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Cloud P2P Automation. Easy. Powerful. Smart.

Seven Ways to Make the Most of Your AP Budget

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Summary

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Introduction

After years of false starts, accounts payable departments are automating.

An eye-popping 84 percent of accounts payable practitioners are optimistic about the progress their department will make over the next three years in eliminating paper processes. That's according to the Institute of Finance and Management's (IOFM) 2018 Future of Accounts Payable Survey.

Improving staff productivity is the biggest driver of accounts payable automation, IOFM finds.

Against this backdrop, it's no surprise that standardizing processes and deploying automated solutions are the top budget priorities of accounts payable departments, per IOFM's research.

But accounts payable departments may never achieve their desired outcomes from these investments unless they take the right approach to selecting and implementing an automated solution.

This white paper shows you how to avoid wasting your automation budget.

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Why Automate?

IOFM's report, Is Your AP Performance Top Tier?* provides a glimpse into what accounts payable departments can expect to achieve by deploying digital technologies such as intelligent data capture:

Pay more than 90 percent of supplier invoices on time

Automation eliminates many of the time-consuming tasks associated with processing invoices.

Capture 97 percent of early-payment discounts offered

Eighty-percent of the businesses surveyed for IOFM's AP Department Benchmarking & Analysis report receive invoices that offer discounts on the invoice due amount in exchange for early payment.

Process nearly 23,000 invoices annually per full-time equivalent (FTE)

Highly automated accounts payable departments process 14 times as many invoices per FTE each month as their peers with little or no automation, per IOFM's Is Your AP Performance Top Tier?

Spend only $1.77 to process a single invoice

Automation eliminates the manual processes that drive up the cost of accounts payable processing (sometimes more than $15 per invoice), including keying invoice data, physically routing invoices for approval, filing invoices, and more.

Match 90 percent of invoices and purchase orders on the first pass

Automation does the work of matching invoices with purchase orders.

Correct only one percent of all supplier invoices processed

Automation reduces duplicate payments and other errors by validating data early in the process.

These benefits are compelling. But none of them are assured unless accounts payable departments take the right approach to selecting and implementing an automated solution.

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7 Ways to Waste your Automation Budget

Below are the seven biggest pitfalls that organizations encounter when implementing an automated accounts payable solution and how selecting the right technology solution helps overcome them:

1

Poor integration with legacy finance systems

An enterprise resource planning (ERP) application, general ledger platform, or accounting system is the financial nerve center of an organization.

These finance systems manage an organization's payment terms, supplier data, approval policies, invoice information, and financial data.

That's why it is important to select an automated accounts payable solution that integrates seamlessly with your ERP application or other legacy systems. No matter how good an automated accounts payable solution is, if it doesn't integrate with your legacy finance systems, you will still experience:

- The same volume of back-and-forth e-mails, faxes, and paper shuffling
- Staff manually rekeying information on approved invoices into the ERP
- Delays in getting invoice information into your legacy finance systems
- Information not being readily available downstream for cash and spend management
- Enormous amounts of time wasted searching for or retrieving invoice documentation
- Time-consuming and error-prone audit processes across fragmented systems

Organizations cannot afford to have their automation initiatives undermined by fragmented systems.

Integrating with legacy systems is the top challenge accounts payable departments faced when implementing automation, per the Association for Intelligent Management's (AIIM) Automating Accounts Payable/Accounts Receivable Financial Processes report.

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How to keep your business case on track

Look for an automated accounts payable solution that integrates with your legacy finance systems. Some technology solutions providers, such as Yooz, integrate with more than 200 ERP and accounting systems worldwide, enabling users to manually export data or seamlessly upload it, based on their needs.

User resistance

Change management is often an afterthought when organizations are implementing an automated accounts payable solution. For instance, many organizations don't involve front-line staff in development of functional requirements and the evaluation of potential solutions.

Front-line staff can provide valuable insights into the current challenges with paper-based processes and are key to a smooth transition. It is virtually impossible for organizations to achieve their desired outcomes for accounts payable automation if they do not properly manage the technology's impact on staff. Poor user acceptance can cause:

- Low staff morale and potential employee turnover

- Delays in rolling out the system

- Poor return on investment

- Loss of goodwill/trust with senior management

- Potential impact on suppliers and internal stakeholders

Thirty percent of organizations say that managing change was the biggest challenge that they faced when implementing an automated accounts payable solution, per AIIM.

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How to keep your business case on track

Embrace change management as part of your automation
effort to head off problems later with these four strategies:

- Identify key stakeholders across functions who can help contribute the success of the project.

