

**REDUCE YOUR AP
WORKLOAD WITH
STREAMLINED
PURCHASING**

Deploying a New Purchasing Process with AP in Mind

The role of AP comes at the very end of the purchasing process, but by that time key purchasing decisions have already been made. Working to match invoices to purchase orders and issue payments without full context can be time consuming, cause a lot of friction, and make life harder for AP. Implementing a modern PO process with NetSuite can help bring AP into the purchasing cycle earlier, and alleviate the common pains associated with the traditional role of AP. It's time to focus on designing and implementing this new purchasing process, and in turn reduce the AP workload of every purchase.

The Tell-Tale Signs Your Purchasing Process is Lacking

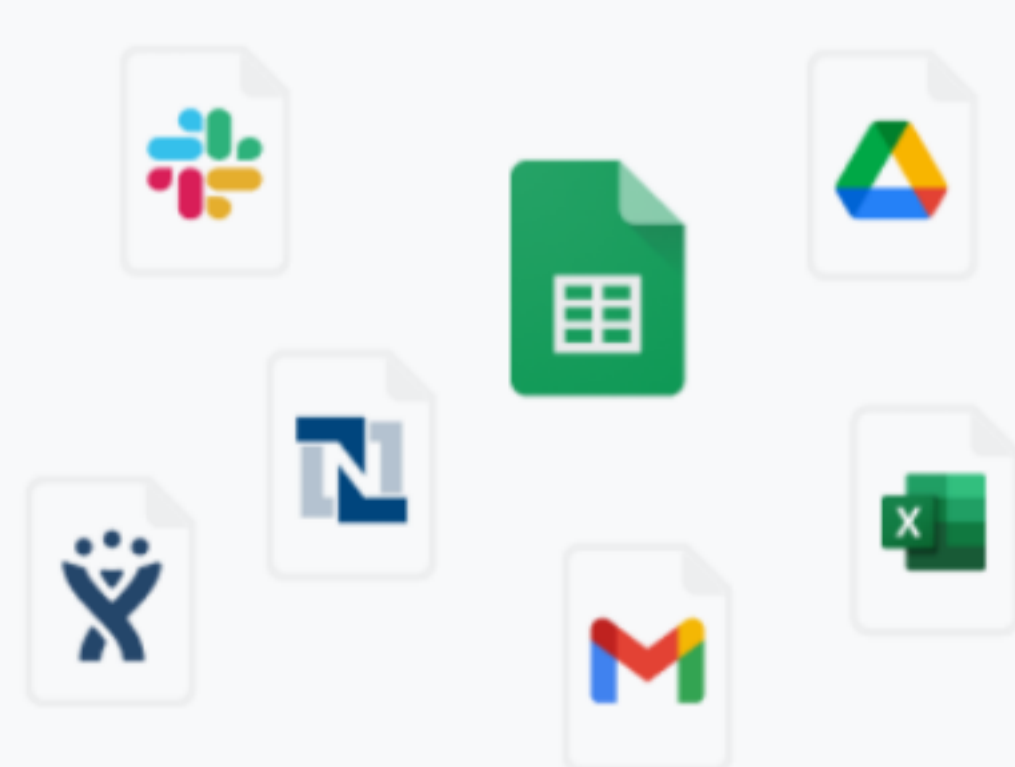
In the early days of your business, your purchasing process was probably rather straightforward. It might have been easily overseen by a single finance or operations manager, especially considering the limited number of purchase requests and vendors you needed to manage.

But as your organization grew, you started noticing that:

- | | |
|-----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| 01 Budgets have become more difficult to control and plan | 05 Approvers can't stay on top of their approvals and budgets |
| 02 There are tons of emails, Slack messages and meetings about simple purchases | 06 Legal and Security are no longer accountable, and are stalling processes |
| 03 More stakeholders have become involved in purchasing processes | 07 Procurement and Finance are often getting involved too late in the process |
| 04 Requesters are frustrated by the lack of visibility and the time it took to get approvals | 08 Employees are perceiving Finance and Procurement as "business blockers" |

These are all tell-tale signs of a lacking purchasing process, and they result in a lot of frustration for every stakeholder.

