SAVE TIME AND MONEY IN YOUR PROCUREMENT PROCESS

Efficiencies mean you can spend more time focusing on residents

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Procurement is an essential part of running a successful senior living community, yet it likely isn't anyone's *favorite* part. Managing multiple suppliers and vendors, making sure enough (but not too much) of everything is on hand, getting the best prices and claiming available discounts, managing invoices and payments and staying on top of a constantly evolving inventory of products probably are not the reasons anyone enters the industry.

Add in the fact that many providers still use paper systems to procure supplies, and the stage is set for inefficiencies, oversights and costly mistakes.

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Technology is ready to step in and lend a helping hand, in the form of centralized, digital systems that can automate procurement from start to finish. Such systems offer a host of benefits, including enhanced accuracy and an easier workflow for staff members.

"An unautomated, manual system creates friction for the entire procurement process," says Kim Hensley, manager of the Procure to Pay Suite at Yardi Systems. "And those friction points can be costly to a property management organization."

Yardi, a property management software and services company based in Santa Barbara, CA, has more than 3,200 clients using its Procure to Pay Suite.

Yardi's goal is to dramatically reduce friction across all elements of the accounts payable lifecycle: vendor management, procurement, invoice processing and payments. The Yardi Procure to Pay Suite consists of five products designed to support every step of the procure to pay workflow:

- **Yardi PayScan**, an electronic invoice processing platform that allows vendors to send their invoices to a secure, centralized location. It eliminates paper invoicing and automates the approval process; saves time and reduces staff scanning, keying, printing and other manual tasks; reduces per-invoice costs; and eliminates lost invoices by creating permanently stored digital images.
- **Yardi Marketplace**, a mobile-enabled purchasing platform that works with PayScan to manage all property supplies and materials purchasing from a single platform. It ensures purchasing policy compliance with customizable workflows, and it delivers greater visibility and insights into operational spend and compliance.
- **Yardi VendorCafe**, an online and mobile-friendly vendor portal that enables vendors to submit information used in onboarding, view purchase and work orders, bid on requests for proposals and review invoice statuses in real time. It works with VendorShield and PayScan to deliver turnkey vendor compliance and save accounts payable staff time, while ensuring that all invoices are submitted and eliminating lost or duplicate invoices.
- **Yardi Bill Pay**, which streamlines vendor payments by outsourcing the process to Yardi and automating the accounts payable process in one system. It provides full transparency into payment details and status while ensuring that the provider retains full control over payments.

- **Yardi VendorShield**, which automates vendor compliance processes and ensures that vendor licenses, insurance and universal check requirements are met, thus freeing up staff time for more important tasks.

All of these products offer specific benefits for senior living providers, but "the ultimate benefit of all of them comes down to more time for patient and resident services and care, and less time doing paperwork," Hensley said. "And if you save time and effort, you're going to reduce costs. You're going to allow more time for your team to focus on higher-value tasks than just simply completing data entry."

MANUAL PROCESSES CREATE ISSUES

Hensley says a manual procure to pay process creates issues for multiple teams within an organization. Disconnected procure to pay processes consume valuable time and resources and leave room for error and unregulated spend.

In the finance department, for example, manual scanning and data entry can introduce errors into the process. There is a lack of visibility into budgets and how pending invoices are affecting over-budget variances. In addition, because there is minimal oversight, duplicate payments to vendors and data errors can result, leading to costly overruns.

"If you're using a non-digital, non-centralized system, there is an operational gap, because there's no visibility into the budget," Hensley says. "How are your budgets being affected with the ordering of goods and services, and how is it affecting your cashflow when those invoices are being processed?"

Non-digital systems, she noted, also make it difficult to check for duplicate invoices or overpayment discrepancies for services rendered.

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"The automated invoice process in the Yardi Procure to Pay Suite automatically creates an audit trail that stays with that invoice for life," Hensley explains. "So at any time, someone can go back and have full transparency into who reviewed this invoice, who the final approver was, and when it was paid. It provides transparency into the life cycle of each invoice."

