Overview
When your business receives an invoice, how do you know you are being billed correctly? Does the person paying the bills consult the Procurement Department to ensure the prices are correct, or the Receiving Department to validate receipt of goods and services? How long does it take to get approvals? After the payments are made, how easily can you access the audit trail and source documents to answer payment questions from vendors or auditors?

These scenarios reflect some of the business challenges that payment approval workflow (PAW) solutions are designed to address. Yet PAW solution providers differ in the capabilities they deliver.

Before a business purchases a new solution or replaces an existing solution, it should answer strategic and tactical questions to define its business requirements and compare capabilities across providers. This document helps business leaders with this exercise by discussing:

- How do PAW solutions benefit a business?
- What do you need in a new or replacement solution?
- What capabilities should you consider?

To help you begin your assessment of PAW solution providers, this document highlights the capabilities available in Bill.com.

How Do Payment Approval Workflow Solutions Benefit a Business?
Payment processes traditionally involve a number of individuals performing tasks in a step-wise or simultaneous fashion. A lag or breakdown can occur at any point in the process, delaying payments until an irate vendor calls to demand payment, withholds better prices — or worse — severs the relationship altogether.
Now if someone in the chain of approval has a problem with an invoice, [he/she] can make a comment right in Bill.com ... and everyone can see what’s happening with this invoice.

Azziz Hashim, President and CEO, National Restaurant Development Holdings

PAW solutions promise greater efficiency and productivity. When an invoice is entered into the system, it is automatically routed to designated approvers, initiating the capture of data for the payment audit trail. Approvers evaluate accompanying documentation, review comments from other approvers, request additional information to append to the payment request, and approve or reject the requests.

Leading edge solutions allow approvers to review requests anywhere, anytime with their mobile devices. As a result, staff no longer spends time chasing down approvals, expediting payment turnaround time. Moreover, when approvals and vendor-related documents are captured in a centralized repository, rather than spread out in paper copies and multiple email inboxes, they can be accessed easily for review when vendors request payment information.

Best-of-breed PAW solutions can deliver 40-60% savings in time and cost to businesses. But their benefits extend beyond efficiency.

Reduction In Errors
How do you ensure your business is paying only the amount it is obligated to pay against an invoice? How can you ascertain that your business has not already paid the invoice in the past? If your business is like many organizations without a PAW solution, your payments are overseen by a set of approvers through the manual hand-off of payment documentation. But without an integrated view of invoices and goods/services received, approvers may not reject invoices that have already been paid; that price goods and services at higher prices than what were contractually negotiated; or that bill for goods and services not delivered completely or at all. A fully automated PAW solution that provides supporting documentation for payments will alleviate these errors.

Reduction In Fraud
The typical payment process is vulnerable to fraud. A PAW solution helps to enforce segregation of duties policies by formally routing payment requests to the persons selected by the business to review and approve them before the payments are made. If questions arise, the audit trail presents the actions and decisions of the participants involved in the process.

Payment requests that fall outside of established business rules — such as payments exceeding set limits — are flagged and treated as exceptions, and routed for the appropriate level of scrutiny as dictated by the business. Without a doubt, fraud could happen in other steps in the process, but a PAW solution ensures that payments have undergone the appropriate level of review defined by the business.

Document Security
Because approval requests and the associated documents are automatically routed to the individuals assigned to review a payment request, they are not left languishing on someone’s desk for passers-by to read.

Nor are there instances where sensitive documents and email threads are forwarded inadvertently to individuals who should not have access to those documents.

Audit Preparation
Your business may be subject to audits to demonstrate its compliance with regulations, ensure the integrity of financial statements, and furnish evidence of internal controls. The payment audit trail can help fulfill those requirements with its ability to track financial data from the general ledger to source documents, such as invoices, receipts, and payments.

Payment Timing
With a PAW solution, you can control the timing of payments more effectively. If you would like to expedite payments to enjoy early-payment discounts, the automated routing process promotes speed.

Visibility in the approval process can help identify and alert approvers that have not responded to an approval request, thereby accelerating turnaround time. Conversely, if you would like to optimize cash reserves by delaying payments, you can include approvers who assess the best time to issue payments.

Defining Business Requirements
Before you start to evaluate PAW solutions, you should define your requirements. With this information, you can better evaluate the alignment of specific PAW solutions with your needs.

What is your current approval process?
To establish a baseline of your existing approval and payment process, you should map out how your business processes bills into payments. Figure 1 shows an example payment approval workflow. One person may not know all the intricacies of the process. It is a best practice to lay out the process with representative individuals involved in the process and the stakeholders. Questions to help you and your team outline the process are shown in Table 1.

