Modernizing Invoice Lifecycle Management in SAP Cloud ERP Landscapes

A strategic guide for finance and IT leaders

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Contents

Decision summary

Decision to make: Where should invoice complexity live during your SAP Cloud ERP migration — inside the ERP core or in an external ILM layer?

What this guide helps you evaluate: architecture fit, compliance coverage, operating model, integration approach, and time-to-value.

What you should walk away with: a short requirements list and validation questions to align IT, finance, and your systems integrator.

The AP question every SAP migration has to answer

If you are responsible for finance systems, you are living with a tension that rarely gets enough airtime: your SAP Cloud ERP migration demands clean, uncluttered architecture, but your accounts payable function is anything but simple.

AP is where enterprise complexity concentrates. Every supplier sends invoices differently. Every country has its own tax rules. Every business unit has its own approval chain. And e-invoicing mandates are landing in new markets every few months. Sorting that out cleanly, without loading it all back into your ERP as custom code, is one of the more consequential decisions you will make during a migration.

The IT team needs clean core, with minimal customization and upgrade friction. The finance function needs AP to keep running, deliver visible ROI, and stay compliant without a development project every time a new mandate arrives. Those goals are not in conflict, but they do require a deliberate architectural choice.

This guide covers that choice: how to think about AP architecture, what to look for in a platform, how to build the business case, and why the migration window matters more than most teams realize.

What is Invoice Lifecycle Management?

Invoice Lifecycle Management, or ILM, covers the full journey from the moment an invoice arrives to the point it is reconciled and paid. A specialist ILM platform handles capture, validation, coding, approval routing, compliance, supplier connectivity, and analytics, all outside the ERP core.

All your invoices, all your processes, handled from a single global platform, with SAP-certified integration back into your ERP.

Choosing the right architecture

Clean core is not a preference. It is the architectural prerequisite for faster upgrade cycles, lower maintenance costs, and access to SAP's continuous innovation. The practical question for AP is: where does invoice complexity go when it cannot live in the core?

Two approaches

✓ Embed AP in the ERP	Extend the ERP with a specialist ILM layer
AP workflows live as customizations inside SAP Cloud ERP.	AP complexity sits outside the ERP in a specialist ILM layer.
Every upgrade requires regression testing. Compliance changes need custom development. The ERP team carries the AP debt.	Validated, enriched data flows back into SAP Cloud ERP. Clean core stays clean through every upgrade cycle.
Technical debt grows with every new mandate, supplier type, or process change.	Up to 10x fewer AP-related ERP customizations. SAP Cloud ERP gets cleaner over time, not more complex.
Best fit when: invoice volume and regulatory variability are low, processes are standardized, and the organization expects minimal change during migration.	**Best fit when:** invoice complexity is high (formats, mandates, approvals), the business spans multiple countries or entities, or the ERP program is phased over time.
Watch out: custom workflows and validation logic can accumulate as technical debt and increase upgrade testing effort over time.	**Watch out:** ensure the integration model is standards-based (public APIs), upgrade-safe, and provides transparent monitoring and error handling.

What moving AP outside the ERP actually delivers

Moving AP outside the ERP does not mean losing visibility or control. A well-integrated ILM platform processes invoices, validates them, codes them, and routes them for approval, then posts structured results back into SAP Cloud ERP, without losing visibility or control.

- **Validated and enriched invoice data posted into SAP Cloud ERP:** invoices can be validated and enriched before posting, which can improve downstream reporting, analytics, and working capital visibility, depending on governance and data quality controls.
- **Fewer customizations:** all workflows, matching rules, and approval routing live in the ILM platform. SAP does financial posting. Nothing bleeds into the core.
- **Continuous compliance:** e-invoicing mandates are handled by the ILM platform, not by SAP customizations that need rework with every new regulation.
- **Multi-ERP continuity:** a single ILM layer maintains consistent AP processes across SAP Cloud ERP, legacy ECC, and any non-SAP environments from day one.

Our strategy is a clean core SAP approach, minimizing custom code within SAP and shifting complexity to external systems like Basware. All workflows, validations, and matching rules live in Basware, while SAP focuses purely on invoice posting.”

