



# 5 Advantages of NetSuite-Native AP Automation Solutions

Ever since the introduction of ERP SaaS (Software-as-a-Service) solutions, third parties have created many add-on products that attempt to automate core Accounts Payable processes. These products usually look to streamline receipt and entry of vendor bills as well as processing of vendor payments while at the same time improving controls and providing better oversight over payments and cash.

For companies using NetSuite, AP Automation has certainly been a hot topic in the last few years. And while there are great AP Automation software companies out there, a question we are often asked is - Should we invest in an external solution that integrates with NetSuite? Or should we invest in purchasing (or developing) a solution that is 100% NetSuite-native?

There is no right or wrong answer to this question. As always, the correct solution depends on multiple variables such as specific requirements, budget, and your company's priorities and/or timeline. However, it is often the case that companies looking for an AP Automation solution assume without question that an integrated rather than native solution is the way to go.

This article is meant to question that assumption, and to help you understand how a NetSuite-native AP Automation solution can deliver value in comparison with an integrated solution when it comes to managing your procure to pay processes.

### **What is AP Automation and Why are Companies Focused on it?**

AP Automation is a broad term referring to automation of core procure to pay process such as receipt and entry of vendor bills (often involving OCR, or optical character recognition), matching of those bills to Purchase Orders, routing of those bills for approval, and processing of associated payments.

Often, when thinking of AP Automation, we consider only the most straightforward scenarios. For example, we imagine that an invoice comes in with a perfect layout easily readable by our OCR technology, that the invoice includes the correct PO number, that the PO exists in our system and is open for billing, that the approval routing for the invoice is straightforward and contains no exceptions, and that (of course) our vendor ships us the correct items which our warehouse then receives correctly. And yes, in addition all these transactions have the right amounts, the right quantities, and everything matches perfectly. So - *we think* - automating this process must be easy.

But there is a catch. Many (if not most) invoices come in with problems. Incorrect quantities, rates that do not match the PO, no PO number, a single invoice for multiple Purchase Orders, missing approval-related details, etc. Imperfection is part of our daily business lives and the AP process is no exception. AP Automation solutions are useful only insofar as they can accommodate both "blue sky" scenarios



and the more common imperfect and one-off situations. In the simplest terms, the efficacy and ROI of AP Automation solutions should be measured by how well they handle real-world scenarios rather than by a list of features shown in their marketing materials.

As you evaluate options to make your company's AP process more efficient, it is important to understand the value of a NetSuite-native solution in comparison with an external solution. To be clear, we are not implying that external AP Automation solutions are necessarily less valuable. Many solutions out there do a great job at solving some of the biggest challenges affecting the AP process. What we are suggesting, however, is that **the value of NetSuite-native solutions tends to be overlooked and sometimes overshadowed by features in stand-alone products that many times do not provide as much value as companies think.** Companies should consider all alternatives, including NetSuite-native alternatives, and pick the one that makes the most sense for them based on their requirements. The goal of this article is to help organizations make that informed choice.

### **What is a NetSuite-Native Solution and How is it Different from an Integrated Solution?**

Before we explain the benefits of NetSuite-native solutions, it is important to define what a NetSuite-native solution is. The definition is quite simple: a NetSuite-native solution is one that was built entirely within the NetSuite platform. For many years, NetSuite has offered companies like SquareWorks Consulting the ability to develop solutions (think of them as "apps") entirely within NetSuite. This is different from when software companies offer a stand-alone product and then build a "connector" or "integration" that has NetSuite-native components. In such a scenario, the NetSuite-native components use a pre-built integration to send data back and forth between NetSuite and the company's external platform. We call these solutions "integrated".

On the other hand, when we refer to a solution as "NetSuite-native," we mean that it is built and exists entirely within NetSuite, that there is no integration involved, and that data is not transmitted back and forth between any external platform and NetSuite.

How do we know if a solution is NetSuite-native or integrated? This seems easy but can be tricky. The most straightforward way is to go to the solution provider's website and read carefully about their product. If they have a login screen of their own or if they show screenshots of a product that looks different from standard NetSuite, the application most likely is external to NetSuite, even if they have built NetSuite-native components to support their integration.

## Five Advantages of NetSuite-native AP Automation Solutions

As you evaluate AP Automation solutions that live outside of NetSuite and compare them with NetSuite-native solutions, consider the following advantages that native solutions may be able to deliver:

### #1 – Less ongoing maintenance

You may be asking yourself at this point – “Why should I care if the solution is NetSuite-native or integrated? Shouldn’t integrations/connectors just deal with the “data syncing” and take care of this for me?” Unfortunately, the answer is a little more complicated than that. Even for perfectly built integrations, there are ongoing maintenance considerations for which we need to account. These “connectors” or “integrations” work at different degrees of efficiency – some are very robust and require little maintenance, while others are weak and create ongoing problems and maintenance headaches. Any required connector or integration should always be scrutinized when evaluating AP Automation solutions because they can quickly become a burden for the organization.

