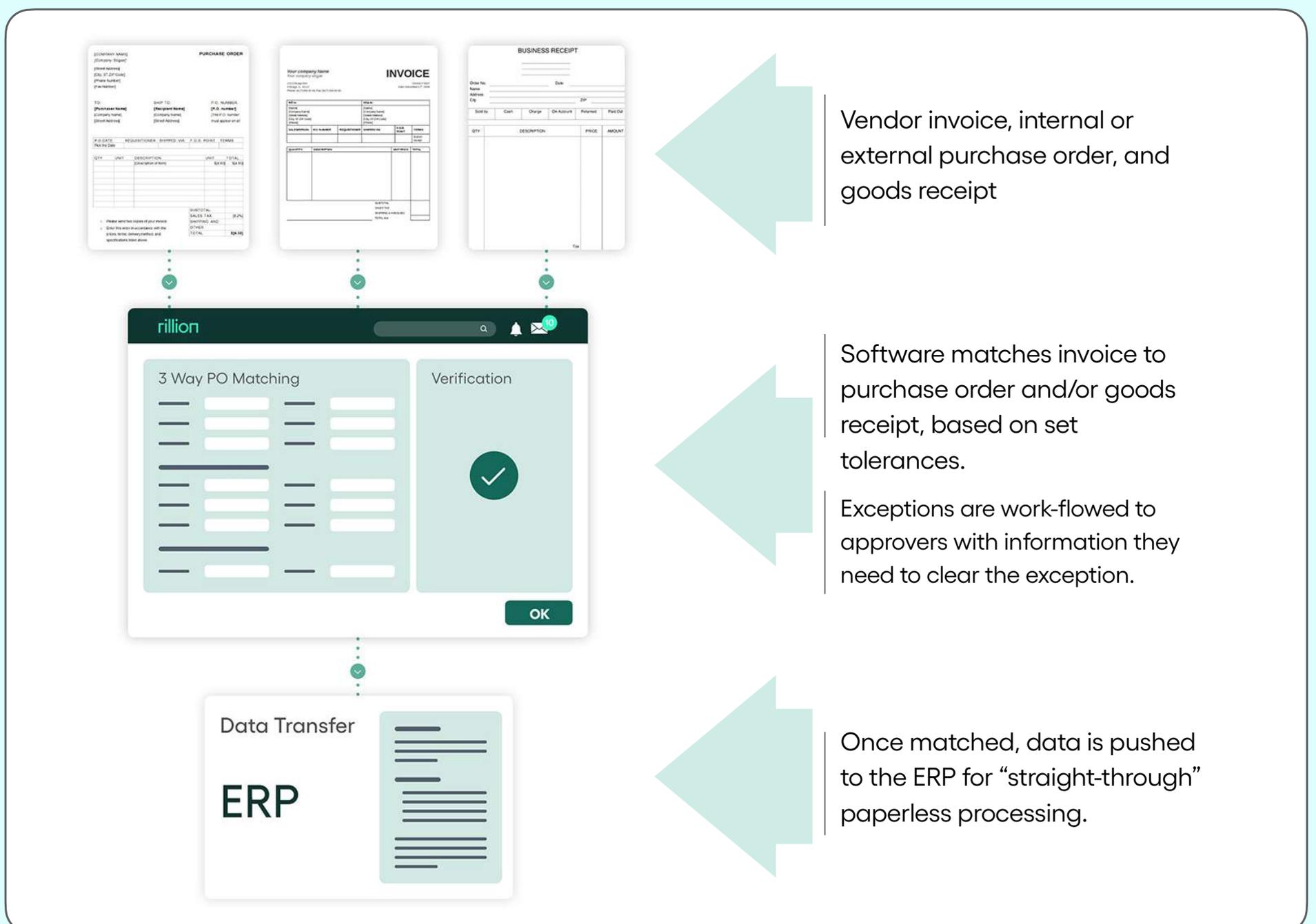
Matching Invoices to Purchase Orders and Goods Receipts with Automation

Many organizations do some form of matching of vendor invoices to purchase orders and/or goods receipts. This is called a two or three way match.

The process can require a great deal of manual effort, particularly if the invoiced items have to be matched at the line level.

Matching hundreds of lines on an invoice to a purchase order is a time-consuming task that takes away from higher value work.

In this paper we show how automating this process not only saves time, but also increases the transparency and compliance needed to help protect against fraud.



Vendor invoice, internal or external purchase order, and goods receipt

Software matches invoice to purchase order and/or goods receipt, based on set tolerances.

Exceptions are work-flowed to approvers with information they need to clear the exception.

Once matched, data is pushed to the ERP for “straight-through” paperless processing.

Reducing Repetitive Work

The 3 way match process can require a great deal of manual effort. Finance administrators have to review both the invoice and purchase order (and goods receipt) for quantity and pricing details in order to verify the payment.

For invoices and purchase orders with hundreds of lines, one matching session can take 15 - 45 minutes or more.