What is your ideal approval process?
After mapping your process, you can then consider what you would like to change. Identify gaps,
If you kept approval trails, review representative cases of payment errors and inefficiencies. For example, if payment delays hindered your business, examine the length of time between steps and determine if those are reasonable. Also ask:

- What gaps or inadequate approval policies make you vulnerable to fraud?
- Would automation, including mobile capabilities, close the gaps or streamline inefficiencies?
- Would a better workflow alter those inefficiencies, and if so, what is preventing your adoption of a better workflow?
- If the same group of approvers reviews all payment requests, is that necessary? Or would your business be comfortable instituting fewer or no approvers for bills below a certain amount?
- If other business applications rely on the approvals captured in your PAW, would your process be expedited with full integration with the PAW?

Assess payment or approval mistakes — including inadvertent delayed payments, missed payments, and multiple payments — and their sources of the errors. What could have prevented those mistakes?

- Would better access to supporting documentation have prevented those mistakes?
- Would a different set of approvers have caught and rectified the errors? For example, does your PAW solution restrict you to selecting approvers from only one department, when you really need reviewers from several departments for more comprehensive scrutiny of payment requests?
- Would automated integration or syncs between your PAW solution and accounting software have prevented the errors?

If you have a PAW solution and are considering a replacement solution, ask yourself:

- Am I able to implement the workflow I need to run my business effectively?
- How easily can I configure the solution to my business needs? Can an administrator in my company make those changes, or must an application developer implement them?
- What combination of capabilities and cost would spur me to purchase a new solution?

If you do not have a PAW solution today and rely on a manual process, your ideal scenario may be automation. What are the critical steps that need to be automated, and what are nice-to-have automated steps?

What do you expect in a payment audit trail?

PAW solutions may offer payment audit trails that can be used for a number of reasons. Your lenders, investors, creditors, shareholders, auditors, and other local, state, and federal agencies may require you to furnish proof of

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<th>Capability</th>
<th>Key Questions</th>
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| Defining the Overall Payment Approval Workflow | - What type of bill triggers (or should trigger) an approval process to start?  
- Are there different approval processes, based on the type of bill, the general ledger account from which the funds would be drawn, the amount of the bill, or other characteristics of the bill?  
- Who is involved in each of the approval processes?  
- How do approvals move from person to person? Is it a manual process, requiring a person to route paper copies or email the next approver? |
| Document Access During Approvals | - To what extent do approvers get access to necessary supporting documents to make their decisions?  
- What steps must they take to retrieve those supporting documents? |
| Handling Exceptions | - How does your business classify exceptions?  
- How would you manage and/or remediate them?  
- What steps must a user take in order to retrieve approvals and documents for a payment exception? |
| Payment Audit Trail | - How is the approval trail captured?  
- What details of the approvals, invoices, and payments are stored?  
- What process is used to retrieve approval trails after payments are made? |
| Performance Metrics | - How do you measure compliance with your company's approval policies?  
- How long, on average, does it take from the receipt of a bill to payment?  
- What percentage of your payments have resulted in errors, including unplanned late payments, missed payments, or double payments?  
- How much incremental time does it take to fix these errors?  
- Is the cost of these mistakes (lost productivity, payment penalties, foregone interest income, etc.) significant to your business? |
| Altering the Payment Approval Workflow | - How are changes in payment approval workflows implemented?  
- How would you validate compliance with new policies?  
- If you use a PAW solution, would an administrator make changes to roles and permissions, or would you need to invest in an application developer to implement the changes? |
| Integration with Accounting, Payment, and Other Business Applications | - What applications and documents use data captured from the PAW solution?  
- How are the applications updated (e.g., sync, manual updates, etc.)? |

Table 1. Key Questions for Mapping and Assessing Your Current Approval Process
internal controls. Business leaders may want documentation to evaluate and/or improve the effectiveness and efficiencies of your payment process.

Evaluating Solution Providers

With answers to these questions, you are armed with the fundamental business requirements for your PAW solution. To help you compare and contrast features across solution providers, Table 1 highlights key capabilities you should consider and how the PAW engine of Bill.com delivers these capabilities.

Business Scenarios Benefitted from Bill.com

With its integration of automated payments, automated approvals, audit trail, document management, and application integration, Bill.com is uniquely positioned to transform the end-to-end payables process. Table 3 highlights the benefits of Bill.com for the payables workflow.

Evaluate the fit of the Bill.com solution to your approval policies and payment process through a risk-free, thirty-day trial. Our award-winning Customer Support team will ensure that you optimize you use of Bill.com.