Anand Singh, International Deputy Head of Transformation and Integration, Heidelberg Materials

The reality of mixed ERP landscapes

Most global enterprises do not run a single ERP. Acquisitions, regional operations, and phased migration timelines mean mixed landscapes are the norm, often for years. A specialist ILM layer that works consistently across all ERP environments, not just SAP, means AP transformation can run in parallel with the migration rather than waiting for it to complete.

As each wave of the SAP Cloud ERP rollout goes live, the ILM layer is already there. There is no AP re-implementation with each wave. Value compounds across the whole organization, not just the entities that have migrated.

We chose Basware early on because it allowed us to separate invoice automation from SAP, so we would not have to implement in ECC and then re-do everything in SAP Cloud ERP. That early decision helped us stay clean and scalable.”

Thomas E. Muller, Senior Director, GPO Finance Supply Chain, KION Group

Result: 66% e-invoicing rate, 40 to 50% touchless processing, halved invoice cycle times.

What to look for in an ILM platform

Generic AP automation is not the same as enterprise-grade Invoice Lifecycle Management. The difference shows up at scale: in the number of invoice formats handled, the depth of compliance coverage, the accuracy of AI-powered processing, and whether the platform is genuinely part of the SAP ecosystem or simply compatible with it.

Evaluation checklist

For each capability, the table below sets out what good looks like and what to verify in a proof of concept or vendor workshop.

Capability	What good looks like	What to ask or test
AI-powered capture	Accuracy above 90% across PDF, image, EDI, and XML; model trained on a large proprietary invoice dataset, not generic OCR; accuracy sustained over time, not just at go-live.	**Ask:** show capture accuracy by invoice type and volume, and explain how exceptions below the confidence threshold are handled.
Intelligent coding and matching	AI coding accuracy above 85% for non-PO invoices; PO match rates above 90% across complex procurement structures; both metrics improving over time as the model learns your data.	**Ask:** what is the accuracy baseline at go-live, and how does performance change over the first 90 days of processing your invoices?
Workflow and exception handling	Routing rules defined outside the ERP core; exception queues are measurable and declining as the system learns your organization's patterns.	**Ask:** show exception volume trends from a comparable live deployment. How are routing rule changes made without an ERP development cycle?
Global compliance coverage	Mandates covered natively with continuous updates; no custom development required when a new country mandate comes into force.	**Ask:** which mandates are supported today, how are new ones added, and what is the typical lag between mandate publication and platform update?
Supplier network	Supplier onboarding model: validate whether onboarding is fee-free, which invoice channels are supported, and how supplier adoption rates are measured in comparable deployments.	**Ask:** what percentage of your existing customers' supply base is already connected to the network?
Real-time visibility	Invoice status visible at every stage across all entities; working capital and cash flow data accessible without manual extraction.	**Ask:** show a live dashboard. Where does the data originate, and what is the lag between an invoice event and dashboard update?

Vendor-reported proof points: validate accuracy, compliance coverage, and customer references in your own evaluation.

92% AI capture accuracy	**88%** AI coding accuracy	**2.5B+** invoices in the AI training dataset
60+ e-invoicing mandates covered	**190+** countries supported	**600+** SAP customers (vendor-reported)

SAP ecosystem credentials: what actually matters

When evaluating a platform in an SAP context, ecosystem credentials are a technical requirement, not a marketing point. Four things to verify:

- **SAP Store listing:** the platform has been vetted for compliance, security, and SAP compatibility by SAP itself. Why it matters: it removes procurement risk and confirms that SAP has independently validated the integration approach.
- **SAP BTP certification:** the platform connects to SAP Cloud ERP through a certified Business Technology Platform connector, with no custom middleware or integration code. **Why does this matter?** Certified connectors are maintained through SAP's ecosystem, so they stay compatible without your team managing upgrade breaks.
- **Native BTP connector:** runs in your own SAP BTP tenant using SAP-approved public APIs. Why it matters: your security team retains control of the integration layer; it is not a black box managed by the vendor.
- **Support for ECC and SAP Cloud ERP:** AP transformation can begin before go-live, with nothing to rebuild when the migration completes. Why it matters: you avoid implementing AP twice, once for ECC and once for SAP Cloud ERP.

Building the business case

The ROI case for a specialist ILM platform alongside SAP Cloud ERP is built on three layers, each of which speaks to a different part of the leadership team.

