Original Article

Enhancing Invoice Accuracy and Processing Speed with SAP S/4HANA And Open text VIM

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Abstract - Timely supplier invoice processing is crucial for any organization as it can benefit business in various ways such as cost savings through availing discounts if invoices are paid early, avoiding penalties due to delays in processing invoices and paying them on-time, maintaining strong relationship with suppliers etc whereas processing thousands of invoices everyday with accuracy on time is always challenging as suppliers provide invoices using different channels, various formats and fonts etc. Organizations that deal with substantial volume of invoices are required to have the necessary tools that support any ingestion channel and technologies that can read invoice details from any format. OpenText Vendor Invoice Management (VIM) in integration with SAP S/4HANA can be deployed to automate supplier invoice processing. This article provides insights into what is OpenText Vendor Invoice Management (VIM) platform, its benefits and how its integration with SAP S/4HANA can enhance invoice accuracy and processing speed through the automation of invoice processing.

Keywords - Open Text Vendor Invoice Management (VIM), SAP S/4HANA, Supplier Invoices, Exception Handling, Price Variance, Quantity Variance.

1. Introduction

Processing supplier invoices with accuracy and speed is critical for a robust supply chain. However, every supplier may send their invoices in their own formats such as PDF, Images, XML etc using different ingestion channels such as Mails, E-Mails, Fax, EDI etc, hence its always challenging to use a single application that can support various formats and ingestion channels and process supplier invoices with accuracy and speed. OpenText Vendor Invoice Management (VIM) which is embedded in the SAP S/4HANA helps companies optimize end-to-end invoice processing inside SAP to reduce the time between receipt and the ability to pay.

2. What Is Open text Vendor Invoice Management (VIM)

VIM is an Open Text product which is embedded in the SAP ERP system. It optimizes and simplifies the process of receiving, validating, managing, routing and monitoring of vendor invoices and facilitates easy collaboration with stakeholders within the Procure to pay process. Vendor Invoice Management (VIM) revolutionizes the way organizations handle their accounts payable processes, brings efficiency, accuracy, and control to the management of vendor invoices. In today's fast-paced business environment, where invoices can pile up, manual processing becomes error-prone, and the lack of visibility hinders timely payments. VIM offers a comprehensive solution that automates and streamlines the invoice processing lifecycle, enabling organizations to optimize their financial operations. VIM provides a centralized platform for capturing, storing, and retrieving invoices digitally. Organizations can achieve several benefits when integrating VIM into the procure-to-pay process.
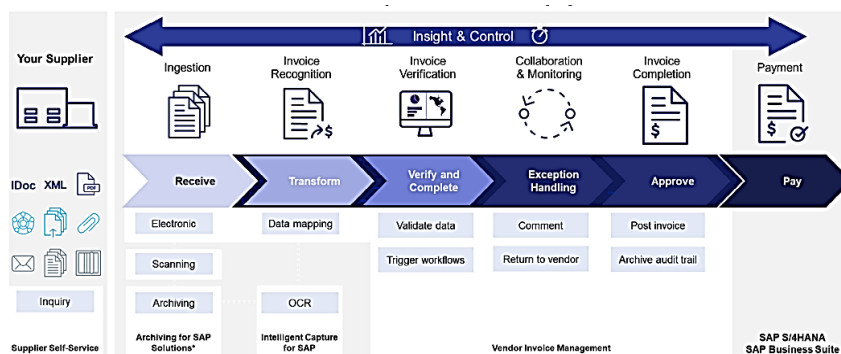

Figure 1. End to End Process Flow for Processing Invoices in VIM/SAP S/4HANA [6]

3. Benefits of Using Open Text Vendor Invoice Management

- **Accelerates Invoices Processing through Rapid Data Structure and Automated Routing:** Rapid Data Capture offered by OpenText VIM Reduces the time required to process documents received in any channel (business networks, EDI, email, upload, or scan) and in any format (XML, IDoc, image, or PDF). It offers intelligent data enrichment and automated routing based on business rules and roles. The integrated self-service user interface for suppliers and employees eliminates time-consuming responses [2] [3].