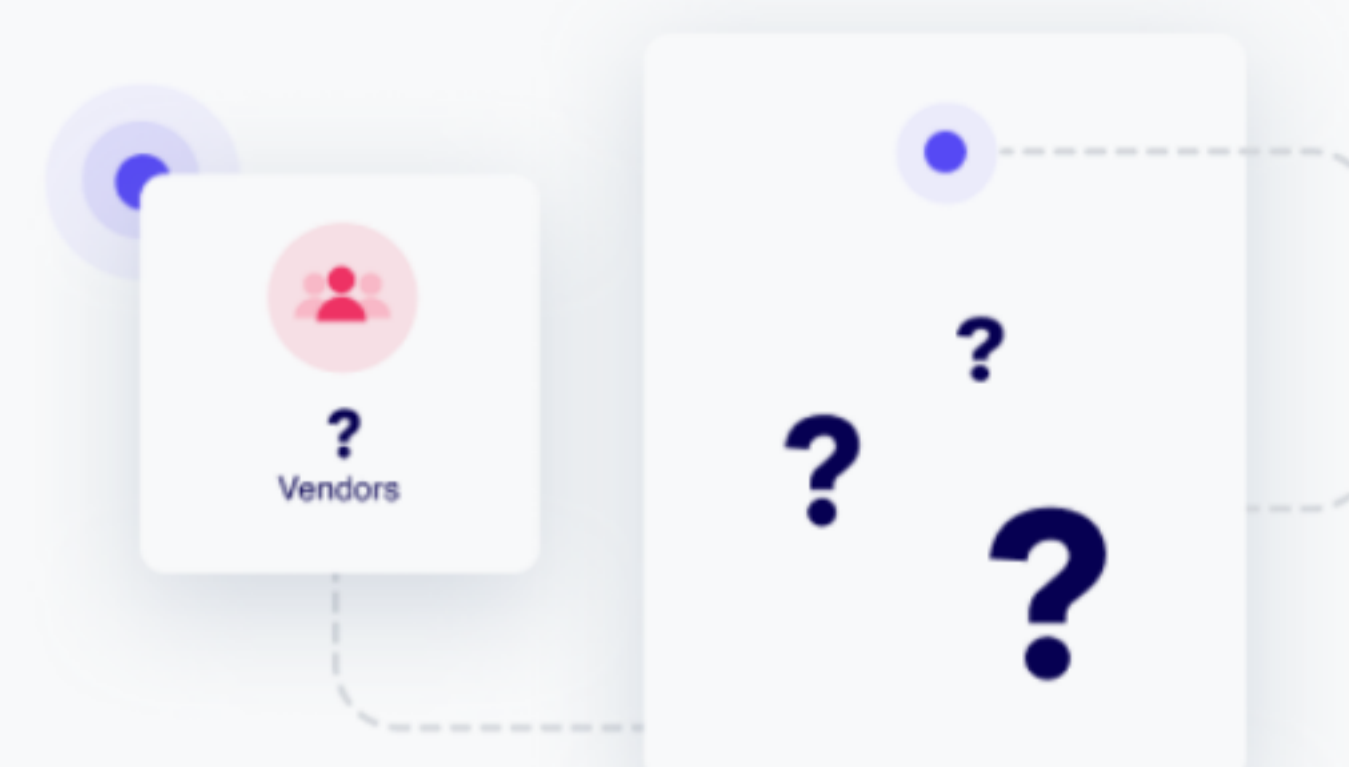
The good news? You're not alone. Lots of fast-moving companies find themselves at a place where their purchasing processes look like this:



Siloed requests



Messy approvals



Limited visibility

And there's more good news. While the tell-tale signs we listed above seem bleak, they can also be viewed as a sign that your company is **growing** and even **leading** your market. This naturally comes with the need to consume more goods and services, which can easily result in purchasing processes getting messy.

Setting Up for Success

Each of these outlined issues and roadblocks can be solved by integrating an updated process with NetSuite. The biggest goal of implementing a more streamlined and integrated purchasing process is getting business spend under control, while making sure that your process can scale with your organization well into the future.

In order to put your ideal purchasing process into place, you'll need to seriously consider some foundational changes.

