

5 KEYS TO BUILDING A WINNING BUSINESS CASE FOR Accounts Payable Automation in a Prevailing Business Environment



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Change historically has come slowly to accounts payable.

But in an instant, accounts payable leaders are facing:

- New ways of working
- New operational challenges
- New fraud and compliance risks
- New economic pressures

Manual, outdated approaches to processing invoices are no longer enough. Accounts payable departments must automate. Fortunately, the return on investment for accounts payable automation has never been better. Automation delivers what accounts payable departments need most now:

- Better tracking and control, no matter where accounts payable staff work
- An enhanced supplier experience, reducing the chances of supply chain disruption
- Less manual work through simple and reactive digital processes
- Enhanced visibility into operations, cash, spending and risks
- Smart cash controls to start businesses on their way back to growth

Migrating to a digital environment also makes it easier to recruit and support employees who work from home. And some accounts payable solutions support automation across multiple departments.

This paper details the challenges accounts payable leaders face in the new normal, why payables departments must automate, the components of a winning business case for automation, an example of an organization that is benefiting from automation, and a checklist for evaluating solutions.

¹ IOFM Virtual Town Hall Meeting, 4/27/20

² IOFM Virtual Town Hall Meeting, 4/27/20

³ IOFM Virtual Town Hall Meeting, 4/27/20

⁴ IOFM Virtual Town Hall Meeting, 6/21/20

⁵ IOFM Virtual Town Hall Meeting, 4/27/20

Enter the changed business climate?

The changed business climate has created four big challenges for accounts payable leaders:

- 1. New fraud and compliance risks.** Eighty-eight percent of accounts payable departments are working remotely, at least in part¹. Disruption to established processes and procedures creates new risks for accounts payable departments. Without the right controls, it is hard for accounts payable leaders to enforce business rules, ensure separation of duties and chain of custody, protect data, maintain accountability for actions taken on an invoice, or prevent documents from being discarded prematurely. One-quarter of accounts payable leaders are concerned about growing fraud and compliance risks because of disrupted operations².
- 2. More supplier inquiries.** Tough economic times put tremendous pressure on suppliers to protect their cash flow. That is a big reason that 22 percent of accounts payable departments are experiencing a spike in supplier inquiries regarding the status of invoices and payments³. With one-third of accounts payable staff working longer hours these days⁴, departments do not have the resources to manage this flood of supplier inquiries and keep work on track.
- 3. Missed deadlines.** Regardless of whether staff work in an office, from home or on-the-go, manually keying invoice data, forwarding invoices for approval, reviewing documents, and chasing down key information slows down approvals. One-in-five accounts payable leaders say their department has missed an invoice due-date because of operational inefficiencies⁵.
- 4. Poor visibility.** Navigating tough times requires organizations to carefully manage their cash and corporate spending. But data silos make it hard for accounts payable departments to access the data decision-makers need.

As a result, controlling cash and reigning in spending is difficult. Invoice information is often incomplete, incorrect, or out-of-date. Accounts payable data frequently is not available to ERP users, causing them to miss out on important information about transactions. And staff waste a lot of time searching for critical payment information. It is no wonder that 6 percent of accounts payable leaders have difficulty providing senior management with visibility into invoice-related information⁶.

If these challenges sound daunting, you are not alone.

Nineteen percent of accounts payables leaders are concerned about the way their department is currently operating⁷. Seven percent of accounts payable leaders say they are overwhelmed.

Now is the time to modernize

Adapting to the changed business climate is made harder by the manual, outdated invoice approval processes used by most organizations. Only 9 percent of accounts payable departments are fully automated, with few or no manual processes⁸. Fourteen percent of payables departments operate in a completely manual manner⁹. The new ways of working, new challenges and new risks that accounts payable faces exacerbate the shortcomings of manual, outdated approaches to invoice processing.

- Sixty-four percent of buyers manually handle most of the supplier invoices they receive¹⁰
- Ninety-one percent of accounts payable departments say their processes are inflexible¹¹
- Sixty-one percent of accounts payable are dissatisfied with their level of ERP integration¹²
- Operational issues caused 59 percent of departments to miss an invoice due date in 2020¹³

More organizations are rethinking how accounts payable operates, and its underlying cost structure.

