

# Paperless accounting: technical solutions and approaches 1/31/20

Growing companies tend to see an increase in the amount of documentation and financial accounting data they generate. While the concept of paperless accounting is improved by developers of technology solutions and by digital start-ups, it is implemented by each company individually to make its accounting more straightforward and efficient, allowing its stakeholders to handle its financial accounting data with ease.

From a business and process management perspective, paperless accounting does not make sense unless the company has a clearly defined objective and understands the potential benefits to be reaped from adopting this approach. The purpose of adopting paperless accounting is not simply to convert all documents into digital formats and put an end to storing paper documents. Taking such a simplified approach may have unintended consequences, giving the wrong impression that it is sometimes more efficient to circulate paper documents. Accordingly, the goal is to digitise paper documents and to automate the processes they are used in.

From a technical and process automation perspective, digital versions of documents have value only if they can be conveniently and efficiently used in day-to-day business processes. We always need to define first what value each document is to have and how to best store its contents to ensure that the user (accountant, CEO, auditor or customer) and the robot (software or automation script) can later convert and visualise the document and analyse its contents without making any extra preparations. Accordingly, the scope and the end result of process automation depend on choosing the right digital format. For example, there is no point in scanning paper invoices or consignment notes if the digital format does not let you read their contents and you need to manually enter data in your financial accounting system (in this case without an appropriate optical character recognition solution in place). Identifying issues and applications is the most important and longest stage of adopting paperless accounting, because a search for the most efficient structure of data (documents) involves approving its use and evaluating the result over a considerable period. This is true not only for the application of machine learning algorithms, artificial intelligence, computer vision and other advanced data processing and interpretation technologies but also for more straightforward data entry operations - how to ensure the existing digital documents comply with a format that is simple and efficient in terms of process automation, and how to make the conversion of new paper documents to digital as simple and efficient as possible.

Having figured out the application of each document and adopted the paperless accounting approach, the company can begin to examine technical solutions. Only coupled with software or automation scripts supporting certain types of electronic documents, paperless accounting has significance and potential, which may substantially cut costs and boost the efficiency of certain processes in the long run. Implementing software or solutions compatible with the format of data (documents) improves internal processes, minimises the margin of error, and obviates the need to store paper documents. Sadly, for most companies this is merely a concept and not a reality, as companies are initially unable to properly identify issues and application of documents. Instead of complete replacement of technical solutions in the light of issues and application of documents, we see a tendency to switch to electronic operations by making a number of improvements to existing systems and tools, which are initially suitable for manual processing of paper documents. One of the simplest ways to revise document flow processes in financial accounting is to engage an external service provider who offers ready-made automation solutions for preparing financial accounts and for simple and efficient processing of digital versions of data (documents). You can become

familiar with PwC's technical solutions and approaches to paperless accounting in our MindLink.lv article on how to use digital platforms in accounting.