How can Electronic Purchase Order software benefit an organisation?

For many organisations the process of raising Purchase Orders has not really developed that much over the years. In the past, for large organisations the process was issuing pads of blank order forms, for filling out as required, followed by an interminable process of handwritten approvals, before ending up in purchasing for liaison with a nominated supplier. This led to delays in getting the goods, and often the purchaser had no idea as to when (and if) the order went out. With the advent of computers, the spread sheet came to the fore, replacing in a number of cases the paper pad. But the same delays and issues were in built, and the spread sheet is only as up to date as the last person who was tasked to do so.

Then there is the issue of Purchase Invoices. Again the process for many remains antiquated. Finance may well log the incoming invoice to the Accounts payable system, adding a day book reference, but then each is manually stamped and then sent around the organisation on a paper based approval route. This can lead to major delays – invoice approving is often, by human nature, the bottom priority! And for the accounts department, handling queries from suppliers as to payment status is more of a guessing game, than factual. And in today's environment where for everyone, cash flow is an issue, suppliers are more likely to increase pressure on clients, meaning more calls / emails asking for status, that accounts teams are not well placed to deal with.

All these largely manual processes take time, which let's face it, in the modern slimmed down businesses of today, where everyone is doing more, time is a much sought after commodity.

So how can software help an organisation? Well a large part of the answer is that by putting processes on screen you immediately take out the physical paper trail that so often is the blockage point, and the one that causes a number of the time delays.

By having an on screen system – the right one of course – you can put in a number of controls immediately that will make PO raisers consider their actions more carefully, and provide account coding from the start to give better control e.g. Department, Cost Centre and Nominal Codes. And if an approver has to challenge an order that's being raised, they can send it back to the creator with comments for action e.g they can amend a PO and put it back on its approval route.

An electronic system also has the advantages of immediacy – especially relevant where ordering is time critical say in a low stock holding environment. The system can email approvers once the PO has been put on its approval route, so that they can respond quickly, to approve – or reject- a Purchase Order request. If the system is web based (HTML5) then users will be able to log into the system to take action even when not in the office – adding more efficiency and cutting time delays. In todays environment where employees don't have fixed work points, the ability to act from lap tops, tablets and even smart phones is critical to continuity of supply.

And for the supplier, getting PO's in a more timely fashion may well have benefits including cost savings that could be passed on to clients.

Another critical advantage of an electronic purchase order system is the visibility for the Finance department. They can see the status of PO's and hence the company's cash flow exposure at the click of a mouse! No more having to go around desks at the end of the day to find out who is raising what and for how much. And data can be exported or reports run at any time.

The same dynamics apply to the Purchase Invoice issue. Finance depts. can now bring invoices – scanned or in electronic format such as PDF's- into the system apply relevant meta data (indexing) such as the invoice number and value, and then associate it with the relevant Purchase Order. The system will automatically fire off the invoice via workflow back to the person who created the Purchase Order, and they will have a series of action options, such as pay in full, part pay or request actions e.g. request a delivery note / credit. The requested actions will then be directed back to the Finance department for action, with involved parties having the ability to add comments. By having the 2 systems – Order raising and Invoice approval- linked, the whole process becomes a complete transaction centric facility. Reports can be separately generated for the status of invoices such as – to pay in full, part pay, invoices awaiting approval etc. Finance therefore have full visibility and can advise suppliers accurately as to status of their invoices . So the advantages for all users – whether you raise Purchase Orders, approve them or input and approve invoices- is a major gain in control of the whole purchasing cycle. All relevant users have visibility of status at all times, and being an on screen facility that can be accessed away from the office base, means time savings for all – not to mention the reduction in the use of paper, copying and improvement in your organisation's carbon footprint.

And a side benefit will be in the relations with your suppliers, because they will get better information when interfacing with you. Basically, a win, win situation, for all those involved!
Note: this paper is brought to you by Cloud B2B solutions, suppliers of POPIA software solutions.
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