Seventy-one percent of accounts payable departments plan to further automate in 2020¹⁴.

The question is: what took so long?

Accounts payable departments cite lots of reasons for dragging their feet on automation:

- Lack of capital budget
- Competing priorities
- No support from management
- Fear of change
- Concerns that suppliers will not adapt

But one of the biggest obstacles to automation is confusion about how to build a business case for automation. Despite the proven and compelling benefits that many organizations have achieved with automation, countless proposals languished on the desks of senior management. The new normal strengthens the business case for automation when the right business case elements are included.

Below are the five key elements to a winning business case for automation in the new normal.

#1: Better control and tracking

Automation ensures control and accountability, even when staff work from home.

Accounts payable automation ensures consistent recordkeeping and the secure retention of invoices and other documents. Any actions taken on an invoice are logged. Auditors can be granted web-based access to documentation, which reduces the time it takes to prepare for an audit. And chain of custody and segregation of duties controls guarantee that the right people can access information.

Standardizing business processes, automatically enforcing business rules, and eliminating workarounds ensures that there is one version of “the truth,” and only one place to get it.

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10 SharedServicesLink Future of Financial Shared Services Report

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#2: A better supplier experience

Automation makes it easy for accounts payable staff to respond to supplier inquiries.

In an automated environment, supplier invoices are easily accessible and seamlessly connected to the buyer's ERP application. An automated accounts payable system can provide visibility into the status of every invoice with only a few keyboard strokes. That includes where an invoice stands in the approval process. Instead of routing invoices manually or by email, an accounts payable solution uses digital processes that show where an invoice may be stuck and when it will be paid. Automated solutions also sort invoices at any stage of the payment process and by any key piece of information.

All this enables staff to quickly respond to supplier inquiries regarding to the status of invoices, resolve issues rapidly, and consistently make timely payments, in turn, reducing supplier inquiries.

#3: Less manual work

Automation reduces manual processes, no matter where staff work.

Automated accounts payable solutions aggregate invoices received via the mail or electronically through e-mail, fax, a portal, electronic data interchange (EDI), or File Transfer Protocol (FTP) upload. Invoice data is captured, validated, and matched against information in a system of record. Invoices that match a purchase order are posted to an ERP without human operator intervention.

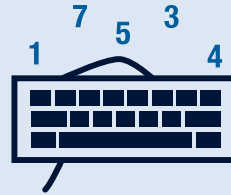


Capturing invoice data immediately can shave days or weeks off payment cycles.

Fuzzy logic enables departments to match extracted invoice data to back-end information when it is not identical. This is critical for pairing partial invoices to corresponding purchase orders. Fuzzy logic also automates general ledger (GL) coding for non-PO invoices. As line-item data is extracted from an invoice, the information is matched against GL codes and appended to

the invoice.

Eliminating the need to key invoice information and manually match invoices with purchase orders reduces the number of times a transaction is handled. Unmatched invoices or those requiring review, approval or coding are digitally routed based on pre-configured business rules. Some solutions automate general ledger coding so non-PO invoices can automatically enter the approval workflow.



Automation reduces the need to manually enter data for PO and non-PO invoices.

Integrating an automated accounts payable solution with existing ERPs speeds process optimization by eliminating the error-prone and time-consuming task of re-keying information on approved invoices, as well as the need to patch together reports for business units and chase key information.

And automation can mimic the processes that frontline staff are accustomed to, accelerating the migration of a digital infrastructure and increasing the chances of end-user adoption.



Automation reduces invoice approval cycle times from days or weeks to hours.

#4: Enhanced visibility

Accounts payable automation provides organizations with the visibility they need to thrive.

In an automated accounts payable environment, documents are digitized as they are received, stored in a single system, and made available to users directly through the buyer's ERP application. Instead of waiting for unprocessed documents to be accessible, invoice information is immediately available.

Users can access, review, or approve invoices, or input

additional information, from the application or device that is most convenient, whether it is an accounting or ERP system, e-mail box or mobile device. With just a few clicks of a mouse, frontline staff and stakeholders can instantly retrieve:

- Invoices
- Goods receipts
- Packing slips
- Check images
- Vendor contracts
- Correspondence

Graphical dashboards provide near real-time visibility into outstanding liabilities and corporate spending, empowering senior management to make better informed financial decisions, faster. Automated tracking of accruals and aging also provides more accurate cash flow management.