Operational savings

- **Processing cost reduction:** US$30 to 35K per FTE annually, reported in customer deployments. Multiply by your AP team size for an initial ballpark.
- **Touchless processing:** example customer outcomes include Heineken reaching 80% touchless processing within three months of piloting, Nordson achieving an 89% first-pass match rate, and Nexans reducing processing time from two days to two hours.
- **Exception elimination:** customer-reported outcomes include up to 95% reduction in invoice errors and up to 85% manual effort saved.

Working capital improvement

- **Early payment discounts:** if your terms include 2% early payment options, US$100M in spend creates US$2M of capturable profit. Faster invoice approval creates the operational window to capture those discounts consistently.
- **Cash flow visibility:** real-time dashboards showing every invoice at every stage shift the working capital conversation from reactive to predictive.

Protecting the SAP investment

This is often the most compelling layer for IT and finance leadership together:

- **Up to 10x fewer AP-related ERP customizations:** every customization removed from SAP Cloud ERP reduces upgrade testing cycles, maintenance costs, and the risk of upgrade-related failures.
- **Faster SAP rollouts:** Heidelberg Materials accelerated SAP Cloud ERP rollouts across Europe, the US, Canada, Malaysia, and India by moving AP complexity outside the core.
- **Returns before go-live:** AP benefits compound before the ERP migration is complete. The investment delivers returns while the SAP program is still running.

The business case is strongest when it is built in parallel with the ERP program. Migration budgets include transformation funding. Change management is already running. The architectural decision to externalize AP is most naturally made while the ERP architecture is still being designed, not after the fact.

US$17M

Accelerated savings, global oil and gas company

US$45M

OPEX savings, global R&D company

US$10M

Spend efficiency, global services company

Illustrative examples; outcomes vary by starting point, invoice volume, and program scope.

