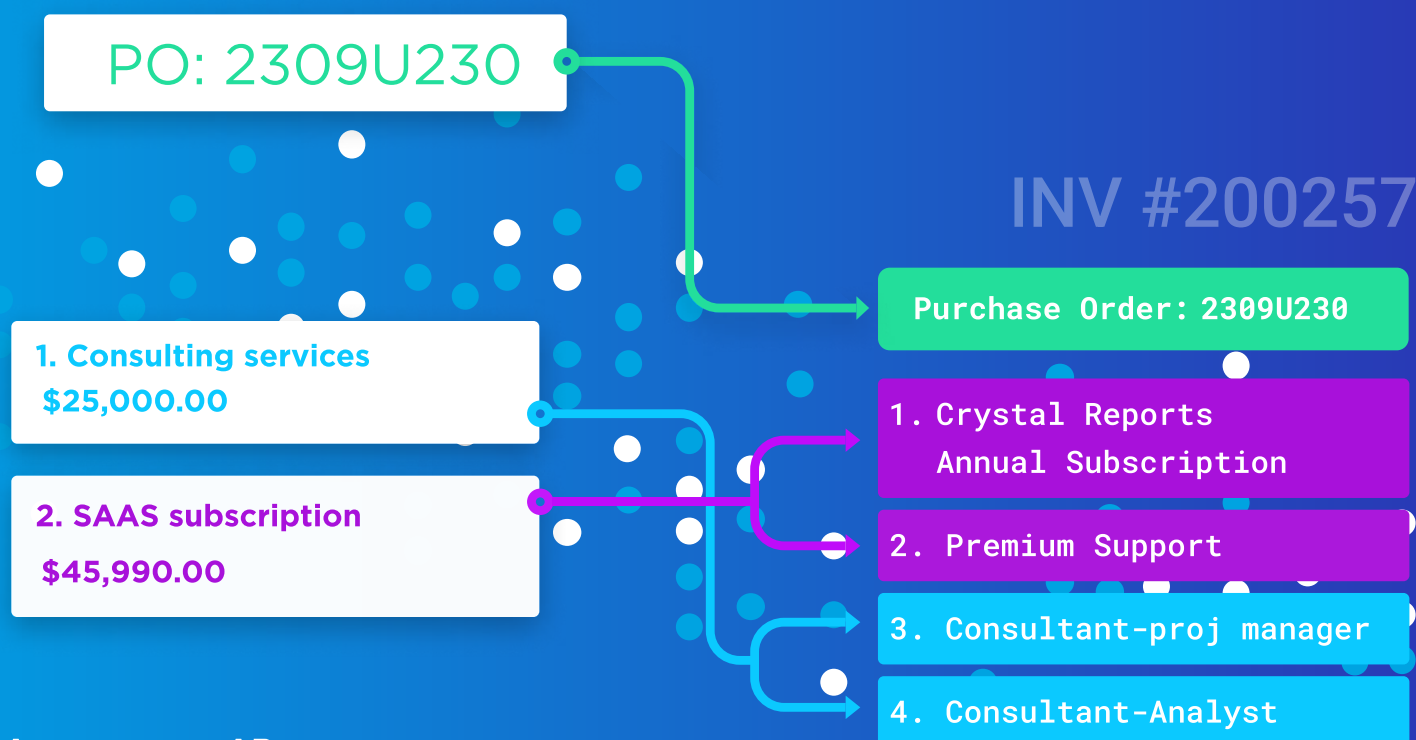


An AI-first approach to fully automated invoice matching for complex, multi-line POs



Autonomous AP guarantees accurate matching of invoice and purchase order lines, even when items and descriptions don't match

Multi-headache, multi-line purchase order matching



Within the Accounts Payable (AP) Team, aligning your purchase orders (POs), invoices, and received goods is a task that can consume an entire day in the life of an AP clerk.

Did your business receive the items your buyer ordered? Were they invoiced correctly at the expected price? Mapping across items ordered, items billed, and inventory distribution needs your AP team to make sure descriptions align, the correct team or teams are billed, and complex table processing and variances are handled correctly, often without the help of supportive technology.

In the end, the company faces the high cost of lengthy invoice processing, delays, and inefficiencies. The seemingly **endless manual work and tedium** can also result in frustration, burnout, and costly human error.

The most common multi-line PO matching issues

1

Invoice and PO lines that are in a different order from one another

2

Item descriptions that are a poor match between invoices and POs

3

Invoice lines that need to be combined to correctly match PO lines

4

Identifying which PO lines to match, even when they lack sufficient funds

5

Matching invoice line amounts based on department codes on the PO

Why is this such a challenge?



Line-level matching across purchase orders and invoices is required for any PO-backed invoice, to confirm the invoice is correct and follows the PO's purchasing details. It's AP's job to reduce the risk of discrepancies and improve the efficiency of the purchasing and invoicing process.

