DISPUTE RESOLUTION AUTOMATION

DIRECT COMMERCE®

EXECUTIVE SUMMARY

In large enterprise accounts payable processes, invoice disputes are inevitable. Those disputes provide you with an opportunity: you can either deploy a dispute process that enhances your relationships with suppliers, or depend on outdated and inefficient tactics that frustrate suppliers, delay invoice payments, cause unnecessary rework and communication, and threaten your supply chain.

True digital automation will liberate your team, speed up time-to-close, eliminate bad financial data, and prepare you for your best future. When handled manually, disputes can be a source of pain and frustration inside your organization with a backlog of disputes, angry suppliers, and burnt out AP staff.

In this white paper, learn how implementing a truly automated end-to-end dispute resolution system can simplify workflows, eliminate manual tasks, provide more accurate data, facilitate on-time payment, and improve relationships with your suppliers.

WHAT DOES AUTOMATED DISPUTE RESOLUTION LOOK LIKE?

Dispute resolution is all about collaboration – bringing together the two parties, exchanging information, and ultimately reaching an agreement.

Even the largest enterprises often still manually handle the dispute process. Growing teams of AP managers and processors are deployed to check paper mail, read emails, route inquiries and disputes, validate data, request more information, and handle all that data from one exchange to the next. In the process, dozens of people must all try to coordinate their efforts, agreeing that they all have the right information to come to a decision about how to handle a dispute. And many teams are trying to process hundreds or thousands of new disputes every day, while managing the resolution of a virtual mountain of disputes already in process. Time is wasted and errors find their way into all these manual processes, jeopardizing overall financial accuracy and stretching out time-to-resolution to a breaking point.

True dispute resolution automation solves for all of this and more. Most current automation solutions provide automation for handling disputes by simply logging communications between you and your suppliers into the system.

TRUE DISPUTE RESOLUTION AUTOMATION:

- Standardizes dispute submission so that all disputes appear in your system in a uniform way

- Keeps bad data out of your system by validating submission fields automatically

- Provides your AP team with the precise information they need, including required documents specific to your business process (as necessary)

- Provides processing workflow based on a variety of configurable properties
  (like dispute type, geography, or invoice amount)

- Handles all documentation and dispute history in one central data repository

- Eliminates inquiries by providing the same data and documentation to all parties

With the amount of data that needs to be shared – especially with the volume of disputes that can arise at an enterprise level – it requires a great deal of collaboration (both internally and externally) when left to manual processes. With an automated solution, the system can show you what needs to be addressed, where things stand, and it tracks all relevant documentation and dialogue.

Taking the heavy lifting out of the dispute resolution process makes it more efficient and ultimately leads to better relationships with your suppliers.

WHY IS DISPUTE RESOLUTION NEEDED?

In a large enterprise, thousands upon thousands of transactions take place every month across hundreds, thousands, or tens of thousands of different suppliers. At this scale, there are bound to be errors at some point, originating from either side of the transaction.

Perhaps a customer did not receive the amount of goods that were specified, or some of the goods arrived damaged. Maybe the dollar amount on the invoice didn't match what was on the purchase order. Or freight might not be allowed, or a tax amount on the invoice is not what you are expecting to see. A flexible automated dispute resolution system will allow you either to short-pay those invoices immediately and allow suppliers to dispute those differences later, or it can allow you to incorporate workflow steps to manage those variances and mismatches in an efficient, collaborative way with the supplier before the payment is ever made.

In a paper world, this can create an immeasurable amount of documentation to maintain.

> *"With our back-end dispute resolution process, it was totally manual and paper-intensive. We had about 5 million pieces of paper on an annual basis that we needed some help with."*
> – Senior Manager of Finance Operations
> Home Improvement Retailer

Even for businesses that have very low paper invoice volume, the headaches of dispute resolution have not gone away. Paper invoices now become emails, PDFs, and other documentation that are managed across disparate inboxes and shared drives.

