



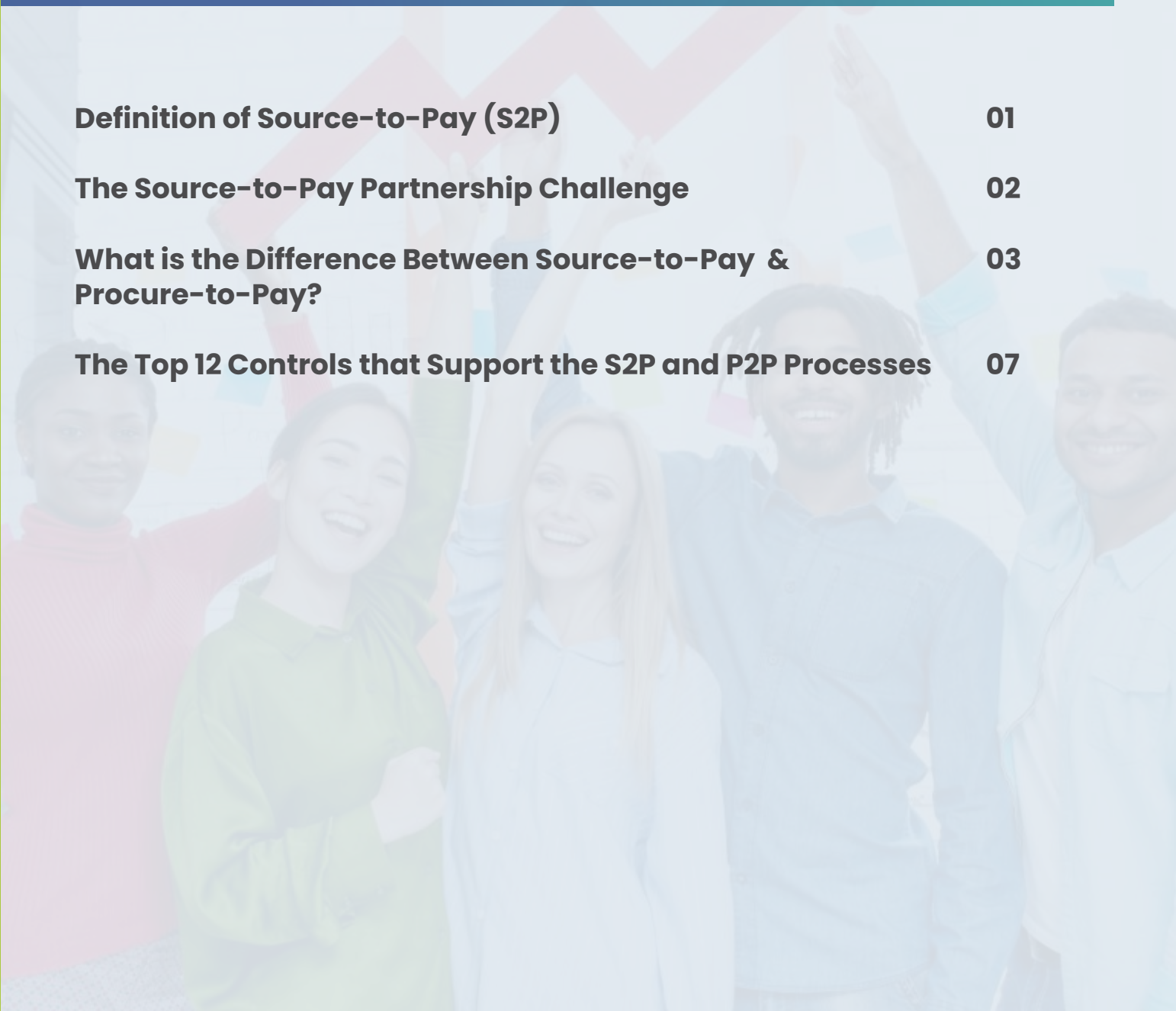
# Ultimate Guide to Interpret Source-to-Pay Process Flows

# What it means to Source-to-Pay

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## 1. Definition of Source-to-Pay (S2P)

According to Spend Matters, “Best-in-class source to pay (S2P) solutions are those that transcend basic suites and deliver capabilities. Modules that make the sum greater than the parts, including role-based workbenches, project and program management, embedded user guidance across activities and integrated analytics.”