Historically, this process has been manual, especially in the absence of details like part numbers or UPC codes that make line matching simple. This is because most finance software is rules-based. **Rules-based software doesn't have the ability to comprehend descriptions or make insightful decisions** to correctly match purchase order and invoice lines.

The rules of rules-based automation

Rules-based automation (RBA) is a simple form of machine intelligence in which basic "IF x THEN y" instructions are applied to data to take pre-defined actions. When transferring data from a sales invoice into a financial management system, any changes to either interface will cause the transfer of data to fail, requiring a human programmer to make changes. This adds additional complexity, especially in multi-step processes.

If x, then y

Where other solutions consistently fail...



An automated system can find a purchase order and ensure it's associated in the system with the vendor number listed on that PO. But errors do happen, and an AP clerk often is required to confirm that the vendor, vendor number, and supplier name on the invoice all match the PO. Most automated systems will flag unexpected changes to logos or addresses. The clerk must then decide whether the invoice is still valid.

Next is the line-matching routine. In a two-way match, the invoice and PO are cross-checked to confirm each line. The description and the price tend to be unique for each item, so these are the key components in making sure that the correct items were ordered, in the correct quantities, and for the correct amounts. A three-way match also includes checking the PO and invoice against the receipt, which usually arrives along with the shipped items as a packing list or bill of materials. When all three match, there is a clear path to payment.

When there is one-to-one correspondence that fits a rules-based system's structure, the outcome is simple and straightforward. The problem is that the **PO must match the invoice exactly for rules-based AP automation to work.**

Some organizations build and maintain a cross-reference table to translate what to expect on a PO when specific values appear on an invoice. This is a rigid solution that relies heavily on repeat orders to yield any real benefit. As soon as there is a new value or a change in wording (and it happens more often than other solution providers like to admit), your AP team has to intervene.

Even direct, vendor-to-buyer systems like [EDI](#) still require manual validation. And they often have high match exception rates, even within that electronic environment.

For example, an invoice line might contain a number of items that need to be split between two or more departments, such as a SaaS subscription. No other automated system can handle this kind of prediction, necessitating an AP clerk's expertise and a considerable amount of time.

This is one more area where **AI beats RBA hands down.**

Electronic Data Interchange (EDI):

Computer-to-computer exchange of business documents in a standard electronic format between business partners

...AI rises to the challenge

AppZen uses artificial intelligence (AI) to simulate the same cognitive processing a human mind brings to problems such as these. It's so accurate that there's no need for double-checking invoice data capture actions. When the first steps of your workflow begin with AI, you **save thousands of hours per year in manual work**.

An AI-first approach gives you flexibility.

It's a fact of life in AP departments that changes constantly occur. New vendors come on board, new invoice formats are sent to your inbox, or suppliers send items from new warehouse operations.

Unlike rules-based systems, AppZen's AI continuously learns from your feedback and downstream transaction changes. Our ZenLearn tool recognizes new patterns and improves its future predictions. There's no need to code new templates or involve IT.

No human review is needed.

When changes first occur, the AI's confidence in its predictions is likely to be low, so it asks your team for "training." This helps it confirm the correct way to read and understand new line descriptions, invoice formats, logos, and addresses. It does this without ever having to leave the workflow. In the same way that you'd train a team member, the AI only needs 2-3 examples to understand how to correctly interpret the same situation in the future. Once the correction has been made, the matching process continues unimpeded.

Over time, this increases the number of invoices that can be processed autonomously, without any human touch, from the time it hits your AP inbox until it's ready to pay.

Autonomous processing:

Fully automated, "touchless" handling of data, without any human involvement.

At AppZen, AI is in our DNA.



Unlike some providers, AI is not bolted onto our existing solutions. Our Autonomous AP solution is much more sophisticated than any rules-based system; its AI models have the extensive finance domain expertise of an AP team with years of experience processing hundreds of thousands of documents just like yours. This **deep finance knowledge**, combined with historical insight from your invoice documents, purchase orders, chart of accounts, suppliers, and more, allows our AI to interpret your spend data with 100% guaranteed accuracy.

Autonomous PO-to-invoice matching

Invoices that read differently than purchase orders are impossible for rules-based systems to reconcile. Only AppZen's artificial intelligence platform reads and understands the content and context of invoices and POs to **guarantee 100% accurate matching—even when items and descriptions are different.**

EVERYDAY
ENTERPRISES


Everyday Enterprises
6201 America Center Dr
San Jose, CA, 95002

Crystal
2675 Middlebury Street
San Jose, CA, 95127

Purchase Order

PO: 2309U230

DESCRIPTION	TOTAL
1. Consulting services	\$25,000.00
2. SAAS subscription	\$45,990.00
Subtotal	\$70,990.00
Total	\$70,990.00