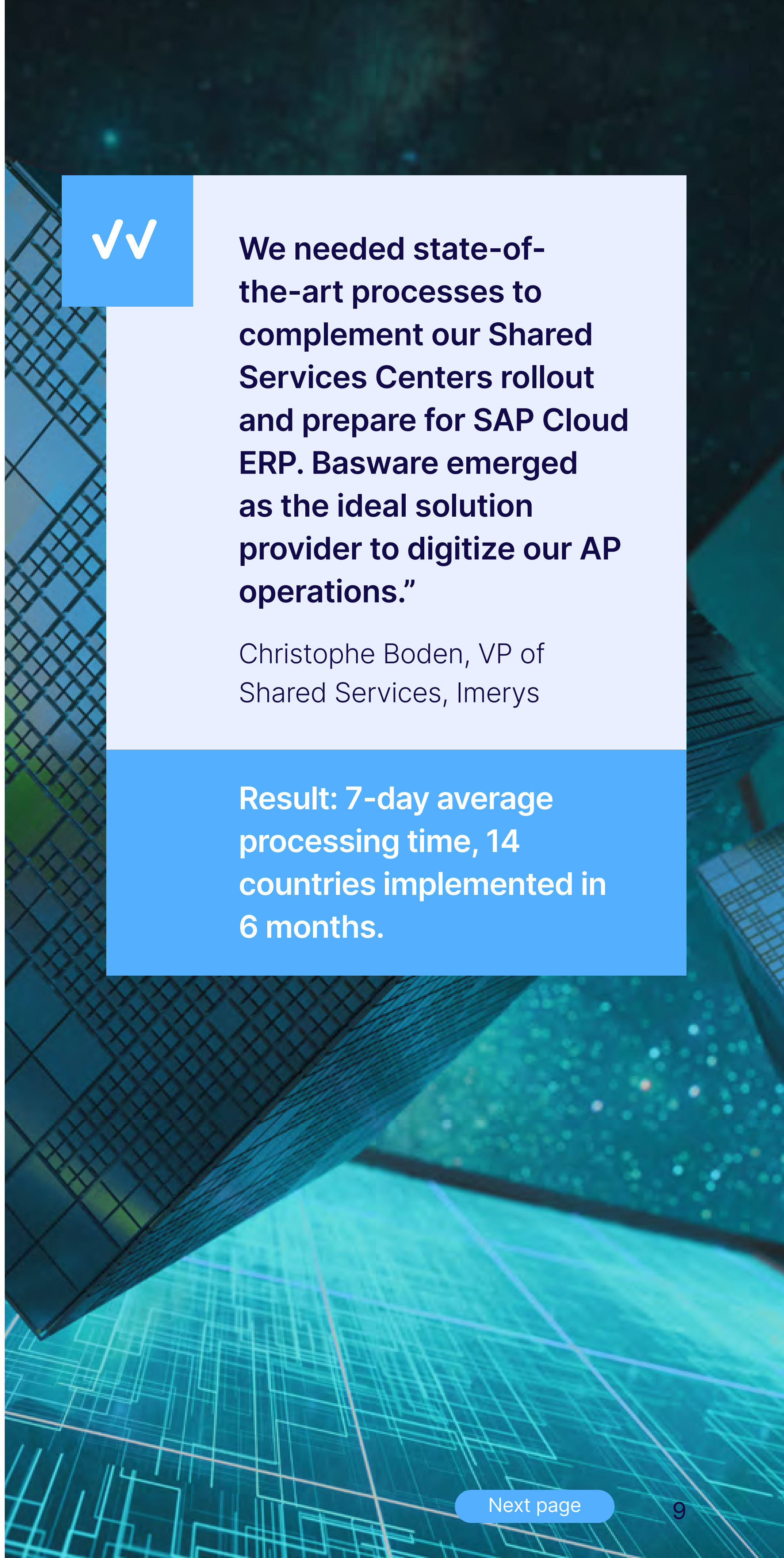
Integration done right

Integration risk is the number one reason finance technology projects stall. The integration model of any AP platform matters as much as its capabilities. The difference between a certified, native SAP integration and a custom-built connector is the difference between an asset and a liability over a five-year program.

Custom integration	Certified SAP-native integration
Built and maintained by the vendor or customer.	Built on SAP BTP, using SAP-approved public APIs.
Breaks on upgrade. Requires regression testing with every SAP release. Accumulates as technical debt.	Maintained through the SAP ecosystem. Compatible with every SAP Cloud ERP release. Listed on the SAP Store.
Integration becomes a program risk that grows over time.	Integration is a stable, maintained asset that reduces program risk.

Delivery validation: questions to ask

- Ask for references from deployments with a comparable SAP landscape, including ECC-to-SAP Cloud ERP migrations, and ask specifically whether any custom connectors were required.
- Ask how many deployments match your profile: similar countries, invoice volumes, and ERP mix. Headline numbers matter less than comparability.
- Ask what a pilot looks like, how success is measured, and what criteria would trigger a pause before full rollout.
- Ask for a specific account of how AP continuity is maintained during go-live, including what happens if the integration encounters an error during migration.
- Ask which systems integrators have delivered comparable programs, and what the division of responsibility is between the integrator and the platform vendor.



We needed state-of-the-art processes to complement our Shared Services Centers rollout and prepare for SAP Cloud ERP. Basware emerged as the ideal solution provider to digitize our AP operations.”

Christophe Boden, VP of Shared Services, Imerys

Result: 7-day average processing time, 14 countries implemented in 6 months.