S2P is a process that starts with finding, negotiating with, and contracting the supplier of goods and culminates in final payment for those goods. S2P software relies on technology, big data, and digital networks to create procurement efficiency.

S2P is an end-to-end process that goes one step further than procure-to-pay (P2P) by adding strategic sourcing to the procurement process. The acts of sourcing the best vendors and working out a deal with them are added to the process resulting in payment for their goods or services. The primary outputs of the S2P process are spend analytics for better decision-making.





## 2. The S2P Partnership Challenge

New responsibilities grow with the market. Among them are building partnerships with the CEO, CFO, and other internal stakeholders, developing local, sustainable, and ethical sources, collaborating with suppliers to create innovative products and services, and delivering cost optimization to the organization.

Everything about global procurement is evolving. The market continues to expand; stakeholder expectations have become more demanding. No surprise then that a CPO's job becomes more difficult with every new order. Increasingly, procurement is viewed as more than a series of supply and demand transactions. The S2P process has become a strategic advantage and catalyst for business growth.

Fortunately, supporting technology, like S2P Suite Solutions, is keeping pace with global procurement changes.

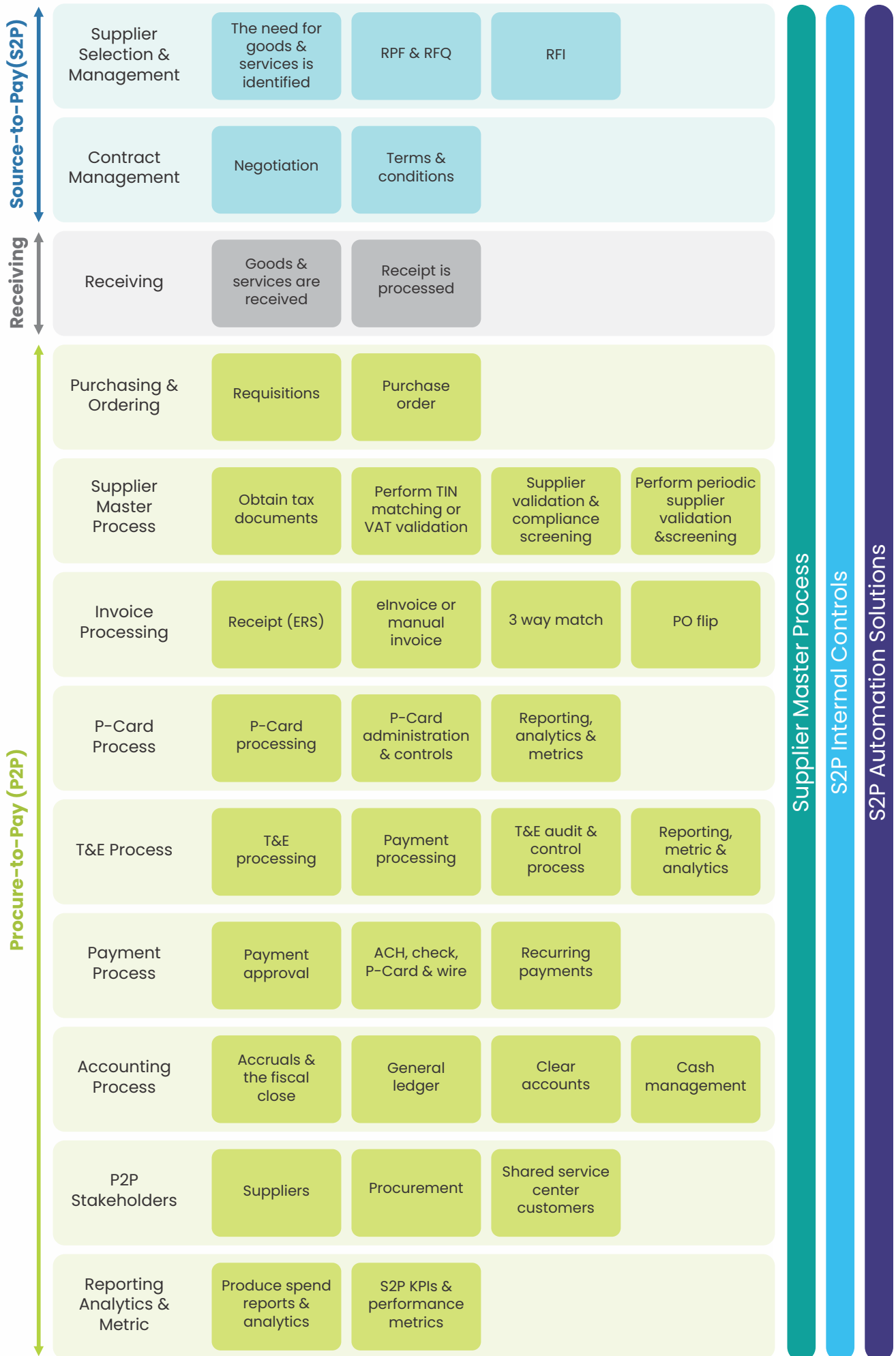
While there's no shortage of disparate systems that connect specific supply chain and payments processes, there's no single system that combines an end-to-end S2P process – but we're getting closer. The current state is dominated by a patchwork of methods, techniques, and networks, which cause friction between finance and procurement. Functional reporting relationships can also cause disparity since the procurement and finance departments to report to different individuals – often with conflicting goals and metrics.



