



# A Practical Guide to OCR in Procurement

No one joined the procurement or accounts payable (AP) fields because they love data entry. Manually entering invoice information or supplier background is both tedious and time consuming, but also expensive and error prone.

The good news is that there's a solution – and not one that you have to wait years for it to become “mainstream” but a solution that's available today, with an impressive track record to boot.

Optical character recognition (OCR) is a technology that allows for quick and accurate scanning of paper, pdf, pictures and a variety of other mediums to drastically speed up document processing times. This technology has the potential to save both time and money, with an average invoice taking upwards of 25 days to manually process, costing up to \$30 in some cases. With most companies having thousands of invoices (and other documents) to process per month, this can quickly get out of hand.

# Myth Busters: OCR Edition

In order to make the case for OCR you're going to have to address a number of common myths and misconceptions.

<b>Common Misconceptions and Myths</b>	<b>The Reality</b>
OCR is old technology. It's not worth investing in now.	Yes, OCR is a mature technology but that doesn't make it unimportant. Massive time and money savings aside, proper OCR and IDP can bring a new perspective to existing processes, unlocking innovative solutions to problems you may not have even known you had.
Documents have too much variation to be scanned in.	OCR goes beyond simple scanning. When augmented with RPA or AI capabilities it transforms into IDP. This is where the true value lies. The system will pick up on patterns, recognize new languages and fonts over time, ultimately leading to processing a wide array of document types and layouts with much greater speed and accuracy than a human could.
OCR can only help our AP team.	Use cases go far beyond just AP teams. Sure, the natural start for most organizations is to digitize and streamline invoice processing, but there are use cases for IDP anywhere that documents are used. Contracts, RFPs, supplier profiles, HR documents, résumé uptake and many more. The potential to streamline your processes go far beyond a single department or use case.



<b>Common Misconceptions and Myths</b>	<b>The Reality</b>
Isn't OCR the same thing as intelligent document processing (IDP)?	OCR is not the same as IDP. OCR is the foundational technology, but IDP is more of a process. IDP is based on using the best of RPA and AI to enhance OCR capabilities. More importantly, IDP is focused on redefining the entire document uptake process, finding new and better ways to solve problems and use resources.
OCR is just scanning documents, that doesn't save us any time.	OCR isn't just "scanning documents". It recognizes patterns, languages, spellings, layouts, and more to upload documents with near perfect accuracy. This saves countless time from manual data entry, but also drastically cuts down on typo errors as well as late fees and compliance issues.



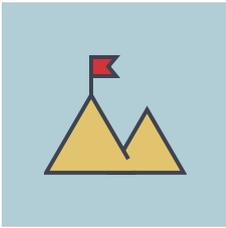
# Steps to the Perfect Implementation

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1. Do an internal audit of your document processes. Anywhere that your organization deals with paperwork or manual data entry from documents is a candidate. Once you have your list, it's best to pick one or two document processes to start with for a "pilot program".





**2. Set your benchmarks.** Once you've picked which specific use case you want to target first, you need to set some benchmarks, so you know where and how OCR is making an improvement. Let's pretend that you decided on invoicing. Ask these questions:



- How long does it take to process an invoice on average?  
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- How many invoices do we typically receive per month?  
\_\_\_\_\_
- How much does manual processing cost (In late fees, errors, and the salary of the processors)?  
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- How many errors or compliance issues do we run into per month?  
\_\_\_\_\_

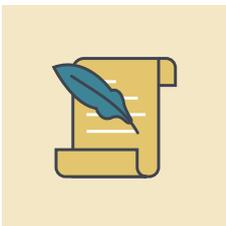


**3. Find the right technology partner.** Consider all your other solutions and how easy it may be to tie in OCR. Sometimes a standalone product may not be your best option if you want to scale up or want a seamless experience from uptake to usage. For example, JAGGAER's Digital Capture may be a logical place to start with invoicing if you have other JAGGAER modules. As it works within the JAGGAER platform it's an easy data integration.





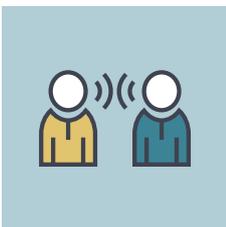
4. Implement and test against your benchmarks. After six months of testing the technology, compare the numbers against the benchmarks that you established. Are they meeting expectations? If not work with your technology partner for the solution. However, keep in mind that the system will get smarter over time, picking up on new patterns and layouts, so it may be a case of “staying the course” to give the solution time to prove its value.



5. Document every step. Look at what worked well, what didn't, and where gaps might exist. There are always opportunities for improvement, even in the smoothest of implementations. The insight from this project may be crucial in your next digital initiative.

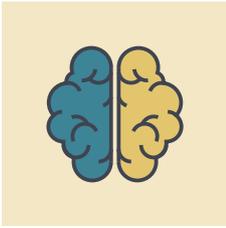


6. Communicate. OCR has a proven track record of results. Clearly demonstrate the hard and soft savings you've been able to achieve. ROI is the ultimate goal, be prepared to talk about it.



7. Work with other stakeholders. If OCR has provided a measurable impact on your department, then it's likely other teams in your organization can have a similar result. Collaborate and share your knowledge of what went well and what didn't.





**8. Re-evaluate all of your processes. If OCR is used correctly then your team should be spending much less time on manual data entry and document processing. It's time to rethink what certain roles looks like.**



- Are there other areas for strategic impact?  
\_\_\_\_\_
- What other processes can be streamlined?  
\_\_\_\_\_
- Are there "wish list" projects that people now suddenly have time to do?  
\_\_\_\_\_

It'll look different for every company but there will be opportunities to drive more value with more strategic or relational work.



**9. Turn your focus to IDP. By combining OCR and AI or RPA the potential use cases multiply. Assemble a task force of stakeholders to look at existing processes and figure out where technology can help solve problems.**



**10. Get outside help. Maybe an outside perspective is needed? This is where a trusted technology partner comes in handy. By evaluating your digital roadmap, processes, and existing technologies innovative solutions can be found, and sometimes all it takes is a fresh set of eyes.**



*Want to talk about how OCR and IDP can help streamline your document processes and unlock further digital transformation? JAGGAER is here to help! Get in touch today and we can walk you through your options.*

# Notes



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