- Once an invoice is entered into an ERP it's assigned a "match/no match" status. If for any reason there are price differences or problems with the goods receipt, the invoice cannot be processed by the ERP.
- AP staff typically have to cancel the transaction, and then perform time-consuming manual work to clear the exception. This usually involves the purchaser, the receiver and sometimes the vendor.
- ERPs do not have an automated way of handling these exceptions and in many cases AP staff may spend days trying to clear up the differences between purchase orders, invoices, and goods receipts.

Organizations are looking to automate accounts payable

- Automating the 3 way match process is a big step in reducing manual repetitive work in the accounts payable process
- Along with automated matching, a complete solution for capturing invoice data eliminates having to manually key invoices into the ERP - another huge time saver
- Automated approval workflows also reduce invoice cycle times
- Making the 3 way match process digital helps to reduce fraud

Automating the 3 Way Match Process

Rillion's PO matching software matches POs, invoices, and goods receipts automatically.

If an invoice matches a purchase order, it assumes the coding and approval from the order and can be sent directly to the ERP or accounting system for recording – without manual handling.



Business Rules

Using business rules that determine variances, a procedure is implemented for invoices that do not match. Exceptions are routed to designated approvers in the approval workflow.

- Matching of incoming invoices and purchase orders is done at the header level or line level
- Matching can also be made to order numbers or delivery numbers and amounts
- An invoice can contain items from several purchase orders, where a purchase order can be matched to several different invoices, whether they are fully or only partially delivered

The AP Process for 3 Way Match Automation

Paper and emailed invoices are intelligently scanned, and their data fields captured.

The technology recognizes each invoice by vendor and collects all of the essential information, regardless if the format is regular paper, PDF, XML, Word documents, or otherwise.

Purchase order data is generated within the ERP, an external requisitioning system, or a blend of both.

Goods receipts are imported if they are already entered into the ERP, or users register them electronically in order to process them.

If the invoice amount and order amount match, the invoice is matched in full, and the account postings and authorization for payment for the invoice are inherited from the purchase order.

2 Way Match

For a 2 way match, the software matches invoices to internal purchase orders or to purchase orders imported from an external ordering system, or a combination of the two.

3 Way Match

For 3 way matching, incoming invoices (either scanned or emailed) are automatically matched to the purchase order and goods receipt.

“

Landstar went from an almost completely manual AP process which was time consuming and caused unnecessary payment delays. After the implementation of Rillion, invoice processing time was cut by over 60%.”

Emily Grantham

Landstar System Inc



Handling Exceptions

In most companies accounts payable staff do not have the data or knowledge of the purchase to be able to clear an exception.

Whereas finance administrators might not have the information at hand, Rillion isolates the problem that is preventing a proper match.

For Non-PO invoices or where there is missing information, the invoice is sent to an approver.

For purchase order invoices that contain exceptions as a result of the matching process, these invoices and all corresponding documents are sent to the appropriate person based on the setup of the organization.

Once delivered, the recipient views the package of information which includes an invoice image, a copy of the PO, the goods receipt information, and a description of the error.