On the other hand, NetSuite-native solutions are built in NetSuite, and thus do not entail an integration/connector and the associated maintenance. In the case of such solutions, data always only resides in NetSuite, and is never exchanged with an external platform.

### #2 – Better user adoption

Implementing a new system outside of NetSuite comes with a learning curve, and it can be steep. Many AP Automation companies utilize user-friendly and intuitive interfaces, which is certainly a plus, but that does not eliminate the work that comes with understanding and learning a completely new system.

On the flipside, NetSuite-native solutions rely on existing NetSuite components, which means that processing transactions, editing records, entering information, and clicking buttons all follow the familiar NetSuite pattern. This can be an even bigger advantage when you have multiple people involved in the AP process: a person (or team) capturing vendor invoice data, a group of people approving transactions and then a separate person (or team) processing payments. NetSuite-native solutions bring consistency to the entire AP process.

### #3 – More use cases supported

Earlier in the article we referenced the idea that when evaluating AP Automation solutions, we tend to focus on “perfect cases” rather than considering more common imperfect scenarios. In our experience, talking through imperfect scenarios (which occur all the time), really puts the “connectors” or “integrations” from AP Automation software providers to the test as we see how many scenarios can be supported without issues or workarounds.

For example – What happens if you want to perform a true 3-way match and your PO information lives in NetSuite while your vendor invoices live in a separate platform outside of NetSuite? If you receive a quantity that is greater than the amount on the PO – will your user be alerted? Can that trigger an exception approval process? Or if you have multiple invoices coming that reference the same PO – will you be alerted if the 3rd invoice would cause the PO to be overbilled? – In our experience most 3rd party products integrated with NetSuite are not sophisticated enough to handle these sorts of scenarios.

#### **#4 – Better Data integrity**

The definition of Data Integrity is “the accuracy, completeness, and reliability of data throughout its lifecycle”. When data and the associated transactions are split across multiple systems, data integrity is more difficult to maintain.

For example – assume you are using a stand-alone AP Automation tool integrated with NetSuite. You capture invoices and route them for approval in this solution, but you cut checks or issue payments in NetSuite. Also assume that you frequently wire payments to vendors, and that these payments are record in NetSuite as journal entries. If your AP Automation integration does not recognize journal entries as payment transactions it will not pass those JEs back to the external platform, with the result that the invoice on that platform will remain unpaid, while it will be marked paid in NetSuite. This type of situation is common when using an external solution and can cause serious reconciliation headaches.

#### **#5 – Easier Reporting**

Better data integrity also leads to easier and more accurate reporting. Because using a NetSuite-native solution allows all AP data to reside in NetSuite only, reporting is more accurate, more complete, and more extensible than if such data were spread across multiple systems.

In addition, by confining AP-related data to NetSuite, it is easier to pull non-AP information stored in NetSuite onto related reporting. For example, you may want to pull item or employee data onto reporting against vendor invoices or payments. If all those records (employee, item, invoice) exist in NetSuite doing so is simple. If those records are spread out across multiple systems, the task becomes much more difficult.

### **Conclusion**

All AP Automation solutions – whether they are NetSuite native or not – bring a good amount of value to the AP process for organizations. However, it is important to understand the benefits of using a native solution versus an integrated solution when considering which product to implement.





Ease of maintenance, user adoption, supported use cases, data integrity, and completeness of reporting should all be considered when evaluating the various AP Automation products available. Companies should look to implement the product that does the most to streamline their processes while supporting the broadest number of use cases and minimizing user adoption headaches and operational burdens. Companies should also ensure that any solution chosen maximizes data integrity and allows for accurate and complete reporting.

While integrated solutions often promise flashy functionality and a simplified user experience, NetSuite-native solutions usually require less maintenance, handle the broadest range of use cases, and provide the best data integrity. Moreover, as users are already familiar with the NetSuite ecosystem, native solutions are often the least burdensome in terms of user adoption.

As a result, NetSuite-native solutions often provide a higher ROI at a lower cost and with less ongoing maintenance than integrated solutions. We would encourage you to consider both when looking to streamline your AP processes in order to determine which is best suited to your business needs and use of NetSuite.



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### About SquareWorks Consulting

SquareWorks Consulting provides fast, reliable, ongoing NetSuite Support and Project Services for mid-size organizations. Our services include hyper-responsive day-to-day support, building new features and/or reports, executing data migrations, building integrations and many others. For more information, visit our website at [www.squareworks.com](http://www.squareworks.com) or contact us at [info@squareworks.com](mailto:info@squareworks.com).

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