- Engage stakeholders early-on in the project to help diagnose the current state of the processes, identify areas for improvement, gather business requirements, define the scope of the project, develop business rules for configuring the system, and championing the project with users.

- Develop a comprehensive change management plan that includes a roll-out checklist, pre-launch, launch and post-launch communications to users, and user training activities.

- Information not being readily available downstream for cash and spend management

- Address user concerns head-on to eliminate the possibility that concerns will fester.

Unclear business rules

There are countless ways that invoices can be processed. Having a poor handle on the ways your organization processes its invoices can result in a big spike in exceptions during implementation that can undermine your business case for automation.

Unfortunately, many organizations that are planning to automate their accounts payable processes never take the time upfront to document their business rules for processing invoices.

For instance, certain invoices may have a higher processing priority than other invoices and need to be forwarded to the front of the queue, like those from suppliers that offer an early payment discount. Additionally, a portion of invoice line items may be matched against a purchase order, while others are not.

Minimizing the number of exceptions was the biggest challenge that nearly one-quarter of accounts payable departments faced when implementing an automated solution, AIIM finds.

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How to keep your business case on track

Understanding and rationalizing the business rules early in an automation project helps ensure that the solution is configured correctly the first time, eliminating the possibility of exceptions later.

To get a handle on your business rules, thoroughly analyze the total volume of invoices your accounts payable department processes each month, any big fluctuations in volume, and the different types of invoices you receive. And,

- Document all fields that must be captured, as well as any validations and external "lookups."

- Identify the number of fields per invoice that need to be captured, any invoice types that require recognition of line-item data, and any calculations required for captured field values.

- Compile the workflow rules required for different suppliers and types of invoices.

- Understand how prospective technology providers will address these business rules. Prospective technology providers should be able to provide a 'yes' or 'no' answer to well-defined business rules such as capture requirements, or a brief explanation for 'areas of grey.'

Confusion about how supplier invoices currently arrive

Supplier invoices increasingly arrive via multiple channels in a range of formats, including paper, e-mail, PDF, fax, electronic data interchange (EDI), XML, and web and mobile form. In fact, within the next three years, AP practitioners expect that they will receive more invoices in PDF format than paper invoices, per the IOFM's 2018 Future of Accounts Payable Survey.

But many organizations still purchase automated accounts payable solutions that were built to handle only paper invoices. The result?

- Data must be manually keyed.

- Essential information is not captured.

- Data is poorly organized.

- Information is not timely.

- Systems are not well-integrated.

- Decision-makers do not have access to key variables.

Twenty-two percent of accounts payable organizations say that confusion about current processes was a challenge during the implementation of an automated solution, AIIM reports.

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How to keep your business case on track

Understand how invoices arrive in your organization and purchase an automated accounts payable solution that was designed to normalize the processing of invoices, regardless of how they arrive.

Inflexible workflows

Automating accounts payable offers organizations a rare opportunity to reengineer their invoice workflows to streamline processes.

It provides digital workflows for approvals and exceptions, automatic notifications, and prioritization and special handling of invoices based on business requirements.

These electronic workflows accelerate cycle times to enable organizations to pay significantly more invoices on time, reduce supplier inquiries regarding invoice and payment status, gain better visibility into cash flow and spending, and capture more early payment discounts.

Unfortunately, too many organizations fail to validate vendor claims about the ease with which their workflows can be configured.

And in many cases, organizations get trapped in a never-ending cycle of paying vendors to modify the workflows in their rigid technology using costly, custom code.

Seventeen percent of accounts payable organizations surveyed by AIIM say that inflexible workflows were among their top challenges when implementing an automated solution.

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How to keep your business case on track

Don't believe everything you see in product demonstrations. Test the flexibility of the workflows offered by prospective vendors to ensure they can meet your organization's ever-changing needs. Look for these things in a vendor presentation to tell if their workflow capabilities are flexible:

- Routing of invoices through each stage based on pre-set business rules

- Notifications to stakeholders of what steps they need to take

- Identification and electronic routing of exceptions for resolution

- Monitoring and tracking of all invoices in the process from one system

- Seamless posting of approved invoices to an ERP or system of record

Consider asking vendors to demonstrate their software using your documents and work-flows. Don't hesitate to ask vendors to upload one your invoices during their product de-monstration so you can see their data extraction technology and ability to upload images to the ERP at work.

Inadequate implementation planning

Deploying an automated solution can be complex. This is especially true in accounts payable where projects typically involve process and workflow changes, multiple stakeholders across the enterprise, including suppliers, and integration with legacy backend systems.

