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# Accounts Payable Automation: The Definitive eBook

# Introduction

Only nine percent of accounts payable (AP) leaders say their department is fully automated with few or no manual processes, according to a report by the [Institute of Finance and Management](#). On top of that, 20 percent of AP leaders say that paying suppliers on-time, while teams work from home, is a major challenge.

What if we told you that you didn't have to struggle with paying suppliers on time, and that regardless of where your teams work, you can submit and approve purchase orders, verify invoices, and reconcile payments with little or no data entry?

Enter AP automation.

For the 91 percent of you who don't have an automated AP process yet, this guide is for you. Throughout, we'll:

Break down some of the common challenges that occur with manual AP processes and show you why automation is the way forward.

Debunk common myths in the AP process and share hard facts that'll drive operational efficiency.

Explain the benefits of a fully-automated AP process, and how it'll improve your organization's bottom line.

We'll also explain ways you can use best-in-class technologies to reduce costs, improve performance, achieve regulatory compliance, and increase spend visibility. No more clunky enterprise resource planning tools, no more wasted time.

# A quick recap: what exactly is AP automation?

*Note: If you understand the basic mechanics of an automated AP process, [skip this section!](#)*

As the name might suggest, AP automation refers to the process of using technology to reduce or eliminate manual and human-driven payment processes. Whether it's generating and submitting purchase orders, verifying invoices, or paying vendors and contractors, AP automation is about finding innovative digital tools to streamline slow and labor-intensive workflows.

And the economic benefits speak for themselves. Significant annual cost savings, greater efficiency, more productivity, and better overall expense management are just a few of the benefits that come with an automated AP process.

At its very foundation, AP automation comes down to one thing: process improvement. By building streamlined workflows that make it easier to move from purchasing goods and services to paying

for them, teams everywhere can regain time and begin influencing the wider strategic narrative, rather than focusing on day-to-day transactional chores.

To do this, however, it requires the right best-in-class technologies, rather than an all-in-one enterprise resource planning solution. By integrating the best technologies available for specific AP functions, accounting teams can build personalized workflows between order management and payment processing that directly benefit the organization's bottom line.

To get this right, we must first highlight some of the challenges that come with a paper-based AP process, and debunk the myths that often surround an automated AP function.



# The challenges of a manual and paper-based AP process

## CHALLENGE 1

### Fraud, compliance, and unverified spend

According to [PayStream Advisors](#), 49 percent of surveyed organizations still rely on checks as the primary method of payment.

Checks are all too common among medium and large organizations today. In fact, the [Association of Certified Fraud Examiners](#) found that almost 70 percent of organizations they surveyed had fallen victim to check fraud.

Manual and paper-based AP processes result in more frequent fraud and compliance issues than automated technologies. To make matters worse, this increases your risk of fines and penalties during audit season.

## Solution

AP automation gives organizations the ability to scan and capture spend at the point of sale, providing immediate and real-time visibility into organizational capital the moment it's purchased.

Once logged, it exists on the audit trail, meaning you retain clarity over where money goes, who spent it, when, and on what. That means no more lost paperwork, and no more failed compliance checks.

## CHALLENGE 2

### Delays in processing and cycle times

A manual AP process relies on human data entry, and human data entry is slow and prone to errors. This results in delays in invoice processing and longer procure-to-pay timelines, which can open your organization up to penalties and late fees.

To top it off, reconciliations prior to close often become a nightmare.



#### Solution

AP automation provides real-time and accurate visibility into all transactions, allowing you to load in invoices upon receipt.

## CHALLENGE 3

### Reduced productivity and limited resources

Even today, many accountants are primarily focused on retrieving paperwork, filing it correctly, entering key data into the correct spreadsheet, and then paying suppliers and vendors. These “rinse and repeat” chores are wasted on a human.

Without time in the day, AP teams can't focus on more important problems, like fraud prevention, vendor risk management, and proactive spend monitoring.



#### Solution

By automating your AP process, you can eliminate the “non-value added” tasks that teams often find themselves stuck performing and free them up to focus on higher-value strategic priorities.

Manual processes are inefficient and time consuming.

#### CHALLENGE 4

### Too many errors in the AP process

Manual processes have a tendency to produce ‘exceptions are the norm’ scenarios. When multiple people are forced to touch and process every transaction, it becomes difficult to filter out and prioritize which ones require the most attention.