### **3. What is the difference between Source-to-Pay and Procure-to-Pay?**

Both the procure-to-pay (P2P) and S2P processes depend on the integration and collaboration of the procurement and finance functions. The results of an S2P integration tends to have a greater focus on the supplier sourcing, selection and management processes.

Figure 1 - An Integrated S2P and P2P Process

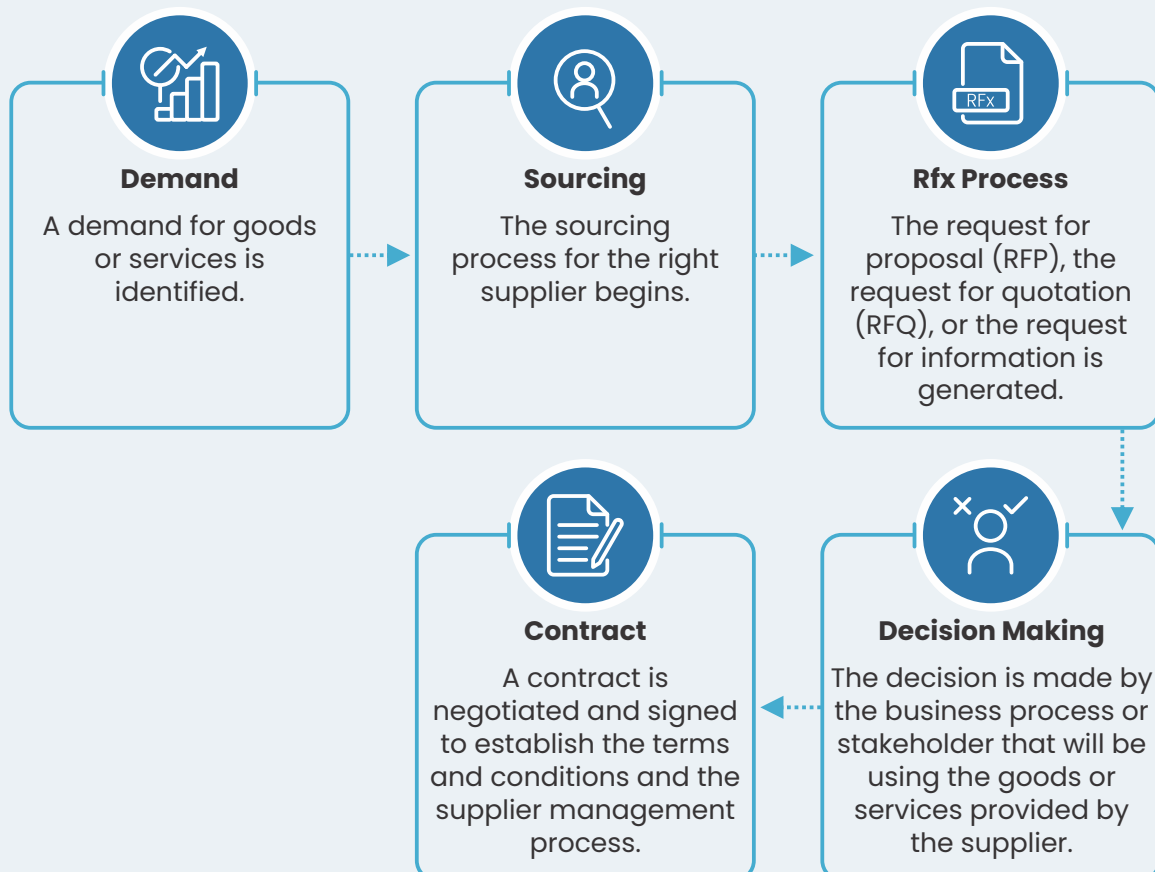


Traditionally, the P2P process begins with the requisition of goods and services, continues with invoice processing, and ends with the supplier payment