Hensley adds that digital payment systems also enable providers to capitalize on the trend toward electronic payments, such as virtual credit card payments and automated clearing house payments, which also helps make the payment process more efficient and reduces the risk of fraud that can exist when handling paper checks.

CONSOLIDATING SYSTEMS HAS BENEFITS

When Carmin Tomassi, chief financial officer at Irvine, CA-based Silverado, joined the provider in 2017, he walked into a company that had grown quickly, and its systems and processes weren't able to keep up with that growth. Although nationally recognized for the high quality of services and care provided in its 22 assisted living and memory care communities and eight hospice branches, the company's procure to pay processes were not as streamlined as they could have been.
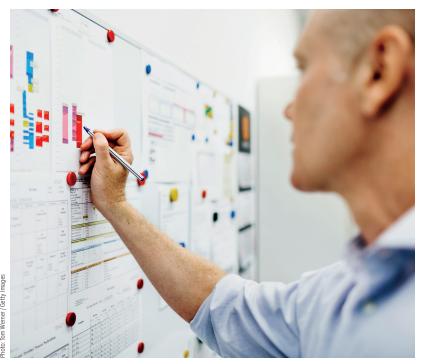
"There were just too many different accounting systems," Tomassi says. "We had a system for reconciliations. We had three systems to manage accounts payable. We had separate fixed assets systems. We had separate expense tracking systems. We had a separate budgeting tool. We spent a lot of time just getting those systems to talk to one another and reconcile with each other. It was untenable."

Tomassi says that it only took him a month or two to realize that a comprehensive solution was required. The first big step the company took was to decide on a system.

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Once the right solution is implemented, a company can reap the benefits.

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Consolidating business functions into one system can enhance inter-company functionality.

FUNCTIONALITY, EFFICIENCY ENHANCED

For Silverado, other important benefits of consolidating its business functions with Yardi included enhanced inter-company functionality and a tremendous improvement in efficiency. According to Tomassi, before the implementation of Yardi solutions, Silverado had 20 people in various accounting positions in the home office. Now only three people hold accounting positions — and the company has a much cleaner and smoother procurement process.

"Once you're able to consolidate and centralize your processes, you really pick up some steam," he adds. "One of the ways that manifested for us was a reduction in our days sales outstanding, or DSO, by something like 25 days on the community side. We're actually in a negative or prepaid DSO position now, which for us is a difference of $7 million to $8 million."

Tomassi says there have been unexpected benefits to the transition, too.

"Now that things are running so much smoother, I don't need an army of people to figure out how to fix problems all day. Things just work," he says. "And that means I can challenge my staff to think at a higher level. Because of that, we've seen a really nice increase in terms of the quality of our financial information and our communication of it."

Tomassi concludes that providers seeking the type of benefits that Silverado has achieved (and continues to enjoy) must be willing to commit to making the change, involve their people and importantly, select the right system.

Silverado was already using some Yardi tools and knew that a complete transition to Yardi solutions would provide the organization and function needed. The transition was major, but support from Yardi and plenty of staff dedication made it happen. The company has been reaping the benefits ever since.

"People are always hesitant with change, and I think one of the reasons for our success was socializing the transition upfront with our team," Tomassi says. "We were extolling the virtues of the new system for three months before we started making the transition, so by the time we rolled it out, people were familiar with the idea and were eager to get it done."

The implementation of all Yardi programs occurred over an 18- to 24-month period, during which several significant milestones were met, Tomassi recalls.

"We took on PayScan and all of the workflows that come along with that and shed our other accounting systems," he says. "Then, we took on Yardi's Fixed Assets module and Investment Management module, which allows us to do proper generally accepted accounting principles consolidations on a monthly basis and is very beneficial for us."

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"When we first were deciding what direction to go, we kept an open mind and challenged ourselves," he says. "Should it be Yardi? Should it be something else? And I can say I'm very confident that we selected the best tool available, especially for seniors housing. It has all of the things that we needed — and things we didn't even know we needed. We're all in with Yardi, and we're very happy with our decision." ■

For more information: https://www.yardi.com/P2P