What you should aim for:

01

A smarter process that sees finance and procurement teams aligning and getting involved early


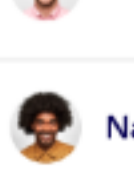
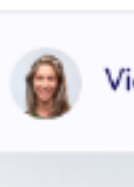
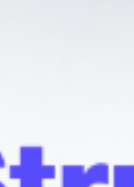
02

A procurement management system that centralizes communication and provides full visibility into every approval flow

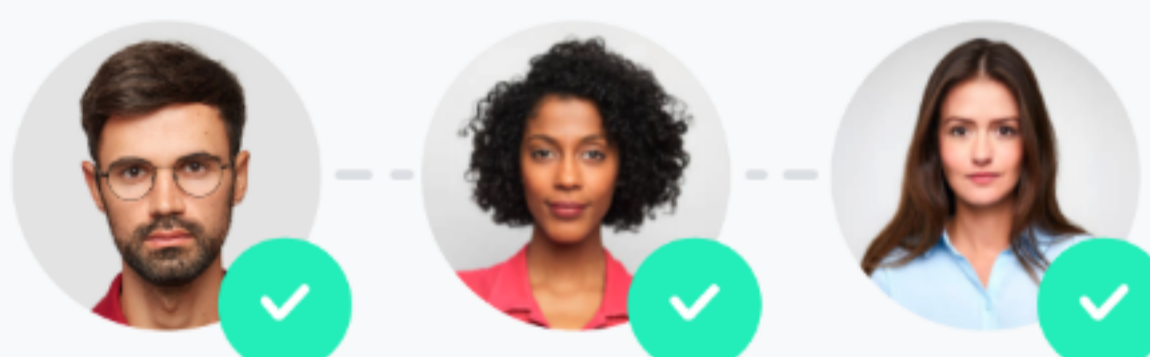
03

Processes and tools that can be tightly integrated with your NetSuite ERP

A process that includes these components will allow you to evolve from your current state (in the image above) to the ideal state of:

Requested for	Vendor	Status	Amount
 Patrick Stone	Nest Labs ...	Open	\$350
 Trevor Beck	Oracle CA	Open	\$1,000
 Nathan Fitzgerald	KSP	Open	\$700
 Victoria Copeland	Nest Labs ...	Approved	\$9,500

Structured requests



Clear approvals



Complete visibility

Why Aligning with NetSuite is Important

Refining your existing process and selecting a procurement management software are major steps but only part of the equation. If you don't make sure those steps are tightly aligned, and allow you to easily integrate with NetSuite, you'll find that maintaining full visibility and scaling will be increasingly difficult.

A flexible procurement solution coupled with NetSuite gives you the avenues to properly manage your spend pipeline, allowing for visibility, accountability, compliance and early involvement, and reduces manual tasks and broken communication channels.

A process that incorporates both will provide:

- **Reduced manual workload** - Integrated solutions that automatically generate POs on NetSuite once a purchase request is approved are extremely beneficial. This eliminates the need for manual data entry, saves time, and reduces the risk of error.
- **More control and visibility into spend** - With all PRs and POs in the same place, and every action displayed, it's easy to see statuses and know with which approver something is waiting.
- **An up-to-date vendor database with less effort** - With smart, self-service onboarding forms, vendors can easily upload their information and documentation, saving time and contributing to an organized and updated database.
- **Greater user adoption** - When compared to relying on your ERP, a friendly interface for submitting and tracking requests encourages use. More team members and stakeholders on board mean a unified process that won't fall victim to bottlenecks or stakeholders gone MIA.

Now you're ready to dive deeper and begin preparing both your process and team for integration.

Laying the Foundation for Deploying Your Process with NetSuite

Define an Approval Matrix

First, map the approval flows your organization requires for getting a purchase approved. Take into consideration the various departments and stakeholders who will be involved. Then outline the required approvers for certain budgets and cost centers. For example, does the PO process for a \$2K marketing request go through the same approval process as a \$15K IT request? Probably not, and each approval structure requires a bit of customization before you get started.

Understand stakeholder motivations

When you embark on a transition to more efficient purchasing processes, it's helpful to understand your stakeholders' needs and motivations.

There are three types of stakeholders involved in any purchasing process: requesters, managerial approvers, and approvers from the procurement, legal, and financial teams.

01

Requesters are the people who have the need to buy a product or service. This can be a developer, marketing manager, HR manager, IT manager, office admin and so on. On average, 30% of your employees will submit a purchase request at some point in a given year. This number is constantly growing, even to the point where organizations often grant their entire workforce the ability to issue purchase requests. Requesters need a simple, transparent process that allows them to get purchases approved fast.

02

Managerial approvers are the people who need to approve the purchase of a product or service. A managerial approver might be a manager, budget owner, or a CXO. On average, 10% of your employees will be managerial approvers who approve a purchase request at some point in a given year. This number is growing alongside the need for a simplified (shortened) approval process. Managerial approvers need a simple, contextual process that allows them to monitor and control their team's budget and purchases.