#### Solution

Automation flips this on its head, and exceptions become just that – exceptions. With most straightforward transactions handled automatically, the AP team can focus time and effort on managing the true exceptions, which helps improve process performance and quality metrics.

#### CHALLENGE 5

### No support for sourcing procurement initiatives

Spending that isn’t captured by a standard purchase order process is a challenge to manage for many reasons.

Manual, paper-based processes provide no support for sourcing initiatives. While procurement can estimate savings, these are not realized until the accounts payable team enforces spend control. Because AP is the final gatekeeper to ensuring that what is contracted is what is bought, it can lead to a ‘back and forth’ spend culture that slows down cycle times.

#### Solution

What gets measured, gets managed. AP automation can ensure that indirect spend control is funneled through the correct channels and accurately logged in the audit trail.



# Debunking common myths in the AP process

## MYTH 1

**“Automation does not equal efficiency.”**

### Fact

According to the [Accounts Payable Association](#), 57 percent of all invoices are received loosely on pieces of paper. Consequently, 54 percent of businesses said that invoices were sent to the wrong place, and 36 percent were concerned with late payments due to process delays.

Without a doubt, AP automation is more efficient than a paper-based process. Undigitized AP workflows are the horse, and automated AP processes are the car. Like Henry Ford’s Model T, technology is here to revolutionize and speed up how we get from A to B (or in this case, from ordering to payment processing).

### Result

AP automation not only brings significant efficiencies to your accounts payable process, it allows organizations to support strategic growth without having to add more team members. In other words, you can do more with less.

## MYTH 2

**“Automation leads to a loss of control over the process.”**

### Fact

AP automation is about transferring the repetitive and tedious tasks to technology, giving you the time back to strategize and innovate, rather than transact. Consequently, you’re able to increase your visibility into the end-to-end process, analyze specific workflows, and mitigate disaster before it happens.

In short, by automating your AP process, you can step back from the conveyor belt, analyze what goes by, and plug holes in any weaknesses or inefficiencies you may find.

The cherry on top of the cake? Around [3.6 percent](#) of invoices entered manually include an error caused by data entry. Technology eliminates this human error.

### Result

More visibility leads to greater control, and more control results in less rogue spend, less human error, and less wastage.

### MYTH 3

## “Automation is expensive.”

### Fact

According to research by [Sterling Commerce](#), manually-processed invoices cost, on average, US\$4 per invoice, and fully-automated invoices cost \$2.25 per invoice to process.

In today’s competitive software as a service (SaaS) market, you can reap the rewards of a flexible pay-per-license subscription model instead of paying for software or licenses you don’t use.

Most AP solutions also don’t require upfront investment or infrastructure purchases. Better yet, they offer mobile capabilities, stringent security protocols, and cloud-based storage, meaning you can work from anywhere and reduce your cost by improving your operational efficiency.

That’s definitely less expensive than hiring a new team member.

### Result

From sole proprietors to enterprise-level organizations, the SaaS market is filled with competitively-priced solutions that cater to specific needs. Better yet, the right solution will help reduce your operational overheads.

### MYTH 4

## “Our business is too small for automation.”

### Fact

In our opinion, smaller businesses should be utilizing automation even more than larger organizations. That’s because team sizes are much smaller, yet growth is oftentimes exponential. To keep up, it requires digital assistance.

Instead of hiring a dedicated AP team member at your 10-person organization, deploy an AP solution. Instead of relying on accounting team members to manage transactional chores, free up their time so they can focus on strategic activities such as sourcing better vendors, innovating spend management, and speeding up the purchase-to-pay process.

### Result

No business is too small to save money.

