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**Managing Paper-Based Invoices and Bills in Small Businesses**

Any business either big or small must always deal with various various paper based forms to handle their invoices and bill payments. As it deals with cash flow of the company it must be managed and processed properly. There are several new and promising technologies like online bill payment, electronic invoicing, and P-card are available that promises to remove the paper based processing from the accounting department. Let us face it, these technologies may reduce the paper documents but cannot eliminate completely. According to [Aberdeen Group](#) research report 80% of invoices come in paper format and this amount is more for small businesses. Also the invoices comes in various shapes and sizes making it difficult for companies to process it.

### ***How businesses are managing the onslaught of papers in their accounting departments?***

#### **Account Data capture Software**

Several companies like [Abbyy](#), [Kofax](#), [ReadSoft](#), and [AnyDoc](#) offer data capture solutions specifically developed to convert all the paper based invoices, checks, bills, and other paper documents into data that can be sent to the accounting or ERP systems. Large corporations have been using these types of software successfully. By using software for accounting data capture, they've increased the efficiency of their accounting departments and achieved significant productivity gain in processing their accounts payable and accounts receivable data. Small and mid-sized businesses are mostly not using any software to convert their account data from their paper documents. Most of the mid-sized companies use software just to scan their paper based accounting documents and manually enter the accounting data into their accounting or ERP system. As you know it is not a cost-effective solution; time spent on data entry, verification, and data calculation can be automated using account data capture software.

# Scanning Paper Invoices



## ***Why most of the small businesses are not using automatic account data capture software?***

### **Problems of Account Data capture software**

Cost of the account data capture software is the main reason small and mid-sized businesses not embraced it in their accounting departments. The total cost of owning a sophisticated accounting capture may range from few hundred thousand to a million dollars. The cost includes but not limited to following: Licensing Fee for the software (User based or CPU based access) Training for your employees Software support and maintenance Hardware upgrade to install the software Any business that uses the automatic account capture software must incur above mentioned expenses. Sometimes accounting data capture software may not come with a standard interface to your accounting software or ERP system; in this case you may have to go back to the vendor for custom development of the interface so that the captured data can be directly transferred into your accounting package. As you know invoices, bills, and checks come in different colors, shapes, and sizes. Important account data like customer name, date, and amount may be in different places within the paper documents. There might also be handwritten notes on the paper documents. Because of these reasons, the data capture software may not accurately capture all the account data from the paper documents. If the software couldn't identify the scanned images then it has to be processed manually. Though the account data capture software vendors embraced [OCR](#) and [ICR](#) technologies into their product to capture the account data accurately from the scanned images, they're still long way to go to remove the manual process. So any time if the account data capture software could not recognize the data from the scanned image it has to be processed manually by the accounting and it will increase your cost. For big companies using an account data capture solution is affordable and they can justify the cost of managing it. But for small and mid-sized companies it is not an affordable solution and their in-house manual process is not cost-effective and efficient.

## ***What is the solution for small businesses to improve their accounts payable and accounts receivable operations?***

### **Offshore outsourcing Accounts Payable & Accounts Receivable operations**

The answer is to use an offshore outsource vendor to process all their accounts payable and accounts receivable data. They can use their existing infrastructure to send the data to offshore location securely through Internet to be processed by the offshore vendor. Each small and mid-sized business have their unique way of managing their accounts payable and account receivable departments, using an offshore provider will not change the overall operations of these departments, instead of small business personnel offshore vendor is responsible for converting all the account data from the scanned images to the accounting software or ERP system. Once you send the scanned image to your offshore vendor securely following are the typical tasks performed by the offshore vendor. 1. Use automated and manual process to extract all the data like invoice number, invoice date, and check number from the images. 2. Hardware upgrade to install the software 3. Enter extracted data to small business accounts software 4. Perform other accounting operations like Invoice preparing, Bill payment, and Check Printing in the small business account software. 5. Export the work from the accounting software to a file. 6. Send the file to the small business to import it into their accounting software for verification. Once small businesses receive the finished files from the offshore vendor, they can import it into their accounting or ERP systems for verification and further processing it.

## **Conclusion**

Small businesses can achieve several benefits from using offshoring accounts payable and accounts receivable services; cost of processing their paper documents will decrease by 50% to 60%. The cost saving does not come free, small businesses needs to overcome issues like offshore security and offshore outsourcing cultural issues. But by carefully managing their offshore vendors small businesses can gain the cost reduction and operational efficiency in their accounts payable and account receivable operations.

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