For instance, many AP departments centralize their processing as part of the automation initiative. Fluctuating invoice volumes, variable data on documents, and a variety of document formats complicate things further. All this makes implementation critical to the success of an automation project.

An effective system implementation approach can "make or break" a project before it even begins.

Unfortunately, many accounts payable departments become so focused on the technology involved in their automation initiatives that they overlook the importance of implementation planning.

This is even more sobering when you consider that many technology solutions providers have extensive expertise and experience in implementation automated solutions.

The logistics of centralizing processing was an implementation challenge for more than one-in-10 accounts payable departments that have deployed an automated solution, AIIM finds.

How to keep your business case on track

Ensure a smooth implementation by looking for technology solutions providers with a professional services team that is expert in process improvement.

Be leery of solutions providers who do not analyze your current accounts payable processes and workflows and take the time to understand your desired end-state before the implementation begins.
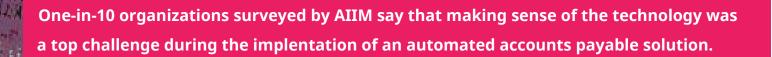
To ensure correct configuration of your system, vendors should understand an accounts payable department's processes, applications, challenges, and objectives while offering insightful best practices for continuous improvement.

Also, deploy the system in controlled phases, rather than all at once, to minimize risk.

A poor technology fit

Choosing the wrong technology solution for your accounts payable project can result in processes being digitized in the wrong sequence, wasted time and effort correcting sub-optimal automation, poor return on investment, strained stakeholder relations, and less cross-functional harmony.

There are many reasons why an organization may end up with a poor fitting solution, but confusion about the array of technologies and approaches available for accounts payable automation is the most common culprit.

One-in-10 organizations surveyed by AIIM say that making sense of the technology was a top challenge during the implentation of an automated accounts payable solution.

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How to keep your business case on track

Evaluating the breadth of functionality in accounts payable solutions can overwhelm
even the most technology-savvy organization.

To ensure that your organization chooses the right accounts payable solution for its
needs, here are 12 key attributes to home in on when evaluating prospective vendors.

1 Ease of use

7 Comprehensive, insightful, flexible reporting and analytics

2 Integration with legacy systems

8 Capability to automatically upload invoice and supporting documents directly into ERP

3 Smart optical character recognition (OCR) and data extraction / true extraction

9 Support for mobile approvals

4 Workflow configurability

10 Delivery model

5 Implementation, training, and support

11 Security and compliance

6 Data and document archive and retrieval

12 Pricing model

Download this coomprehensive checklist to keep your accounts payable project on track.
http://cloud.getyooz.com/report-how-not-to-mess-up-your-ap-project

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When evaluating automated accounts payable solutions, organizations should never lose sight of the fact that technology is evolving at a dizzying rate. This makes it imperative that organizations have a clear picture of a prospective vendor's commitment to research and development. Ask the vendor what percentage of its budget and staff is committed to research and development, how frequently software enhancements and bug fixes are released, and the process that customers use to request software enhancements. Review the vendor's product roadmap. Keep in mind that the goal is to find a vendor that can be a long-term partner that will keep up with rapid advancements in technology.

Don't Waste Your Automation Budget!

Accounts payable earned a dubious trifecta in IOFM's *Senior Finance Executive Survey*: Accounts payable topped the lists as the most time-consuming, laborious, and paper-intensive finance and administration (F&A) function, ahead of activities such as accounts receivable, payroll, tax, and audit. In fact, accounts payable received nearly twice as many votes from senior finance executives as the most time- and labor-intensive F&A function than the next highest-ranked function.

Automation eliminates the time, labor, and paper associated with accounts payable, enabling organizations to reduce costs, eliminate errors, accelerate cycle times, achieve transparency, and strengthen relationships with internal stakeholders and suppliers. It is no wonder why AP departments have made automation their top budget priority. But achieving the benefits of automation will remain out of reach for accounts payable departments that don't take the right approach to selecting and implementing a solution.

This white paper shows the most common pitfalls organizations face in implementing an automated solution, and how to overcome them.

*Institute of Financial Management 2017 Benchmark Report : Is Your AP Perfomance Top Tier?

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Yooz is a fast-growing, multiple award-winning AP automation company that solves for today's finance professionals' top invoice and payment processing challenges by providing innovative, cloud-based AP workflow automation. Yooz offers an intuitive, simple, secure, purchase-to-pay invoice processing solution that integrates seamlessly with more than 200 ERP platforms.

It leverages and optimizes powerful features and emerging intelligent technologies that unleash the creative and innovative power of finance teams.

Simplicity, transparency, security, savings, and mobility form the hallmark foundation of Yooz and influences everything it does.

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