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Basware Statement Matching - Service Description

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1 Service Description

1.1 Basware Statement Matching

Basware Statement Matching matches the invoice data from a supplier statement with invoice data from an accounting system. It highlights matched invoices, data discrepancies, missing documents, and additional invoices that are not on the supplier statement.

Statement Matching uploads the supplier and invoice header data from the accounting system and compares it with supplier statements. Statements can be loaded in two ways, through data extraction from paper or email statements (performed as a service by Statement Matching) or by importing Excel spreadsheets of statement data received from the supplier.

Statement Matching generates a status for each data line on the statement as well as an overall status for the statement. Matched statements can be viewed, re-matched, edited, printed, or emailed to the supplier for status confirmation. In addition, the audit reports stored in Statement Matching retain a full history of all statements processed for audit compliance. Automating the process creates a structured workflow that enables reporting of errors received by suppliers and focuses on resolving root causes to reduce errors over time.

The table below outlines the business benefits derived from the AP department reconciling higher volumes of supplier statements. Proactively reconciling supplier statements is key, as it helps identify issues early, improving the chance of resolving them on time, benefiting the business, Accounts Payable, and suppliers. Quantifying the issues and identifying root causes drives continuous improvement, reducing errors and benefiting all parties.

Accurate supplier liabilities	• Accurate financial reporting • Key control for audit and SOX compliance • Reliable cash flow forecasting and accruals • Target, reduce, and stay in control of top supliers' aged GRNI/GRIR balances, improving the P&L. • Ensure that the credits agreed between the supplier and the business are received and applied correctly. • Obtaining and processing missing invoices and credits within the correct period helps prevent unexpected issues. • Another opportunity to identify duplicates before they are paid. • Make sure debit/credit miss-postings are canceled.

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Paying suppliers on time	• Avoid business interruption from being put on hold or losing supplier altogether. • Identify unallocated payments on the supplier's side. • Improve on-time payments to minimize supplier queries, prevent being placed on stop, and strengthen supplier relationships. • Make sure miss-postings are canceled. • Identify and release unallocated cash. • Maximize any early payment discounts. • Build trust in supplier relationships, increasing the likelihood of receiving favorable terms and treatment when needed. • Support in contract negotiations. • Minimize supplier queries to business contact and repeated queries from the internal AP team. • Identify issues that might cause late payments early enough, reducing the need for emergency payment processing. • Reduce duplicates that may slip through and be charged to budget holder. • If the payment delay is due to something the business hasn't addressed, which is often the case, then the reporting from the statement reconciliation process provides management with an opportunity to identify root causes and reduce similar issues in the future.

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2 Service-Specific Details

2.1 Getting Statements into the System

Supplier statements can be processed in the following formats:

1. **Excel** – suppliers will continue to send Excel statements in their current formats. Customer will forward these statements to customername@statementmatching.com, and the data is uploaded to Statement Matching within 24 hours, with no action required by the customer.
2. **Email (PDF)** – suppliers will continue to email PDF statements in their current format. Customer will forward these emails to customername@statementmatching.com, and the data is uploaded to Statement Matching within 24 hours, with no action required from the customer.
3. **Paper** – suppliers will continue to send paper statements in their current formats. Customer will scan and email these statements to customername@statementmatching.com, and the data is uploaded to Statement Matching within 24 hours, with no action required from the customer.

2.2 Automated Reconciliation Process

Supplier statements are automatically reconciled upon the first upload and then reconciled daily when new transaction files are uploaded from the accounts payable ledger. By default, statements are reconciled by the company and supplier using the invoice date, invoice number, invoice amount, and currency fields.

Additional reconciliation options are available for enterprise customers with complex requirements. The key options are:

- Reconciliations can be performed across systems, which is important for customers with multiple ERPs and common suppliers across those systems.
- Reconciliations are performed across company codes, which is important when suppliers send a consolidated statement with invoices for multiple company codes. No statement splitting is required.
- Reconciliations are performed across suppliers, which is important when multiple supplier accounts are linked to the same supplier.
- Matrix matching: It is possible to define custom matching logic sequences if standard matching fails. They can be set globally or at the supplier level.
- Merging statements: Some suppliers may have multiple customer accounts for one customer on their sales ledger. This results in multiple statements from the same supplier. Statement Matching merges the statements together, enabling the AP team to reconcile them as a single statement and share the consolidated results with the supplier.

2.3 Statement Rejections

If an email/supplier statement matching fails, Statement Matching will reject the email to a mailbox of the client's choosing. Note, this can contain the ticket number in the file name.

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2.4 Statement Statuses

Statement Matching applies the reconciliation process rules automatically and allocates an overall status for the statement and a status for each line. The overall statuses are:

- **Fully Matched**: Every invoice and credit on the statement is matched perfectly to a posting in the ledger and there are no unpaid invoices or credits on the supplier account before the last date indicated on the statement. Customers use this status to drive the GR-NI/GR-IR clearing process because all goods receipts that are not invoiced on system with a posting date prior to the statement could potentially be returned to profit.
- **Fully Matched with Data Mismatches:** Every invoice and credit on the statement is matched to a posting in the ledger, but some invoices and credits on the statement have one data field that differs from the posting in the ledger, for example, invoice number, invoice date, invoice amount, currency, or debit/credit. These errors are important because standard duplicate checks in most ERP systems only flag exact duplicates, so these data errors are potential duplicate risks and invoice amount differences may lead to overpayments or underpayments.
- **Unpaid Items Missing on Statement:** Every invoice and credit on the statement is matched to a posting in the ledger, but there are unpaid invoices or credits on the supplier's account dated before the last date on the statement. These errors are important because they may be a result of an incorrect or duplicate posting on the supplier’s account.
- **Incomplete Matching:** Some invoices or credits on the statement cannot be matched to a posting in the ledger, indicating missing credits, missing invoices, or both. These errors are typically the highest priority for accounts payable to ensure no credits are missed and supplier liabilities are accurate.

