



Next Stop: Financial Resilience.

A Road Map to Cost
Control.

How to control costs when the cost of everything is rising.

The path to financial resilience is plagued with inflation, cost pressure and shortages. We continue to experience the highest inflation in 40 years, and the Federal Reserve is planning more interest rate hikes over the course of the year.

How can you navigate inflation and cost pressure and still achieve financial resilience and cost control? For procurement teams, there are still costs you can control through contract compliance, automation and digitization. Embrace modern technology as your ally and utilize its many benefits like artificial intelligence, machine learning, collaboration and automation to significantly reduce process costs that will more than offset inflationary increases. If you're not already incorporating these technologies – and you continue to focus on manual processes – you're falling behind, and your financials will suffer. It's times like these that test a company's supply chain economics to be competitive and, in many cases, viable for the company's survival.

It's time to map a path to financial resilience.

Five Strategies to Strategically Control Costs in 2022

1. Automate Orders, Invoices and Payments

Manual purchasing and AP processes are at odds with cost control initiatives in two ways: First, they drain precious time and resources, which can be otherwise spent on market-facing activities or more strategic financial initiatives. Second, when key financial documents – like purchase orders, vendor invoices and payments – are managed manually or on paper, it's difficult to spot and fix costly errors.

Manual processes restrict access to real-time information, which can be crucial for decision making. They can also prevent quick adjustments. If items are backordered, your company must adjust quickly to ensure that the necessary products and services still arrive on time. This becomes difficult or nearly impossible with manual processes.

Did you know...

automation can cut the average time it takes to process an invoice from **10 days** to **10 seconds**?

In 2022, prioritize automation, digitization, and process efficiency. There are a number of financial activities that are ripe for automation, such as PO matching, invoice reconciliation, budget checks, accounting entries, and payment approvals. Automating these tasks will save significant time and money, while increasing cash management and spend visibility for your team.

Vrooz's platform automation leverages artificial intelligence, machine learning and cognitive data models to match, code, resolve exceptions and route for approval. AI/ML overcomes the different invoice formats that suppliers send so all incoming invoices can be processed fast and accurately. Where automation and straight-through processing was once exclusive to PO-based invoices, non-PO invoices can be highly automated now with little to no touch.

Procurement and AP automation eliminates mistakes. Most modern procurement and accounts payable systems include functionality like automated invoice, purchase order and budget checks. These tools eliminate costly issues associated with overpayments, duplicate invoices and payment errors, and ensure you only pay for what you buy and receive.

On the digital payment side, companies benefit from streamlined payment workflows and higher volumes of realized payment rebates, along with reduced cycle times, fraud reduction and optimal payment costs.

Automating the invoice process gives AP more control over who they're paying, how much and when – leading to improved cash flow and working capital, shorter cycle times and improved spend visibility.



2. Simplify Business Purchasing

The next way to control costs: make business purchasing simple for your employees.

You need to spend money to make money. The key is ensuring your team purchases from the right suppliers, takes advantage of pre-negotiated rates, and operates within the confines of the broader procurement and spend management strategy.

Simplifying business buying benefits both the organization and your team – your employees get what they need to run the business, quickly and easily, and the business maintains cost control.

To be successful, aim to mimic the way you shop and buy in your personal life, which is almost completely digital and mobile. To start, offer your employees modern, mobile and digital catalogs and marketplaces that are easily accessible and searchable (think Amazon and Google), and filled with quality, pre-approved suppliers.

Ease of use increases adoption of your procurement systems and ensures employees can get what they need from suppliers at pre-negotiated rates, leading to lower costs and less maverick spend. If it's not in a system, it's not visible and it can't be controlled.

Digitizing purchase requisition gives procurement teams more control over what the organization is spending, drives spend to the right suppliers and keeps spend within budgets.



Why Simplify?

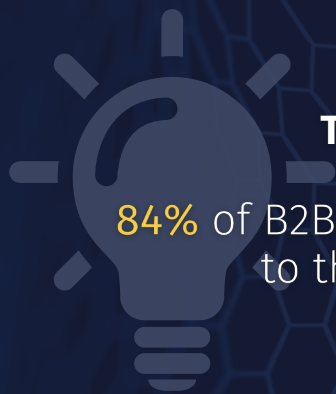
77% of B2B buyers report spending too much time on research for purchase decisions

3. Boost Internal and External Collaboration

We are stuck in a time where supply chains for both mid-market companies and enterprises are increasingly complex. Relationship management and collaboration is more critical now than ever before. This is especially true in the midst of shortages and inflation, where a seemingly small issue with a second- or third-tier supplier can have a major impact on the bottom line.

You need to know what's happening, who it's happening to and why, where, when and how it's happening as well. Without active internal and external collaboration and communication, your organization faces unnecessary risks.

Establishing digital connections with suppliers ensures fast and timely communication if an issue arises. Digitization improves operational performance, efficiency, collaboration and communication – lowering costs for both the buyer and supplier. As such, productivity increases, errors decrease, supplier risk is reduced, and key supplier relationships are strengthened, potentially leading to additional savings on goods and services. Also, companies that have better tactical communication have been able to move to more strategic interactions with suppliers, which has resulted in a significant increase in co-innovation.



The More You Know...

84% of B2B companies don't have insight to their supplier's pipeline

4. Prioritize Smarter Decision Making

Data is power. When an organization automates and digitizes key procurement processes – including purchasing, vendor invoice management and payments – financial teams gain access to a wealth of spend data.

With full visibility, organizations can analyze and optimize key spend by category, budget, region and suppliers. This insight uncovers new savings opportunities and increases spend under management. Not to mention eliminating headaches on decision making.

Automated spend analytics can also help reduce fraud and waste by catching spend variance across the business. In addition, visibility gives procurement teams more insight into key performance indicators – like the percent of spend on purchase orders versus non-purchase orders, which can be used to manage budgets and improve processes.

Spend analytics and automation are critical to driving cost savings in procurement.

5. Streamline Contract Compliance and Visibility

Contracts are the cornerstone of value generation and cost savings because of the pricing, terms, and supplier qualification they bring to company buying. Contract visibility is crucial to compliance to keep buying with negotiated agreements (also known as value realization).

Automated and digital systems enable your team with easier access to data and information they need to make the right decisions. Not to mention it saves significant time. Rather than searching paper contracts, price sheets, and documents, your team has one centralized marketplace where contract information is inherent in the data. When people buy the products and services they need, they are automatically in compliance with contracts. This will lead to fully realized savings and little, if any, maverick spend.

In 2022, keep your transactions contract compliant with a digital marketplace. It provides procurement teams and leaders visibility and control over their spend. When buying is compliant, it translates to better performance both financially and operationally, while reducing risk.

Your Destination is Straight Ahead: Financial Resilience and Cost Control

Strategic cost management will always be a top priority for finance and procurement teams – regardless of what new surprises 2022 offers. As we work toward economic recovery, procurement teams must look to the future and embrace change.

As procurement and financial leaders, we need to continuously evaluate, elevate and modernize the controls, technologies and processes we're leveraging to manage costs and ensure financial resiliency. In 2022 and beyond, that requires investing in digitization and automation.

Learn more about how you can modernize and unlock the value of automation by [requesting a personalized demo](#) today!