03

Professional approvers are the people who need to approve the purchase from a professional standpoint. Professional approvers come from the procurement, legal, security, IT or FP&A departments. On average, 5-10% of your employees will professionally approve a purchase request in a given year, with a few professional approvers approving a larger portion of purchase requests. Professional approvers need early involvement in purchase processes so that they can achieve their professional goals:

- For procurement, early involvement means bigger savings
- For Legal and Security, early involvement means compliance
- For FP&A, early involvement means predictability and accurate reporting

Get internal buy-in

The second preliminary step you need to take is getting buy-in from additional stakeholders whose support will make a huge difference to the successful adoption of the new purchasing process you're about to deploy. It's crucial to understand and factor their goals as well.

01

The CFO

CFOs care about profitability, margins, and IT investments that are going to be adopted and deliver a return. CFOs don't generally believe in savings because they know a dollar saved in one area of the business will likely be spent in another.

What they care about most is that the organization is spending efficiently and is not wasting money on things that aren't being used. It's important to them to give people visibility and control to properly manage purchasing processes. To build a strong business case for a CFO, you need to discuss:



Improved efficiency



Improved control



Profitability and margin



Fast returns

02

IT

This might be your head of IT or your CIO. The IT stakeholder cares about doing more with less, automating processes, implementation and support resources, and generally freeing up budget from back-office applications so they can focus on revenue-generating IT projects that will drive the top line. IT is most likely a major budget owner, and as such they're an important stakeholder in this process. They may have even attempted to deploy a purchasing process on a generic workflow tool like Jira or ServiceNow, or on NetSuite itself. So, at times, they may be resistant to change.

Building a strong business case for IT needs to involve points such as:



Improved efficiency



Simplicity of setup



Automation of processes



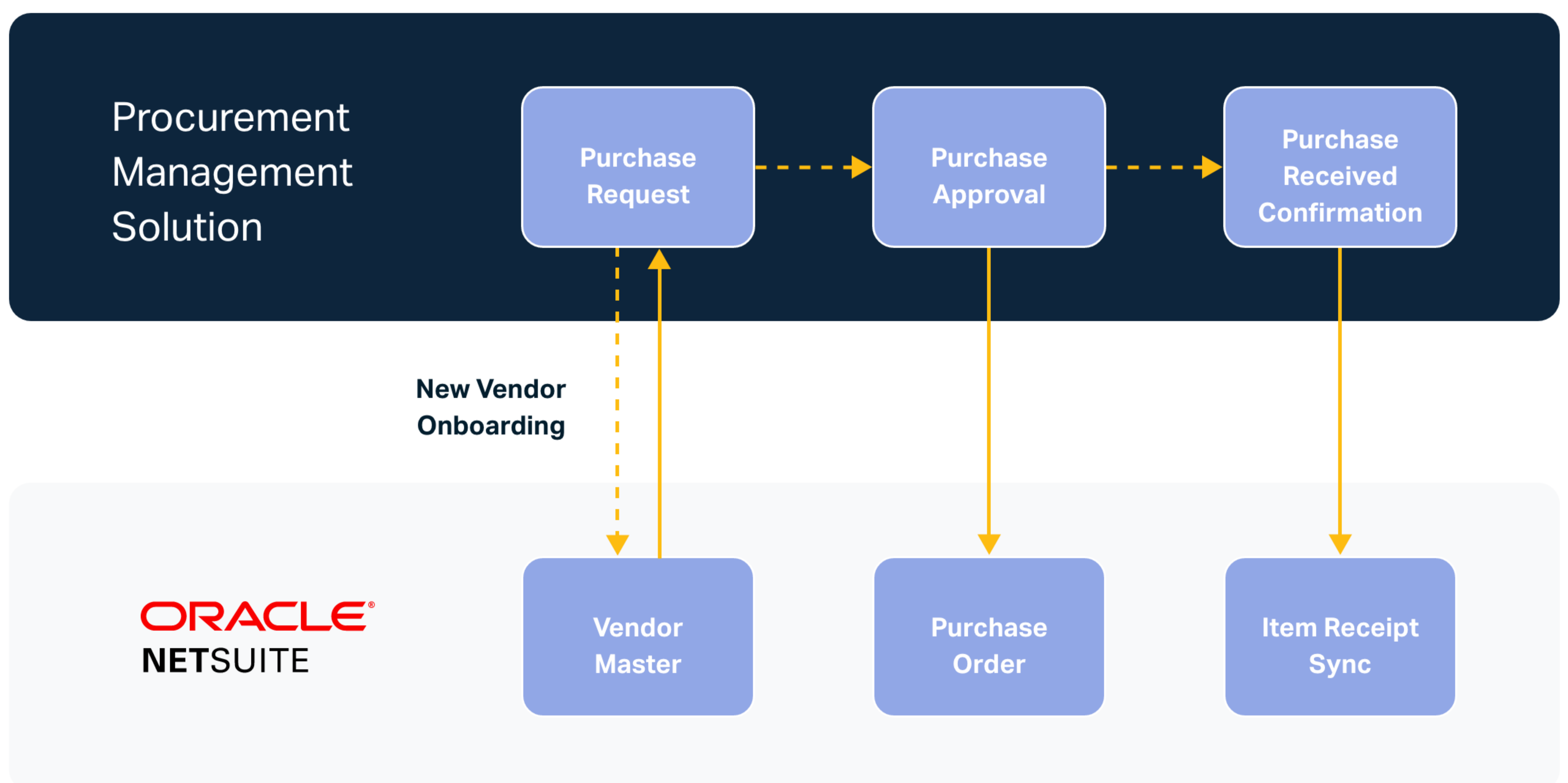
Secure and stable integrations (especially with NetSuite)