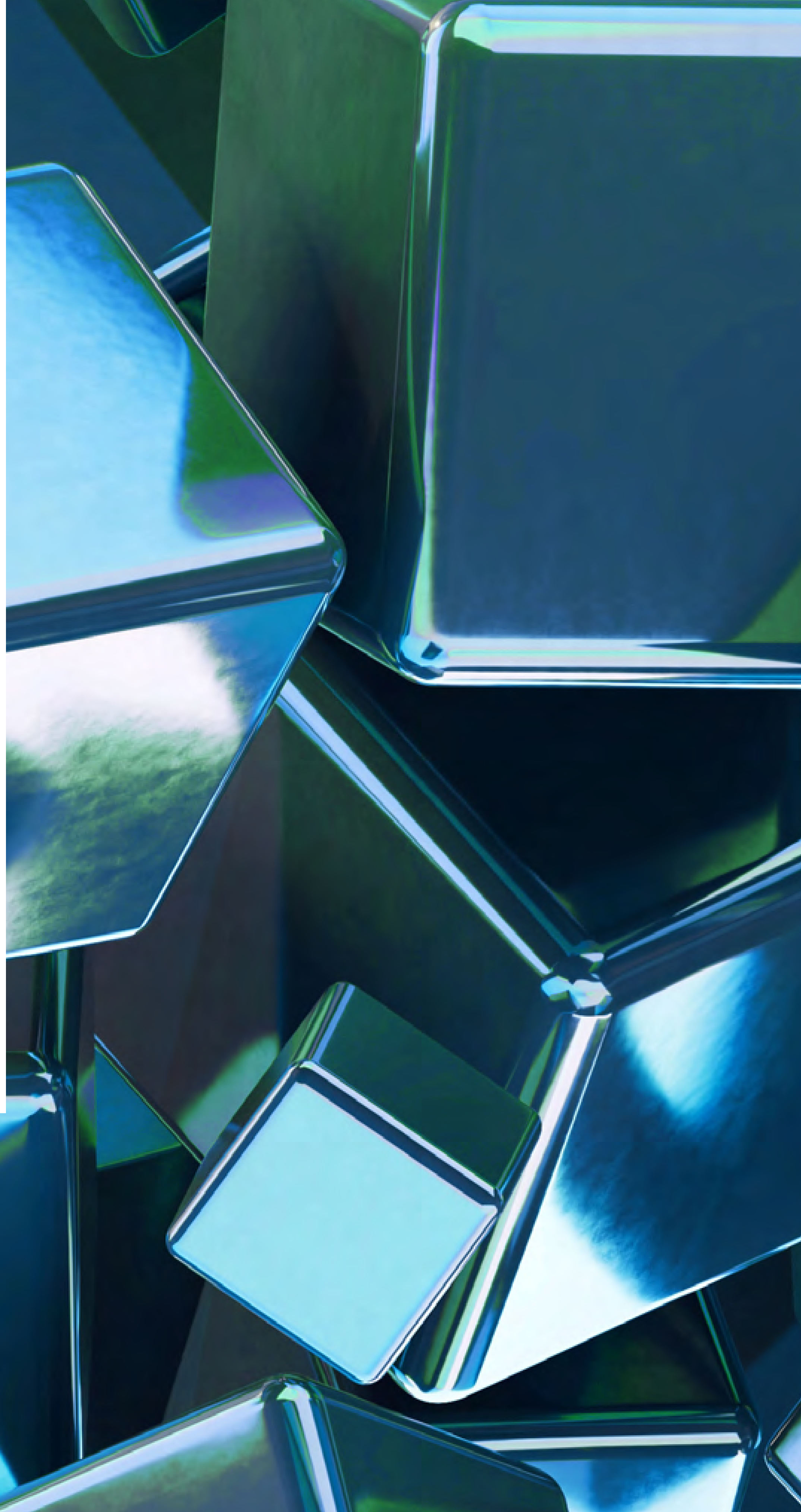
Why the timing matters

AP Cloud ERP migrations happen once in a generation. The decisions you make about AP architecture during that window tend to compound, in either direction, for years.

ERP migrations create conditions that rarely align outside of a program. Transformation budgets are live. Change management capacity is deployed. The architecture is being designed rather than inherited. The decision to externalize AP is easiest and cheapest to make while the ERP blueprint is still open. Once the SAP Cloud ERP environment is built and running, revisiting those decisions is significantly more disruptive.

A specialist ILM platform can be deployed before, during, or after SAP Cloud ERP go-live. AP benefits start compounding immediately, often well before the ERP cutover. The migration program gets a demonstrable early win, and the AP function is already on modern infrastructure when the ERP goes live.