process. The P2P process is focused on the transactions resulting from the S2P process. A key consideration is that the S2P process is defined as the “front end” of the P2P cycle, as described in Figure 2.

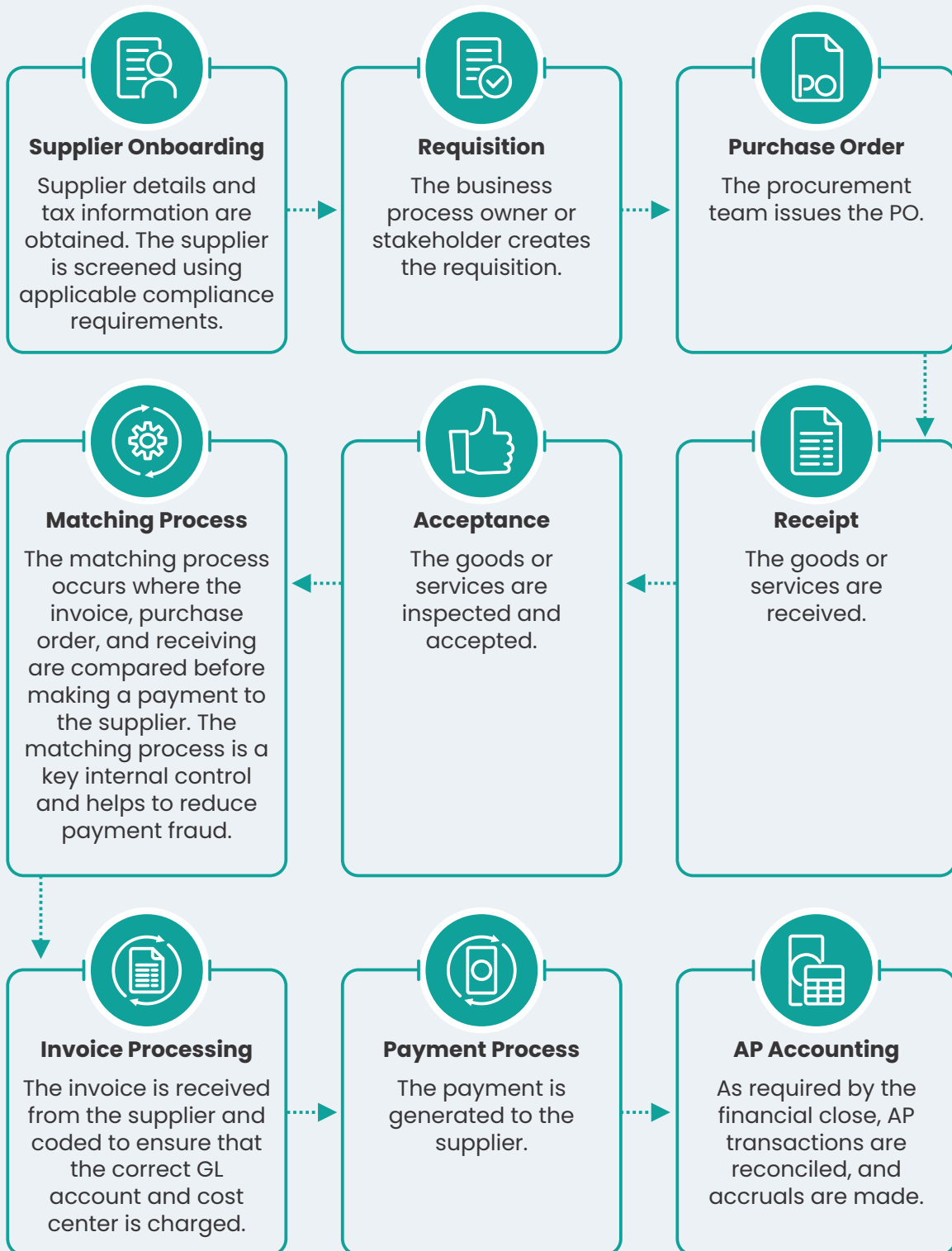
The table provides a look at the specific process components for both the Source-to-Pay and P2P and provides the top twelve supporting internal controls. Enhanced strategic sourcing and spend analysis create a stronger foundation for internal controls. These are essential benefits when considering an integrated S2P process.