Managing this volume of disputes requires a large team to monitor inboxes, manually enter them into a system, encode them, exchange information with the supplier, and work with internal teams to review and approve disputes. But it doesn't end there – resolution needs to be communicated to the supplier, payment needs to be processed, and the dispute needs to be captured in internal reporting.

HOW DIRECT COMMERCE CAN HELP

The Accounts Payables department interfaces with thousands of vendors and stakeholders in your supply chain, requiring great collaboration and communication. At Direct Commerce, we automate this collaboration, making it faster and more auditable.

KEY FEATURES

✓ Access to Centralized Data

Immediate decline in dispute volume is achieved through the Supplier Portal which brings all relevant information into one central data repository for both AP teams and suppliers.

✓ Dispute Creation

Suppliers can initiate a dispute within the solution with a simple button click on an invoice. However, no dispute can be created without documentation and validated data that complies with business rules.

✓ Data Validation

No supplier may submit a dispute with erroneous or missing data.

✓ Dispute Collaboration

Collaboration is automated through a number of ways including routing, rich markup tools to annotate disputes, and trackable and referenceable conversation history.

✓ Reminders, Time-Outs and Escalations

Configurable time-outs and escalations of all tasks allows for process requirements like automated resolution based on dispute aging, automated escalation of a dispute based on age or dollar amount, and automated communication to suppliers based on a number of scenarios including aging disputes, task notifications and task reminders.

✓ Resolving a Dispute

Once a resolution has been reached between you and your supplier, the dispute is approved or rejected, and the DCI system will lock the invoice meaning no further disputes may be created.

✓ Batch Settlement

Direct Commerce customers can batch settle disputes, allowing for a single resolution to thousands of disputes at once.

When using dispute resolution at one of Direct Commerce's competitors, at best there is often only a communication log to track conversations. At worst, the process is contained in emails routed by a workflow engine, which is far less secure and creates a nightmare of document handling — not knowing who has what, what the status is, and lacking a singular cohesive perspective as a team or organization. The process is not automated, and data is not validated nor structured. In addition, all disputes are managed the same way, regardless of the dispute type.

At Direct Commerce, all data is structured and validated before a supplier can even submit a dispute. Based on business rules, disputes are handled differently depending on the dispute type, and can then be approved, denied, routed to the appropriate personnel (who can take action in a matter of a couple of clicks), or routed for payment. In every step along the way, all stakeholders can see all relevant information and documentation, with a centralized portal unifying the process and providing a single source of truth.

"With access to supporting documentation [in a centralized portal], our suppliers can get what they want, when they need it, without having to wait for something in the mail or calling to ask for it. It's right there for them."

– Jeff VanDyke, Director of Shared Services
Gordon Food Service

The end result of automated dispute resolution? Less time spent on manual processes like managing emails and processing documents. Disputes are resolved in days or weeks, instead of months or years. A central source of truth provides valuable reporting metrics, like what vendors are creating the most disputes, or what are the most common dispute types. Accounts payables teams are happier, no longer spending an inordinate amount of time on disputes. And, of course, suppliers are happier with improved communication and on-time payments, which reverberates all across the supply chain.

GET IN TOUCH

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Want to learn more about how Direct Commerce can help your team resolve disputes faster, cheaper, and with greater satisfaction to your suppliers?

Schedule a meeting with one of our product experts to help define and implement your dispute resolution strategy, or reach out to us through any of the channels below.

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Direct Commerce was built on a foundation of service and innovation to help Global 1000 companies like Lockheed-Martin, Home Depot, and Gordon Food Service drive real value through source-to-pay (S2P) automation. As a global leader in enterprise automation, Direct Commerce pioneered the effort to transform and digitalize financial processes. We continue to deliver dramatic cost savings and efficiencies to organizations burdened by too much paper and labor-intensive workflows. The world's largest companies rely on Direct Commerce to create touchless work environments, cut costs, reduce fraud, improve supplier relationships, and gain data-driven insights for better business intelligence.