

# AP CONTROL PANEL: ACCOUNTS PAYABLE IS A WINDOW TO WORKING CAPITAL

---



**IOFM** Institute of  
Finance & Management

Sponsored by

Hyland

# AP CONTROL PANEL: ACCOUNTS PAYABLE IS A WINDOW TO WORKING CAPITAL

It's a given that accounts payable is responsible for paying the organization's bills, but there's more responsibility there than meets the eye.

Because a substantial chunk of the organization's cash goes through AP's hands, the payables department should be able to provide insight into the liabilities of the company at any time, information essential for financial statements and cash flow analysis. Having a good grasp on this data is also key to understanding the fiscal health of the company, which is important to prospective vendors.



Having a grasp on AP is key to understanding the fiscal health of the company.

Yet how many organizations really get the timely business intelligence on working capital that's needed by Treasury?

To determine just how much information on working capital their systems can provide, the Institute of Finance and Management (IOFM) and Hyland analyzed AP Control Panel data from over 300 AP professionals.

## The AP Control Panel

Hyland and the Institute of Finance & Management have partnered to create the AP Control Panel, a first-of-its-kind tool to evaluate AP departments' level of control over operations, cash flow, compliance and security.

[Learn more here.](#)

## The survey methodology

The survey posed these important questions:

1. What is your organization's ability to track and report on accruals and predict payments based on invoice status?
2. Can your organization report on available early payment discounts?

3. Can your organization report on percentage of early payment discounts captured?
4. Can your organization report on enterprise spend in real-time?
5. Can your organization report on spend per supplier in real-time?
6. Can your organization track Days Payable Outstanding?

Participants selected from a list of responses and these were assigned a point value based on their answers, which was then totaled for all six questions to arrive at an overall score.

Another section of the survey also polled respondents to determine how automated their operations are, which we integrated with the working capital responses to discover whether high levels of automation correlate to better financial insight, as we would expect them to.

## Ability to capture key information

Let's start by looking at respondents' ability to collect information for each data point related to working capital.

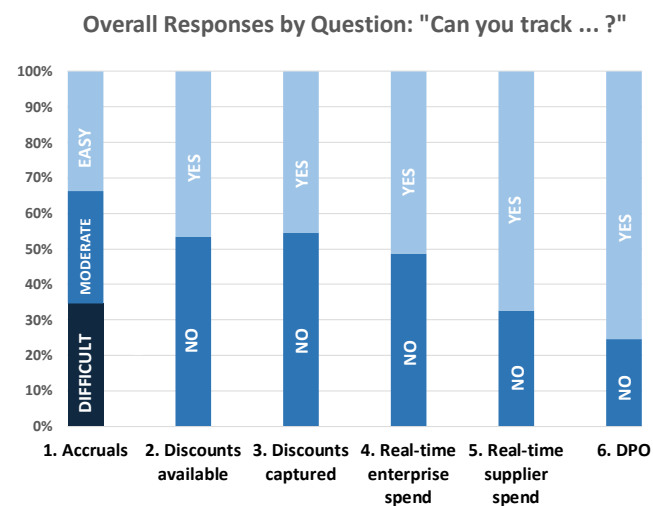


Figure 1.

So what does this tell us?

- **First, accruals**, which are key to accurate and compliant financial reporting, were easy or extremely easy to track for fewer than a third of total respondents.

- **Available discounts and discounts captured data** was readily available to fewer than half of respondents, yet this is where AP can make a significant contribution to the bottom line.
- **Organizations are better at getting real-time spend data** for individual suppliers (question 5) than they are at getting enterprise spend data (question 4)—not good for high-level business intelligence.
- **DPO is the easiest of all metrics** for respondents to collect. This is information critical to understanding the overall cash cycle of the organization and providing insight into where AP could improve efficiency.

Simply put, data that can be used to improve discount capture and provide real-time insight into the financial health of the organization is too hard to get for most. And while most respondents found it easier to capture this information by individual supplier than to acquire broader enterprise spending data, that's where business intelligence can really pay off for the organization as a whole.