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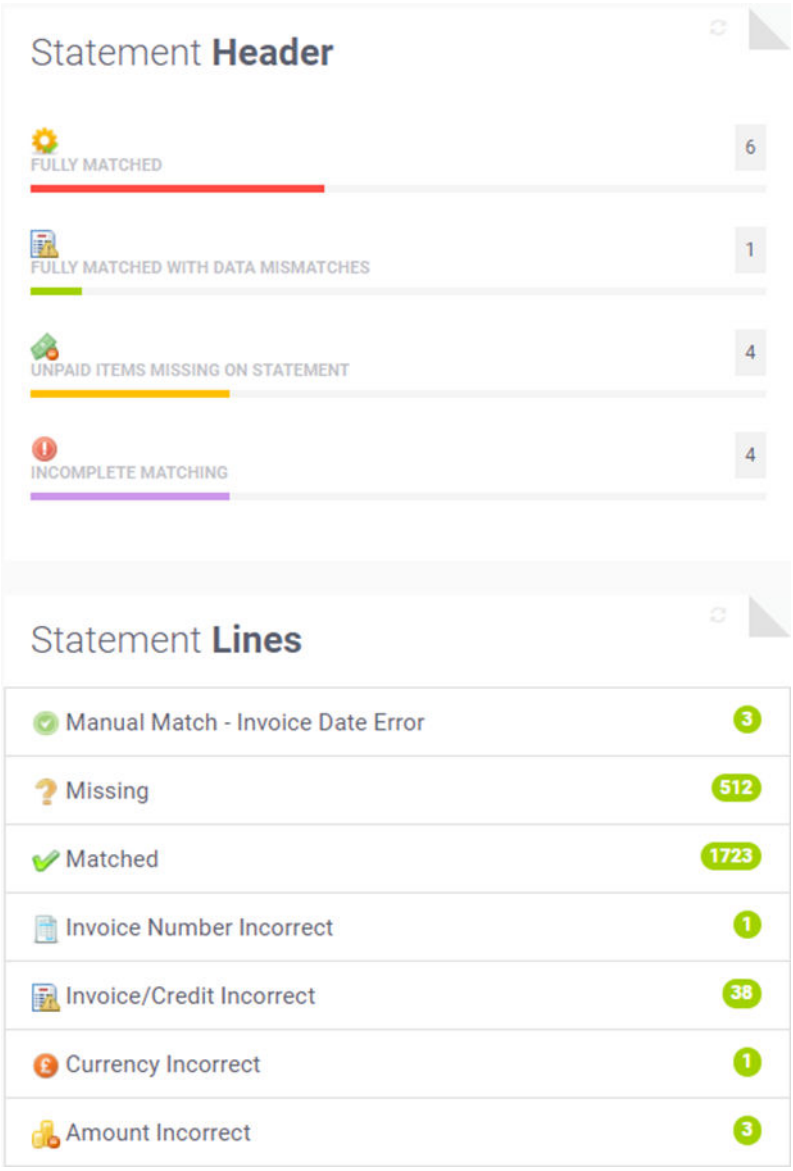


Figure 1: Statement statuses

2.5 Managing Exceptions

Statement Matching makes it easy for users to prioritize exceptions based on error reasons and to select only the supplier statements they are responsible for. Some key features available for users to manage exceptions:

Search Screen and Sorting Search Results

Users can search for statements by specific values or ranges, such as company ID (legal entity), supplier range, statement date, and statement status. Search generates a list of statements based on the selections. Each column can be sorted.

Statement Status Reports

The reporting feature in Statement Matching enables users to list all statements by statement status and line status. All reports are searchable, allowing the users to narrow the selection to show the statements by status, company, supplier, or date.

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Key Supplier Reports

In addition to selecting statements based on supplier ranges, accounts payable often maintain a list of key suppliers that must be reconciled on a monthly or other periodic basis. Statement Matching includes settings to manage and report on key suppliers based on invoice value and critical supplier flags.

2.6 Reconciliation Reports

Users can download reconciliation reports locally or email them to the supplier from Statement Matching. The reports can be used when requesting copies of missing documents. The available reports for download are:

- Statement: The original image of the statement for viewing.
- CSV / Excel Export: The statement details and the statement lines, matching status, and matched accounting data, in a CSV or XLSX spreadsheet.
- PDF Export - Full Supplier Reconciliation Report: The full reconciliation of the statement in PDF format.
- PDF Export - Supplier Reconciliation Error Report: Only the missing documents on the statement in PDF format.
- PDF Export – ERP Team Error Report: The data discrepancies between the statements and accounting data from the system in PDF format. The team managing the accounting data can use the report to double check.
- Audit Report: A full audit report for the supplier statement reconciliation.

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3 Service-Specific Terms and Conditions

3.1 Initial Setup

The customer defines the required setup of Basware Statement Matching with the Professional Services. The Scope Statement contains process definitions, invoice content definitions, and integrations to other systems. Basware Statement Matching service is configured according to the definitions of the customer. A hypercare period starts after the Go-Live. During this period, Basware may perform additional fine-tuning of the service. Standard monitoring of the service starts after the hypercare period.

3.2 Changes After the Initial Setup

Changes to the initial setup are often needed to fine-tune the processes. These changes to the setup may require a Change Request for Professional Services.

3.3 Fees and Invoicing

The fees for the service are invoiced as a monthly subscription unless otherwise agreed with the customer.

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