Designing a Modern Purchasing Process with NetSuite

As stated above, your goal is making the purchasing process much easier and faster for those needing to buy, while granting more control and involvement to those needing to approve.

The ideal purchasing process for a fast-moving company needs to be seamless for requesters and approvers, and seamlessly integrated with NetSuite ERP.

When broken down into steps, your ideal process will look something like this:



The Steps of a Modern Purchasing Process

01

Purchase Request

A requester who needs a product or service submits a PR, a simple form containing the information needed to trigger the right approval process.

- 1 Existing Vendor:** All existing vendors are located on NetSuite. If using a vendor who has already been successfully onboarded to your system, simply access and select the vendor on NetSuite when you submit the PR.
- 2 New Vendor:** If the desired vendor isn't already registered with your company, the requester can ask to onboard a new vendor in parallel to submitting the purchase request. The vendor onboarding process is always triggered by a purchase request and should be treated as a sub-process of the PR.

02

Purchase Approval

Once submitted, approvers are notified via email that an action from their side is required. They can view all information needed to approve the request, including budget status and need. Approvers are able to return the PR to the requester and ask questions, consult with other stakeholders and will get reminders when they take too long to respond.

03

Purchase Order Generation

Once approved, the purchase request will be turned into a purchase order. The PO's natural habitat is your ERP, which has two main benefits when it comes to PO generation:

- 1** It saves a ton of manual work for the AP team.
- 2** It supports advanced budget planning and allows you to plan before an invoice is received.

04

Confirming Goods Received

The requester should confirm that the purchase order was fulfilled and the goods or services were in fact received. They will have an expected arrival date and should mark receipt as either full or partial, transmitting the PO's line item into NetSuite. The AP team can easily confirm a 3-way match without having to manually forward an invoice.

Pro Tip

Consistently monitor the process so you can improve it.

Keeping a strict eye on your approval process and routinely optimizing it for better results is important. For example, the time it takes between submitting a PR and issuing the PO is a good metric for measuring efficiency, whereas the number of 'actions' taken in an approval process (questions, edits, vendor changes) is a good metric for measuring quality.

Choosing a Purchasing Solution

Ideally, your overall purchasing process will be broken up into two sides: the operational side that's done outside of NetSuite, and the financial side that's done on NetSuite. With this, your goal now is to decide on an operational system.

The ideal operational system should allow for the following:

1. Requestors submit purchase and vendor requests
2. Approvers approve purchase and vendor requests
3. Requesters mark receipt for the items they requested
4. All stakeholders have a complete list of the vendors they can work with
5. All stakeholders have a complete list of open, approved, and rejected purchases
6. Admins monitor and constantly improve the process

Beyond these capabilities, it's important to consider the feature set your purchasing system will offer. Operational systems that help generate more streamlined and efficient purchasing processes tend to have a lot of features.

To help you navigate different options and pinpoint the best one for you, here are the three main considerations you should keep top-of-mind when choosing a new system.

User experience

There is no point in deploying a solution that users won't want to use. Indeed, one of the main obstacles to a successful digital transformation is an unfriendly user interface that prohibits fast and easy adoption. Ensure that your purchasing solution offers a top-notch user interface. Otherwise, your users will quickly reject it and revert to old ways of working.