## MYTH 5

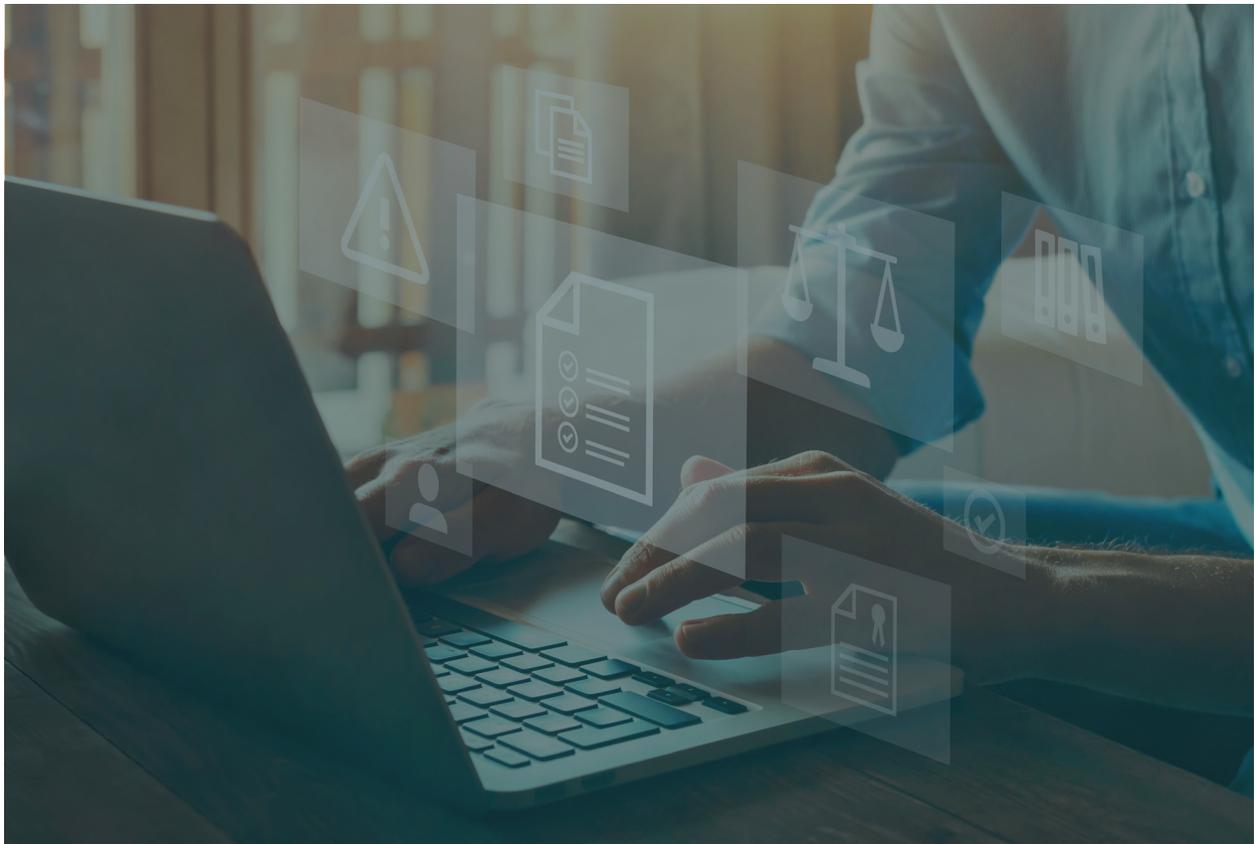
### “Our business is too big for automation.”

#### Fact

Again, untrue! Enterprise-level organizations often find themselves stuck in the past and struggling to compete with agile challengers. With the right scalable and automated AP technology, however, enterprises can reap the rewards of economies of scale. They can aggregate invoices, automate the three-way match, and deploy automatic rules that block risky payments and ensure compliance.

#### Result

Remaining competitive is the key to successful growth, and automated checks and balances in your AP process will reduce risky and fraudulent payments.



# 6 benefits of AP automation

AP automation impacts more than just the accounts payable team. Automation in payment processing creates benefits that ripple throughout an entire organization. From stronger vendor relationships on the marketing team as a result of faster payments, to more caché for the CEO during board meetings, and therefore a higher probability of larger investments.

Here, we break down what we believe are the 6 best business benefits as a result of AP automation.

## 1. Reduced processing time

The processing time for purchases, payments, and reconciliations is reduced significantly as the overall AP process becomes more efficient.

## 2. More timely payments

Reduced processing times leads to faster payments, and that can result in higher cost savings.

## 3. Streamlined reporting

Smarter data capture results in stronger data reporting. Automation reduces the need for manual inputs while increasing reporting accuracy.