- **Intelligent Capture and Machine Learning:** Optical Character Recognition (OCR) part of validation tool reads details from invoice documents ingested and submits them to VIM. This significantly reduces the time required for processing complex documents and allows users to extract additional details to help automate intelligent data enrichments that streamline processing with minimum human interaction and maximum control. Validation tool also has machine learning capabilities which can remember various formats and apply the treatment that was given earlier so that invoice processing rate can be significantly improvised.

- **Increases ROI and helps in Cost Savings:** Improves invoice life cycle timelines which offers benefits such as availing cash discounts with early payments, eliminating late payment fees and building better supplier relationships. Ensuring timely invoice processing enables procurement departments to negotiate additional early payment discounts. Significant savings can also be achieved by reducing cost per transaction (CPT), Improving cash management through accounts payable liability reporting capabilities and decreasing data entry costs through automatic data capture using electronic invoice formats or Optical Character Recognition (OCR) [4].

- **Improves productivity through intelligent automation:** It eliminates the need for additional research, manual keying and manual routing when exceptions trigger. It also detects duplicate invoices early in the invoice processing so that duplicate payments can be avoided. Workflows defined in OpenText VIM route the invoices to the respective persons based on various factors such as approvals needed, exceptions to be resolved, additional information needed etc. resulting in enhanced user experience [2] [4].

- **Intuitive & User friendly:** VIM provides an enhanced user experience with intuitive interfaces for end-users, managers, and administrators.

- **Various Analytical Reports on Accruals:** VIM offers diverse reporting capabilities, delivering analytical insights and key figures across work items, workflows, processes, agents, exception reasons, and inbound documents. With VIM Analytics, businesses can obtain comprehensive data reports on documents with exceptions and Invoice Exception workflows [2] [4].

4. OCR (Optical Character Recognition) Validation

It's a technology used by VIM to extract data from incoming invoices. The OCR engine recognizes text and numbers from the Invoice image, capture them and submit to VIM so that they can be validated for accuracy. It eliminates the need for manually keying in the data by looking at invoice image thereby improving processing speed and reducing the scope for manual errors. This tool has capabilities to read invoices received in different languages. It also has machine learning capabilities which can identify new invoice formats, remember how users are capturing data from them and apply the same rules when the same format is received next time [1].

Figure 2. Validation Client, which require software to be installed on user's desktop, reading data from Invoice using OCR Technology

OCR Validation can be achieved either through "Validation Client" or through "Capture Validation Workplace". Validation Client has some limitations such as a software to be installed on users desktop for performing OCR Validation whereas "Capture Validation Workplace" is a Fiori based App which does not require any software installation. SAP will eventually decommission Validation Client, hence organizations implementing OpenText VIM are recommended to deploy "Capture Validation Workplace" instead of "Validation Client" [1] [5].

5. Capture Validation Workplace

Open Text has developed Fiori based app called "Capture Validation Workplace" to overcome the challenges in using 'Validation Client' and to cope up with SAP future strategy to shift to Fiori Apps rather than using GUI Based transaction code for executing day to day business operations [1].