Keep in mind that, for the greatest ease-of-use, the system should be:

- **Fast.** Financial systems are notoriously slow, so your stakeholders will appreciate speed!
- **Similar to other systems your users already know and love.** This will make a significant difference to the new system's adoption rates.
- **Accommodating when it comes to communication.** The system should offer a great email interface and Slack interface.

Flexibility

Purchasing involves several processes with different flows, stakeholders and supporting information. With this, it's essential to have flexibility. A solution that forces employees into rigid, pre-defined flows that don't inherently align with their processes will not scale with you. The system should be structured, yet customizable.

Integrations

Modernizing the way you manage purchasing doesn't (and shouldn't) mean abandoning the systems you already have in place. Look for a solution that is well-integrated with NetSuite as well as SSO systems. This is very important for process flow and for keeping your 'source-of-truth' systems updated.

You should ensure that the system integrates with your:

- **SSO** for easy login, provisioning/deprovisioning, and enhanced security.
- **NetSuite** for automating PO generation, vendor generation, marking receipts and pulling BVA status.

Preparing for Deployment

You've selected a system. Fantastic!

As you prepare for deployment, you'll need to design your purchase and vendor request forms, design your approval flows, and integrate your new system with NetSuite and your SSO.

Preparing NetSuite for a smooth deployment is one of the keys to ensuring the smooth adoption of your new purchasing process. This will mean activating the PO module and ensuring that the AP and FP&A team are aligned on what generating POs in an operational system will mean for their day-to-day.

Setting up NetSuite for POs is generally a very simple process, especially when you make the (smart) decision of starting out with the basic version of NetSuite's PO module. After giving your new purchasing process a spin for a period of time, you'll be able to identify where tweaks in the process are necessary, and implement them for better results.

Don't Forget About Change Management

Another important part of preparing for deployment is change management. You probably already know that launching a new process - even when it's a clear improvement - can be challenging. People can be change-resistant and risk-averse. When it comes to a core process like purchasing, getting adoption relies on your ability to navigate the deployment process in a way that overcomes these hurdles.

Here are some things that can support the change management process:

- 01 Getting support from the CFO/CEO/COO.** While the benefits and advantages of a new purchasing process seem clear to you, they may not be all that clear to the CFO, CEO or COO. Make sure you've built a solid use case with each of these stakeholders and that they're committed to promoting adoption company-wide.
- 02 Getting the right stakeholders involved.** This might mean creating a "steering committee" with members of the finance team, procurement/operations and IT. Sometimes, legal will want to be involved - this is fine, as long as they realize that you're not deploying a redlining tool.
- 03 Accept that not everybody will be 100% satisfied.** It's important to listen to every stakeholder, but it's not always possible to make each one happy. Instead of aiming to please everyone with your new purchase process, aim for everyone to agree to committing to the new process, even if they disagree with it.
- 04 Train the trainers.** You'll do well to involve power users early-on in the process. These include the most active requesters, approvers, and advocates-to-be. Once committed, they will drive adoption, and will surface the feedback you need to hear in order to make this a success.
- 05 Involve the vendor.** Your vendor of choice should have done this many times. They should know the little things that make change management a success. Get their help on training materials, short 1-on-1 demos for power users, and building a business case for a new CXO that joined the party late, etc.

The time has come to deploy a better purchasing process. Exciting! Keep your eye on the prize and you'll soon see your control, visibility and business velocity fly through the roof!

Congrats! You've Done It!

After completing the steps outlined here, you've successfully deployed your new and improved purchasing process.

Typically, at this stage businesses enjoy numerous benefits across every part of their organization. These include:

- **Accelerated operations.** This major benefit is driven by the fact that the team has finally achieved much-needed visibility into every stage of every procurement and purchasing process.
- **Enhanced internal control.** With a modernized purchasing process, the finance team can create accurate budget forecasts at any time. Budget owners across departments can access real-time budget information, allowing them to make smarter, more informed decisions.
- **Reduced processing times.** With the AP team now able to weigh in at any stage of the purchasing process, they can better collect relevant information upfront, plan payments, and do their jobs with fewer surprises and last-minute demands.
- **Greater financial compliance.** When POs are created according to company policies, in a timely manner, the purchase order process supports financial compliance and reduces risk of fraud.



We help companies take control of business spend by simplifying purchase requests, streamlining approvals, and providing data-driven insights.

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