 **CRYSTAL**

INV #200257

Crystal
2675 Middlebury Street
San Jose, CA, 95127

Everyday Enterprises
6201 America Center Dr
San Jose, CA, 95002

Date: 11/15/2022
Terms: 2%/10, Net 30
Due Date: 12/15/2022
Balance Due: \$28,246

Purchase Order: 2309U230

DESCRIPTION	QTY	RATE	TOTAL
1. Crystal Reports Annual Subscription	10 seats	\$3,599	\$35,990.00
2. Premium Support			\$10,000.00
3. Consultant-proj manager	50 hours	\$250	\$12,500.00
4. Consultant-Analyst	42 hours	\$200	\$8400.00
Subtotal			\$66,890.00
Sales Tax-CA-8.68%			\$5,806.05
Total			\$72,696.05

Never before has there been a technology capable of interrogating two different transactions in order to match line items with similar but not identical language.

Our AI automates complex invoice processing



AppZen's unique AI platform intelligently determines which PO lines should be selected to match against which invoice lines even if the line descriptions do not correlate. In so doing, Autonomous AP reduces processing time and errors.

Autonomous AP does not need invoice lines to be in the same order or exactly match PO line descriptions. It does not require PO flips or cross-reference tables.

Most systems have trouble reading items that don't exactly match a pre-determined rule set. Autonomous AP scans and easily reads each document. It understands the content and context of every line, regardless of line placement, without the need for rules. It searches out matching information and makes accurate predictions.

Autonomous AP knows which invoice lines need to be combined to correctly match PO lines. And it can match invoice line amounts based on the department codes on a PO.

Autonomous AP can read and interpret documents as well as an AP clerk. With extensive domain expertise, our finance-focused AI can interpret the information on the documents that it processes. When an invoice line contains items that need to be split between departments, it can correctly match PO lines. It can match invoice line amounts based on the department codes on a PO. Its sophisticated predictive models leverage historic knowledge of your invoice documents, predictive matching, and natural language processing to validate your PO against your chart of accounts.

In a similar way, our AI models can also predict and assign the correct GL accounts and cost centers.

Autonomous AP can identify PO lines that match an invoice, even when the PO lacks sufficient funds.

If no PO has been received when the invoice arrives but Autonomous AP has confirmed that there should be, it flags the appropriate buyer. It then checks periodically to see if a matching PO has been created. Once there is one available, the matching continues without any further action on your part.

Sometimes the three-way match is held up due to a lack of funds available on an existing PO. In this case, Autonomous AP notifies the buyer immediately to add more funds and can periodically re-check the PO to confirm funds have been added. It can then continue to process the invoice and run the three-way match without any assistance.

Summary

AppZen's Autonomous AP solution is the first and only invoice automation system that leverages AI's ability to add context to characters and interpret information from data in the same way a person would. This is what allows for fully automated invoice processing, **without the need for templates or rules** for your team to manage.

You immediately gain clear, accurate data that can be autonomously checked for duplicates, errors, compliance issues, and fraud. Multi-line PO matching is simplified by Autonomous AP's ability to understand your invoice information so well that only the most challenging invoices are flagged for your review. In fact, AI's ability to take feedback and improve the predictive models it uses means that the system will inherently get better over time. Your AP team can then spend less time on transactions and more time on value-add activities.

Autonomous AP removes manual work as it handles essential steps in the process, reducing the potential for errors, fraud, and waste.

Invoice data capture: autonomous ingestion

When the supplier emails an invoice to your AP inbox for processing, the data capture and digitization process begins. Autonomous AP accurately captures invoice header and line data from the PDF using artificial intelligence.

Document validation and classification

Next, it validates the document. It confirms the accuracy of the vendor information and the currency on the invoice, as well as whether or not there should be a PO. It determines and enters the appropriate spend category and finance classification as defined by the context of the invoice and your ERP system.

PO policy and PO matching

In order to establish whether a purchase order is needed, AppZen AI uses historical data like spend category, supplier, amount thresholds, and more. If no PO number is found but your policy states there should be one, Autonomous AP sends out an automated request for a PO. The AP processor can tell the system that it does not need a PO, manually enter one, or set up automated searching to find the correct, open PO and begin the matching process. AppZen then handles two-way and three-way matches to further streamline the process.



About AppZen

AppZen is the leader in autonomous spend-to-pay software. Its patented artificial intelligence accurately and efficiently processes information from thousands of data sources so that organizations can better understand enterprise spend at scale to make smarter business decisions. It seamlessly integrates with existing accounts payable, expense, and card workflows to read, understand, and make real-time decisions based on your unique spend profile, leading to faster processing times and fewer instances of fraud or wasteful spend. Global enterprises, including one-third of the Fortune 500, use AppZen's invoice, expense, and card transaction solutions to replace manual finance processes and accelerate the speed and agility of their businesses. To learn more, visit us at www.appzen.com.

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