Figure 2 – An Integrated Source-to-Pay Process

### Source-to-Pay Process Components (Front End)



## Procure-to-Pay Process Components (Transaction Processing)





## 4. The Top 12 Controls that Support the S2P and P2P Processes



### Strategic Sourcing and Spend Analysis:

Strategic sourcing occurs as a result of the company's spend data. Accurate spend data supports the cash management and forecasting process.



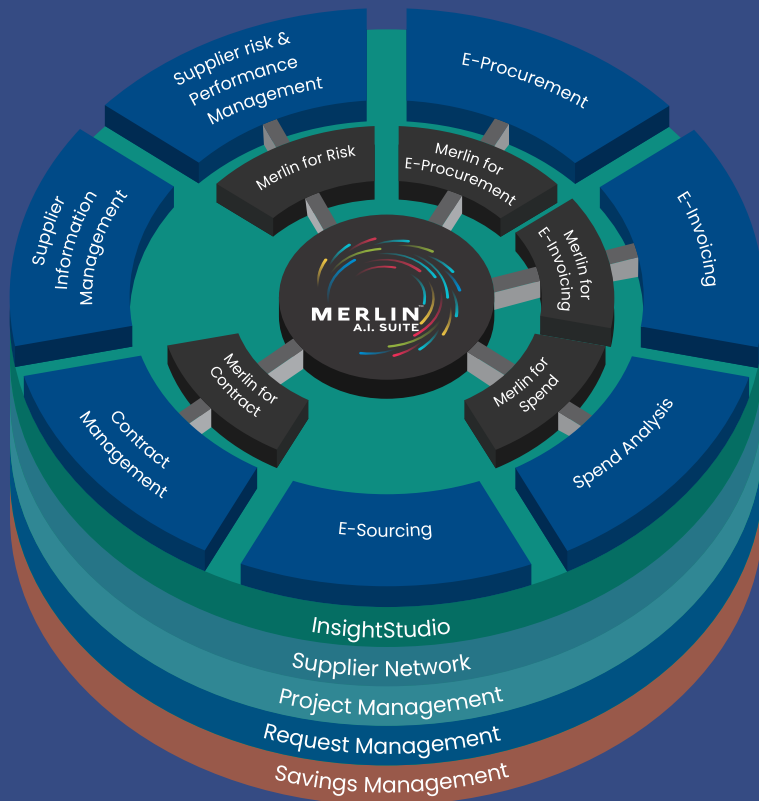
### Internal Controls:

Internal controls are enhanced by focusing on the outcomes of integrated end-to-end S2P and P2P processes.



This content piece is the 1st part of "S2P Darwinism – **Why Integrated Source-to-Pay Suites** are the "Natural Selection" Over ERP or Point Solutions".

**[Click Here to Read Part 2 & Part 3](#)**



Zycus is the pioneer in Cognitive Procurement software and has been a trusted partner of choice for large global enterprises for two decades. Zycus has been consistently recognized by Gartner, Forrester, and other analysts for its Source to Pay integrated suite.

Zycus powers its S2P software with the revolutionary Merlin AI Suite. Merlin AI takes over the tactical tasks and empowers procurement and AP officers to focus on strategic projects; offers data-driven actionable insights for quicker and smarter decisions, and its conversational AI offers a B2C type user-experience to the end-users.

Zycus helps enterprises drive real savings, reduce risks, and boost compliance, and its seamless, intuitive, and easy-to-use user interface ensures high adoption and value across the organization.

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