5.1. Features of Capture Validation Workplace

- This application is accessible via Fiori app and does not require installing any specific software.
- Validation can be done using any device since it's a Fiori based application.
- It's a modern and easy to use interface.
- It does not require user to login to SAP GUI and single sign-on used for logging into SAP Fiori can launch this application.
- It gives information on total invoices to be processed and provides flexibility to select specific invoice that the user would want to process.
- It does not require additional training as SAP users are familiar with Fiori apps.
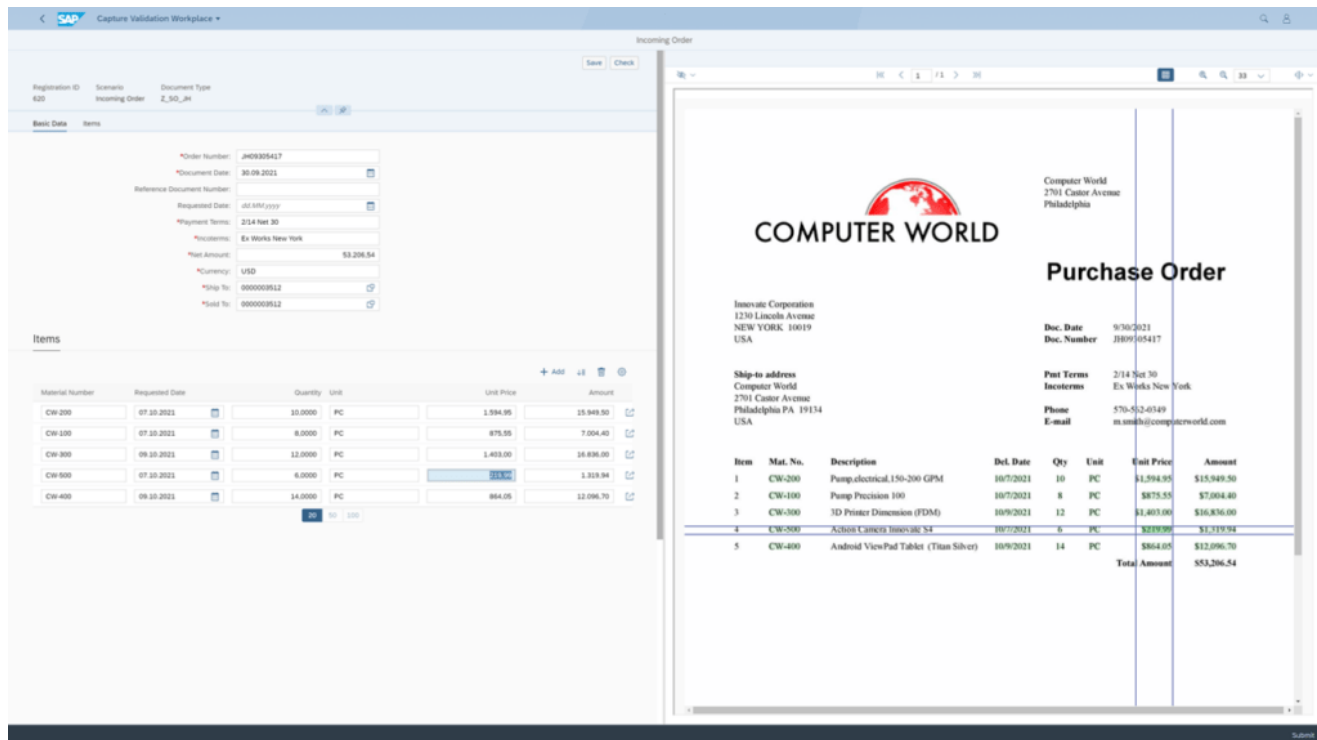

Figure 3. Capture Validation Workplace, which is an app that does not require any software installations, reading data from Invoice using OCR Technology.

Automation of invoice ingestion, Optical Character Recognition technology reading details from the invoice document, processing the invoice and triggering of workflows when discrepancies arise:
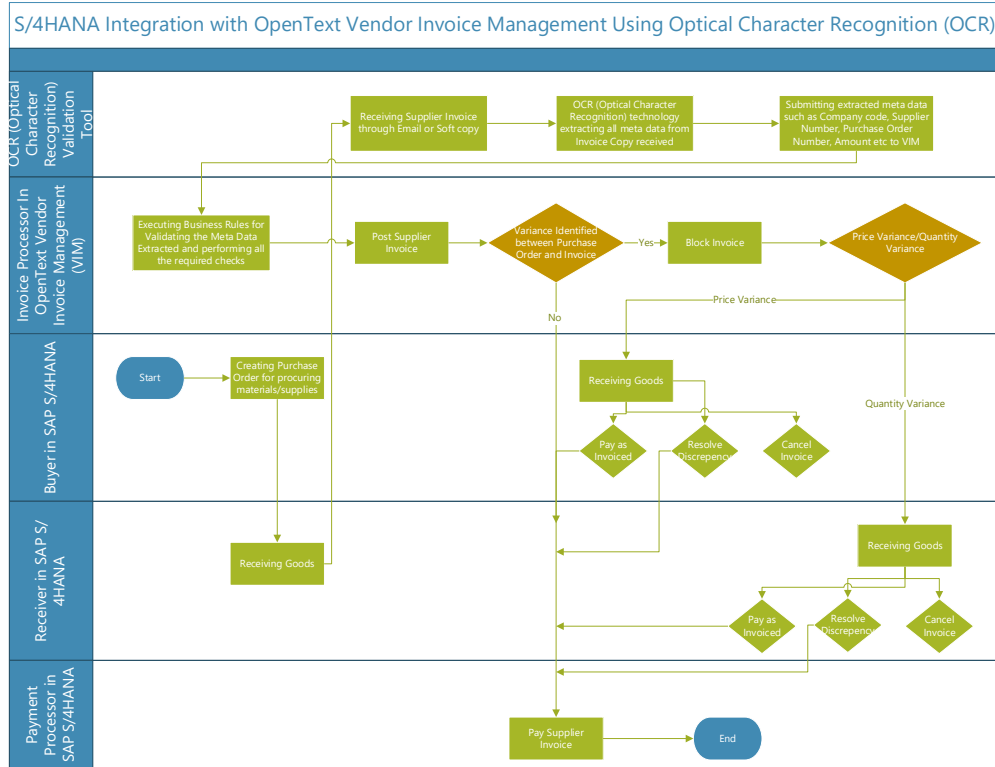
Figure 4. Process Flow of Supplier Invoices with Quantity and Price Variances which trigger automated workflows