Business units can use the insights provided by automation to track their budget performance and more accurately forecast their liabilities. And accounts payable managers can access metrics on the overall efficiency of their invoice process, from the time an invoice is received to when a payment is posted. Interactive reporting dashboards enable accounts payable manager to monitor invoice status and volume, identify process bottlenecks before they occur, and balance workloads as needed.

With automation, invoices become a rich source of information about cash and spending.



Automation transforms AP into a revenue-generating, value-added operation.

#5 Smart cash controls

Accounts payable automation puts smart cash controls at the fingertips of a decision-maker.

Graphical dashboards display real-time Key Performance Indicators (KPIs) and metrics. Critical metrics such as spending by supplier, category, business unit and location are instantly accessible. Accounts payable managers

can keep close tabs on early payment discount offers that are approaching expiration. Users can drill down into information to uncover the root cause of issues. Information can be easily exported. Managers can access timely insights via a mobile device. And ad hoc reporting provides the flexibility businesses need to adjust to changing market conditions.

Additionally, purchase order matching and workflow automation help curb spending.

These are the reasons that organizations start achieving payback on their investments in automated accounts payable solutions with the first invoice they process, on the first day of live production.

How one company saved 80 hours per week

Ullrich Aluminum Company is one company that is benefiting from accounts payable automation.

Before automating, Ullrich Aluminum Company's 25 branches would receive and process supplier invoices before sending them for final approval to the payables team in the company's head office.

For each payment run, payables staff in the head office had to open and review the 200 to 300 e-mails submitted by the company's branches to match the invoice with the correct payment.

Automation modernized Ullrich Aluminum Company's invoice approval process.

Now, payables staff can click on an invoice payment line in their company's ERP system and instantly see an image of the invoice to verify that it has been approved by a branch manager.

The automated accounts payable solution also automatically verifies that data keyed into the company's ERP application matches the invoice information captured during the scanning process.

And Ullrich Aluminum Company's payables staff has found the technology easy to use.

As a result, the company's payables staff spend 80 hours less time per week approving invoices.

A checklist for achieving fast ROI

Achieving the full benefits of accounts payable automation is not possible without the right solution.

Here are five things to look for when evaluating solutions for the changed business climate:

- 5. Immediate capture.** Look for a solution that captures invoices at their source, whether they arrive via the mail or are delivered electronically. This makes all invoices instantly available for review and approval, and eliminates delays waiting for invoices to be accessible.
- 6. Accessibility.** No one wants to waste time searching through file folders for important information. Best-in-class accounts payable solutions provide an intuitive viewer that enables users to navigate to the exact supplier invoice they need and access the document via a hyperlink in the invoice record -- all without leaving their familiar ERP screens.
- 7. Bi-directional integration.** Best-in-class accounts payable solutions automatically post invoice data into an ERP application's process once invoices are complete and exceptions are resolved. Connecting an accounts payable solution and ERP application enables staff to retrieve invoices with a mouse-click directly from their ERP application's work screens.
- 8. Ironclad security.** Automation should reduce risks and improve compliance, not create new vulnerabilities. Look for a solution that considers application security in every step of product development, protects every data state (at rest, in transit, in use), offers configurable access controls, and continuously tests for vulnerabilities, exploits, vectors and bugs.
- 9. Fast deployment.** The template-free, human-like learning approach used by best-in-class accounts payable solutions enables fast deployment, with minimal IT support.

Choosing a solution with these capabilities will start you on your way to achieving strong results.

Thrive in a changed business environment

Accounts payable automation is the key to addressing the new ways of working, new risks, and new challenges of the new normal. Organizations must sharpen their focus on strategic activities and eliminate manual, outdated processes. Solutions that combine capture, a seamless connection with ERPs, and accessible information are essential. It is tempting to wait on automation until economic conditions improve. But the business case for automation has never been stronger. Best-in-class accounts payable solutions help improve control and tracking, increase the supplier experience, reduce manual work, and enhance visibility. These benefits of automation will win over senior management and position the organization to thrive in a rapidly changing business climate.

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 ERP and financial management systems, Hyland solutions help account payable teams improve visibility, gain control, and increase efficiency across each stage of invoice processing.

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.

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