## How does AP automation impact insight into working capital?

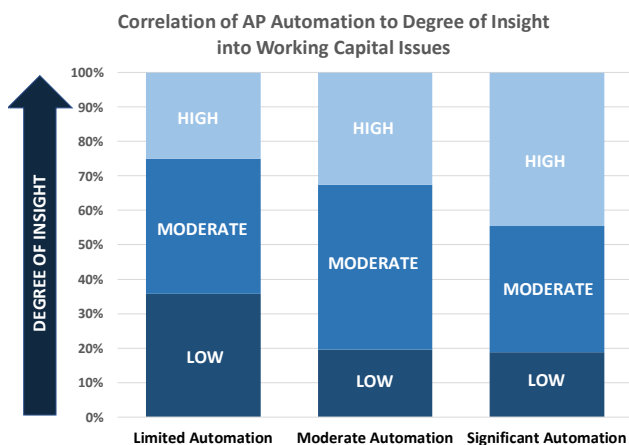


Figure 2.

The graph in Figure 2 shows the relationship between the aggregated scores for the data points shown in Figure 1 and the respondents' degree of automation.

As we might expect, more automation does provide a significantly greater level of insight into working capital issues. Those participants who can process 70 percent or more of their invoices entirely through automation scored highest: 45 percent of them reported deep insight into working capital metrics.

On the opposite end of the spectrum, only one of four of those with limited automation had transparency into working capital data.

Working capital data isn't just nice to have; it's essential to running an efficient, profitable and compliant organization:

- Understanding the organization's cash flow is essential for making buying decisions and acquiring investments.
- Accurate financial reporting is mandatory for public companies, with severe penalties for noncompliance.
- Transparency into the financial health of an organization is important to potential vendors, who will set credit limits and discount terms based on that information.
- Controlling payment timing and discount capture generate significant savings that go straight to the bottom line.



**Working capital data isn't just nice to have—it's essential to running a business.**

## The organizational impact of accounts payable

What AP doesn't know about working capital results in significant loss of control and transparency. The data generated by the transactions they process should provide insight into efficient operations, cost savings and financial planning. Yet many organizations still view AP as a strictly clerical function, effectively depriving themselves of key information needed to:

- Remain compliant with SOX and other regulations
- Capture the maximum number of discounts
- Regulate and monitor cash flow
- Gain real-time feedback on enterprise and supplier-specific spend needed for vendor scorecarding, budgeting and forecasting
- Allow AP to monitor its own performance and improve it



**In business, what you don't know CAN hurt you.**

Yet even assuming the value of this data is appreciated at the C-level, what's the most accurate and efficient way to gain access to it?

Hint: Manual data-crunching and reporting isn't it.

Even organizations that don't process millions of invoices a year can benefit from automation, as the Control Panel data shows. Not only does this ensure near real-time visibility into operational efficiency, it provides a streamlined and accurate view of the company's financial health whenever it's needed.

If you haven't automated yet because you think your organization isn't big enough, think again. Ask yourself: What discounts am I leaving on the table? Where could I be running off the rails relative to compliance? What am I really spending, when and with whom?

If you don't already know the answers to these questions, it's worth a conversation with Hyland to see if their **AP automation solution** can provide the visibility you need.

Let's face it: In business, what you don't know CAN hurt you.

## About Hyland

---

Hyland is a leading content services provider that helps organizations across the globe manage information, simplify processes, and connect systems. Our expertly tailored solutions for accounts payable intelligently automate manual tasks and approval workflows, while providing a complete view of the right information where and when it's needed. With intelligent data capture, workflow automation, and seamless integration with enterprise resource planning systems, Hyland solutions help account payable teams improve visibility, gain control, and increase efficiency across each stage of invoice processing.

Learn more at [hyland.com/AP](https://www.hyland.com/AP)

## About the Institute of Finance & Management

---

Accounting and finance professions have each undergone nothing short of a complete transformation since the Institute of Finance and Management (IOFM) was founded in 1982 and since then our mission has been, and continues to be, to align the resources, events, certifications, and networking opportunities we offer with what companies need from the accounting and finance functions to deliver market leadership. IOFM empowers accounting and finance professionals to maximize the strategic value they offer their employers.

Our enduring commitment to serving the accounting and finance professions is unmatched. IOFM has certified over 25,000 accounting and finance professionals and serves several thousand conference and webinar attendees each year.

IOFM is proud to be recognized as the leading organization in providing training, education and certification programs specifically for professionals in accounts payable, procure-to-pay, accounts receivable and order-to-cash, as well as key tax and compliance resources for global and shared services professionals, controllers, and their finance and administration (F&A) teams.

Learn more at [www.iofm.com](https://www.iofm.com)