## 4. Improved spend analysis

More comprehensive data reporting results in a deeper analysis of organizational spend.

## 5. Enhanced compliance

Automation creates clarity and reduces error rates. In turn, this increases compliance with organizational policies and procedures, as well as with Sarbanes-Oxley (SOX) regulations.

## 6. Improved oversight and transparency

Seeing exactly what you've paid to who and when is critical to cost control. AP automation improves your visibility into your B2B bill payments, helping you control maverick spending and spot fraudulent activity before it becomes a problem out of your control.

# What's required for successful AP automation?

AP automation can help reduce costs, speed up workflows, and safely and securely process financial documents. In order for AP automation to be successful, it's important to have the right tools, technology, and software in place.

Software and technology such as optical character recognition (OCR) and artificial intelligence (AI) can help make your accounting processes more efficient and accurate. But that's not all that is required for AP automation to succeed.

Here are a few other areas that contribute to successful AP automation.

## 1. Automated bill creation and invoice processing

The average mid-sized organization takes about [25 days](#) to process a single invoice manually from receipt to payment. One of the key areas you can save time is with automated bill creation and invoice processing. So how does it work?

In short, you can save time by auto-forwarding invoices from your email account to your spend management platform. From there, intelligent OCR technology will automatically pre-fill the bill form with the required information from the invoice. This reduces errors and saves time from manual data entry.

## 2. Intelligent OCR technology

Intelligent optical character recognition, or OCR, technology is commonly used for AP automation. OCR uses a combination of hardware and software to convert documents into machine-readable files. Simply, OCR technology extracts printed or written text from a scanned document or digital image file and converts the text into a machine-readable format that can then be edited and searched.

OCR is the key to successful AP automation. It eliminates the inefficient, time-consuming manual way of managing your AP processes and is able to learn as it goes by using machine learning and AI, so it gets more and more accurate. Soon enough,

the software will know exactly what information to extract and convert from original documents with high levels of accuracy. This helps ensure that all of your bills, payments, and invoices are correctly filled out.

Implementing OCR technology can make your accounting process more accurate and more efficient. It simplifies the data entry process, reduces costs, accelerates workflows, and reduces the number of errors that occur when you have to enter data manually. The few remaining manual tasks can also be completed much faster with the help of OCR. Using OCR technology can also improve your financial reporting. It automatically creates a clean audit trail and improves the accuracy of your financial records.

### 3. A smart accounting integration

To make the accounting process even easier, AP automation technology should integrate with mainstream accounting software, such as [QuickBooks Online](#). These integrations give you complete visibility into all payments, making it easy for you, and auditors, to track and understand the organization's spending.

These accounting integrations mean that you don't have to drastically change your existing accounting workflows. Bill and payment information is synced so that all of your records are securely stored in one place and you don't need to duplicate work by entering data in two separate systems. This will help ensure that your financial records are complete and accurate.





## 4. Org-wide buy-in from stakeholders

[Deloitte reports](#) that there remains to be a 60 to 70 percent failure rate for organizational change projects. This statistic has remained constant since the 1970s.

Whether we like it or not, change is the key to unlocking growth and overcoming challenges, and resistance to it is detrimental not only to productivity, but to team morale, company culture, and team engagement.

To solve this, you need a strong change management strategy in place. Only then can you successfully deploy the tools you need to efficiently automate your accounts payable.

This strategy lies at the heart of your AP automation, and it needs to include things like:

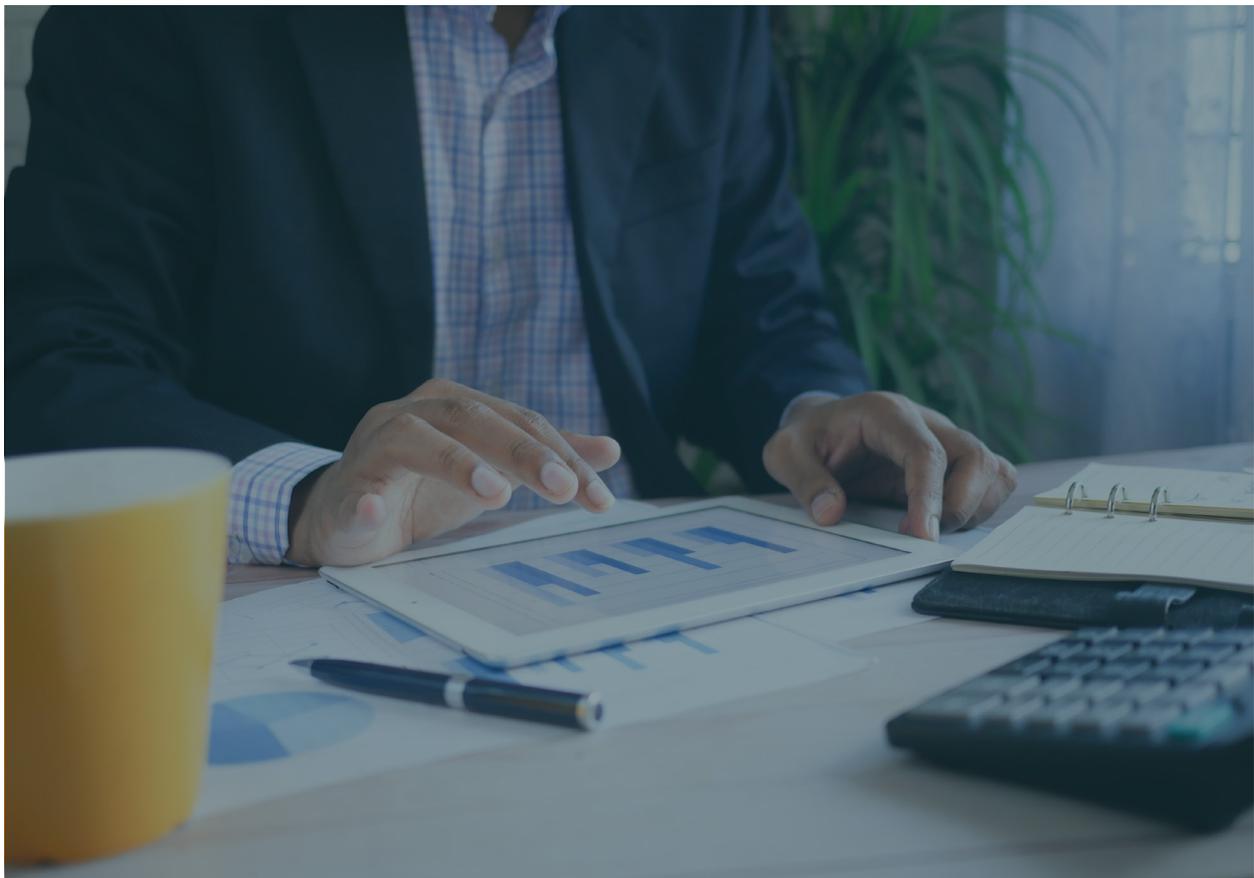
- An advocacy plan that results in internal buy-in
- A clear-cut communications plan that sets the right expectations
- Personalized training, coaching and mentoring for key stakeholders
- Effective ways to incentivize adoption of new AP automation tools

Organization-wide buy-in from all stakeholders involved in the accounts payable process is critical to improving work-from-anywhere and asynchronous collaboration between teams. It's also the vital ingredient required for greater productivity and, most importantly, stronger buy-in will help you provide a stronger ROI to your leadership teams.

# Summary

In the past, there was a perception that AP was a back office operation that didn't necessarily add value. Today, AP teams are beginning to receive the attention they deserve. After all, this small-but-mighty group sits at the center of all cash flow through an organization, and as the global pandemic proved, smart cash flow is the difference between success and failure.

For many organizations, process improvements as a result of automation are often felt within days rather than months, resulting in a rapid return on investment. All it requires is the right toolkit at your disposal.



# Let Procurify take care of your AP automation and B2B payments

Procurify makes spending smart and simple for mission-driven organizations. And for finance teams, we're making your lives even easier.

Procurify's end-to-end spend management platform lets you:

- Speed up workflows
- Save time searching for missing POs
- Automate your bill creation
- Create custom approval workflows for spend requests and bills

- Eliminate manual data entry and errors
- Effortlessly receive, process, and verify your bills

To find out more about how you can manage the entire spend management cycle, from requesting and approving spend to reconciling payments, from one smart and simple platform, click the link below.

[LEARN MORE](#)