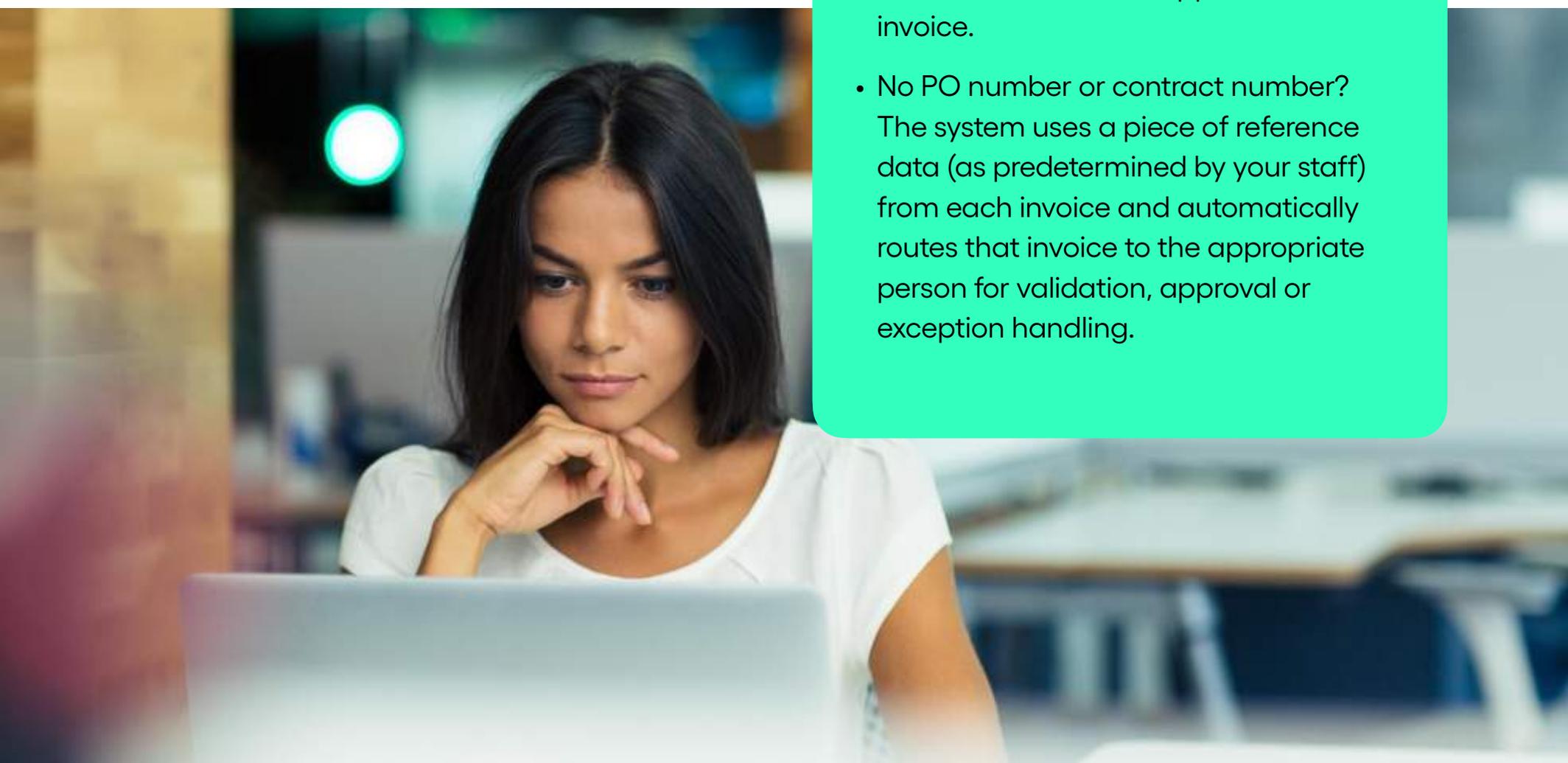
This package of information is presented in a single dashboard on the recipient's laptop or mobile device. It gives the approver all the tools and services they need to manage the exception, such as ad-hoc routing capabilities to colleagues and email and/or portal communications with vendors.

When the approver is done, they can return the corrected invoice package through the dashboard back to the matching engine, clearing the exception.

What about companies with a large volume of non-PO invoices?

The non-PO invoice arrives with no accounting data on it, and no PO to assign the account codes from. To handle this, Rillion classifies each invoice when it receives the invoice data. It asks the following:

- If there is no PO number, the system will look for a contract number to use to account code and approve the invoice.
- No PO number or contract number? The system uses a piece of reference data (as predetermined by your staff) from each invoice and automatically routes that invoice to the appropriate person for validation, approval or exception handling.



Matching Recurring Invoices

Repeat invoices such as rentals, phone, internet contracts and other utilities are automatically matched to account numbers or contracts, posted to the proper GL codes, and approved for payment.

In any given company, about 15-25% of recurring invoices can be set up as contracts or agreements and made ready for automated matching.

Matching at the Line Level

When an invoice has lines (as in an itemized invoice) Rillion matches the invoice at the line level. Invoice lines may come into the system as part of an e-invoice, scanned with line interpretation from a paper or emailed invoice, or entered manually.

An invoice line is matched in full if it matches a purchase order line within the permitted tolerances set by defined business rules.

If the invoice lines match purchase order lines, they inherit the account postings and authorization from the PO.

Matching at Total Level

If no lines are detected on the invoice (a non-itemized invoice), matching is attempted at the total level. If there is a purchase order linked to the invoice, the system matches the amount on the invoice and the purchase order amount to check that they are a match within the permitted variances already established.

Automate PO Matching in Your Organization

Rillion's automated PO matching engine is a module available to Rillion customers that shortens the payment cycle and increases staff productivity.

It's part of a complete AP workflow that includes automated invoice data capture, approval workflow, a searchable invoice archive in the cloud, and a complete time-stamped audit trail.



“We searched for a flexible purchase-to-pay solution that could help us control purchasing and secure supplier loyalty, that would also live up to our internal authorization framework. The team that manages the invoices on a daily basis no longer needs to reinvent the wheel every day as the system learns by itself..”

Eva Rege

Coor Service Management



Integration

The data integration process can often seem overwhelming. Our industry standard Rillion Integration Engine alleviates this burden with powerful integration capabilities built into a straightforward, easy-to-use graphical user interface.

Rillion has over 2,500 installed clients globally, all connected to one or more ERP, purchasing, or accounting system. The Rillion Integration Engine interface offers several options to facilitate communications and data sharing between Rillion and your business system.



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★★★★★
"Easy to Use."

96%
User Satisfaction Ratings

Ap Automation with Rillion saves time, lowers costs and improves efficiency for over 3,000 clients worldwide.

To learn more, visit rillion.com
AP Automation for your peace of mind - we got this!