OpenText VIM can be configured in such a way that all the invoices received from suppliers irrespective of any format are processed by the system. System routes scanned copies or email-based invoices to "Capture Validation Workplace". EDI invoices can be registered in VIM as IDOCS as all the information for processing EDI Invoices is available in the EDI files received from suppliers, hence they are not meant for "Capture Validation Workplace". "Capture Validation Workplace" receives the invoices, and its embedded Optical Character Recognition (OCR) technology reads invoice details such as Invoice Date, Purchase Order no, Line-Item details such as quantity, unit price, total value etc. Its machine learning capabilities can identify supplier number based on previous treatment given to the invoice. Its machine learning capabilities also include features such as remembering various invoice formats and the treatments given first few times so that It can auto apply those treatments whenever they are received again.

Organizations can choose if they would want the users to validate the information read by OCR from the Invoice before the data is submitted to VIM for further processing or the invoice information can be sent to VIM Module without reviewing. It is recommended to have the review process in place for few months until system learns processing most of the invoice formats so that the accuracy and hit rate would be higher once review process is turned off. Invoice information from "Capture Validation Workplace" is received into VIM. VIM has a wide range of standard business rules offered by OpenText. Business Rules are responsible for validating the invoice details and catch errors. Custom business rules can be created as per the specific needs of an organization. Users would get to know if there are any errors such as wrong purchase order number, total of line items not matching with header, inaccurate tax amount when the business rules are executed. User can fix the errors or can send the invoice back to supplier if it needs corrections from supplier end. System posts invoice document if there are no errors found [3].

System would validate posted invoice against purchase order and goods receipt. If there is any variance such as invoice amount does not match with purchase order price or invoice quantity does not match with goods received, system raise an exception, block the invoice and trigger workflow. It is recommended to send price discrepancies to buyer and quantity discrepancies to inventory manager so that they can take an action such as:

- Requesting Accounts Payable Team to pay them as Invoiced if they accept the price or quantity variance.
- Cancel the invoice and reach out to supplier if the invoice does not seem correct.
- Adjust purchase order price or post additional goods receipt if the details from invoice are correct.

Once the price and quantity discrepancies are resolved, system removes posting block and the invoice can be paid.

6. Conclusion

In today's fast-paced digital economy, organizations must eliminate inefficiencies in financial operations to maintain competitiveness and compliance. Integrating SAP S/4HANA with OpenText Vendor Invoice Management (VIM) offers a powerful, intelligent solution that transforms invoice processing from a manual, error-prone task into a streamlined, automated function. This integration not only enhances invoice accuracy and accelerates processing times but also improves visibility, control and compliance across the procure-to-pay lifecycle. By adopting this integrated solution, enterprises can reduce costs, increase productivity and lay a robust foundation for future-ready and intelligent finance operations.

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