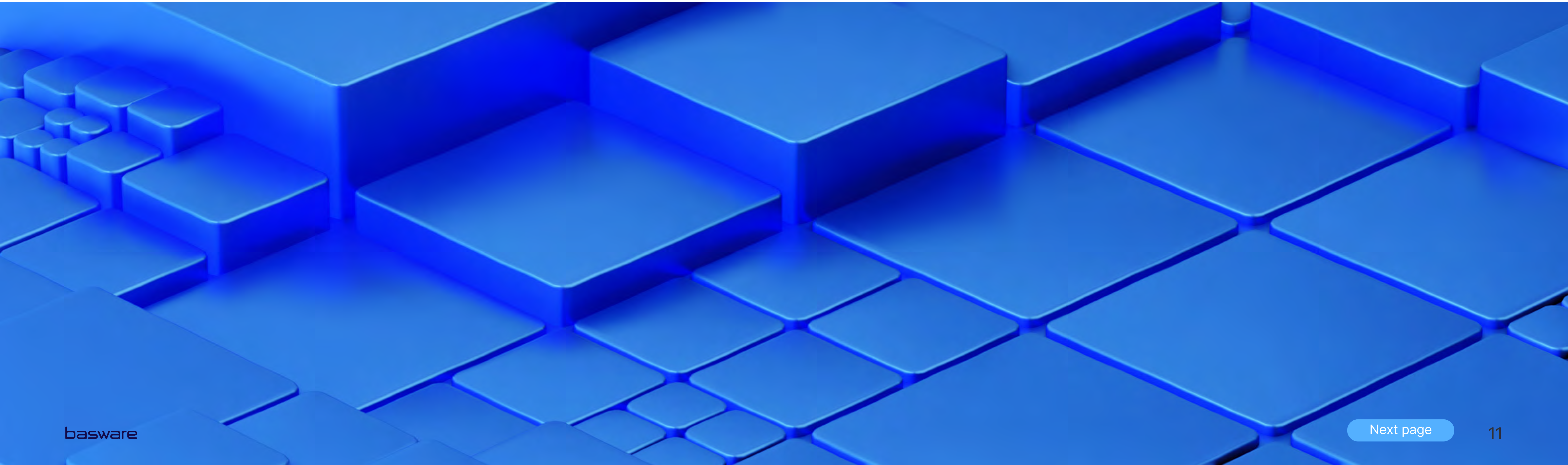
The AI models that power ILM also improve as they process more invoices. Compliance coverage updates automatically as new mandates come into force. And because the platform scales without proportional headcount, growth through acquisition or geographic expansion does not require a proportional increase in AP staffing. These are advantages that compound over time, which is why early deployment matters.



Migration timing worksheet

Use this to align IT, finance, and your systems integrator on when to deploy an ILM layer relative to your SAP Cloud ERP go-live.

Phase	Primary benefit	Risk avoided	What you need in place
Before go-live	AP improvements compound before ERP cutover; early payment discounts captured; compliance coverage active from day one.	Sequential re-implementation avoided; AP change management runs in parallel with the SAP program.	ERP connectivity confirmed (BTP or ECC); supplier onboarding plan in place; process design complete.
During go-live	AP continuity through cutover; SAP Cloud ERP receives validated, structured data from day one.	AP disruption during system transition, the most common go-live failure mode, avoided.	Integration tested between ILM layer and new SAP Cloud ERP; hypercare plan agreed; exception escalation paths defined.
After go-live	Clean AP baseline in new ERP; AI models tuning to your data; compliance coverage fully active.	Technical debt accumulation in early ERP customization avoided; upgrade path stays clean.	Stable SAP Cloud ERP environment; ILM configured and validated; team trained on exception workflows.



Four reasons to move during the migration, not after

- **The architecture is being designed now:** the decision to externalize AP is cheapest to make while the ERP blueprint is still open.
- **Transformation budgets are available now:** funding committed to the program may not be available as a separate line item after it closes.
- **Change capacity is already deployed:** running AP transformation in parallel uses resources that are already active.
- **AP returns before go-live:** benefits compound from the day the ILM platform is live, often months ahead of the ERP cutover.

SmartPDF has brought us closer to a touchless process, allowing us to redeploy resources towards impactful activities.”

Cecile Barrere, Accounts Payables Shared Services Center Europe Director, Nexans

Result: processing time cut from 2 days to 2 hours, 92% reliability achieved in 7 weeks.

Where to go next

- **Business case calculator:** input your invoice volume, staff costs, and revenue scale to generate a documented ROI estimate
- **SAP integration documentation:** technical detail on the BTP connector, SAP Store listing, and certified integration architecture
- **Customer stories:** Heidelberg Materials, KION Group, Imerys, Nexans, DHL, Danone, Heineken, and Cummins
- **Basware.com**

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Leading finance teams chose Basware to accelerate invoice lifecycle performance.

Gartner
Peer Insights
Customers' Choice 2023™

4.7/5 Overall rating

Based on 243 ratings as of 30 July 2025

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