

A 10-Step Guide to an **Efficient** **Vendor Invoice** **Process**

THE BEST RUN



It's Time for an AP About-Face

Accounts Payable (AP) is more important to the business than ever before. Besides processing invoices and entering massive amounts of financial data, there is so much more value your team can deliver. And yet, you're still expected to process more — in less time!

Now more than ever, you are uniquely situated to perform a more strategic role in your business. From reporting and analysis to negotiating better deals, you have access to data and insights that can make a real difference. Your team is skilled and eager to provide a more strategic function to the company, but outdated processes and tools are holding them — and the business — back.

If time-consuming manual processes are keeping your AP team from focusing on higher value tasks, then this eBook is for you.

How to Use This Guide

We developed this 10-step guide to help finance reimagine the end-to-end AP process. We hope this manual will help you spot opportunities for greater efficiency, compare your current process against industry best practices and provide you with practical pointers along the way. **Let's get started!**



Step 1: Start With an Audit

Often, we're so busy 'doing' that we don't have time to stop and think. But taking a step back to ask yourself some simple questions about the invoice process can highlight your biggest pain points and identify improvement opportunities. Consider the following facts about the current state of AP:

- The typical SMB works with 190 suppliers and vendors. If you write those vendors just one check a month, that's 2,280 checks annually.¹
- 42% of SMBs surveyed say they've experienced errors reconciling invoice.¹
- On average, accounting and finance staff spend 14% of their time each week processing invoices.¹



¹ concur.com/newsroom/article/how-much-can-a-small-to-midsize-businesses-really-benefit-from-invoice

Ask Yourself the Following Questions About Your AP Process:

A. Invoice Receiving

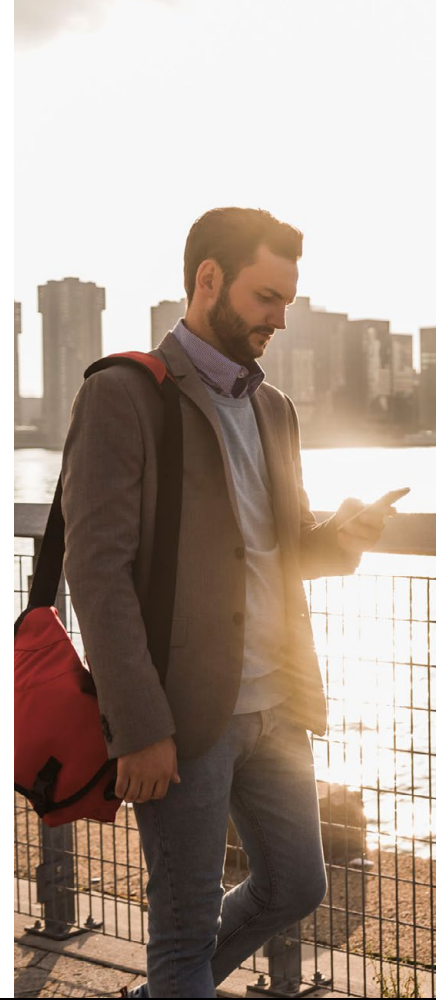
- How many invoices do you receive on paper? By email?
- Can you accept eInvoices emailed from vendors today?
- Are they sent to a central place?
- What percentage of invoices must be scanned?

B. Invoice Processing

- Do you still use spreadsheets to manage the AP process?
- What percentage of data on an invoice gets manually rekeyed in your current system?
- How many people are involved in the review and approval process? How long does it take?
- How often do you receive duplicate invoices? Can you easily weed them out?
- How long does this process take?
- How often do you pay invoices late?
- How often do you incur late payment fees? How much does this cost you?
- How much time does your team spend answering payment inquiries from vendors?

C. Post-Payment

- How confident are you that you have a full invoice audit trail for compliance purposes?
- Is it easy to see what has been spent per department over time?
- Can you easily identify individual vendor spending to use for negotiations?
- Can you easily integrate this data with other spending metrics to see the full financial picture?



Step 2: Assess Your Current Costs

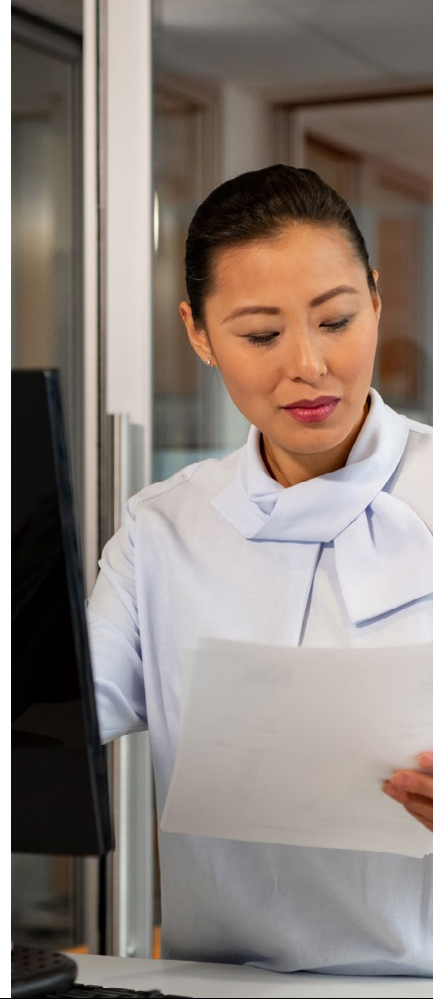
You may not know all the answers to these audit questions, but taking a closer look at each stage of your AP process enables you to **get a clearer idea of problem areas and hidden costs.**

Let's see how this would work for hypothetical company, Hammer Time Hardware. This example provides an illustrative idea of invoice costs based on some assumptions. It doesn't, however, factor in the time wasted routing paper and electronic invoices to the right people or the costs associated with duplicate payments and late payment fees.



The average cost to process a single invoice stands at \$12.90.² In this example, that adds up to almost \$155,000 per year!

² concur.com/sites/default/files/special_report_the_true_costs_of_paper-based_invoice_processing_and_disbursements.pdf



Calculating AP Processing Costs: Hammer Time Hardware, a Hypothetical Case Study

Hammer Time Hardware is an Indianapolis based hardware chain with 10 locations throughout the Midwest and 200 employees:

- Number of invoices: **1,000 per month**
- Average salary per staff member: **\$15.38 hourly**
- Time spent on data capture: **5 minutes per invoice**
- Collective time spent on approvals: **6 minutes per invoice**
- Time spent on exception handling: **6 hours per month**
- Annual hours spent on invoice processing: **2,272**
- Annual cost: **\$34,881** (processing only)

Uncovering Cost Savings Opportunities

Conducting a cost assessment similar to Hammer Time's will help you understand where your staff is spending their time, identify operational inefficiencies and even illuminate hidden costs.

An established AP solutions provider can help you work through your unique scenario to demonstrate actual costs for every stage and determine an accurate ROI figure and timeframe.

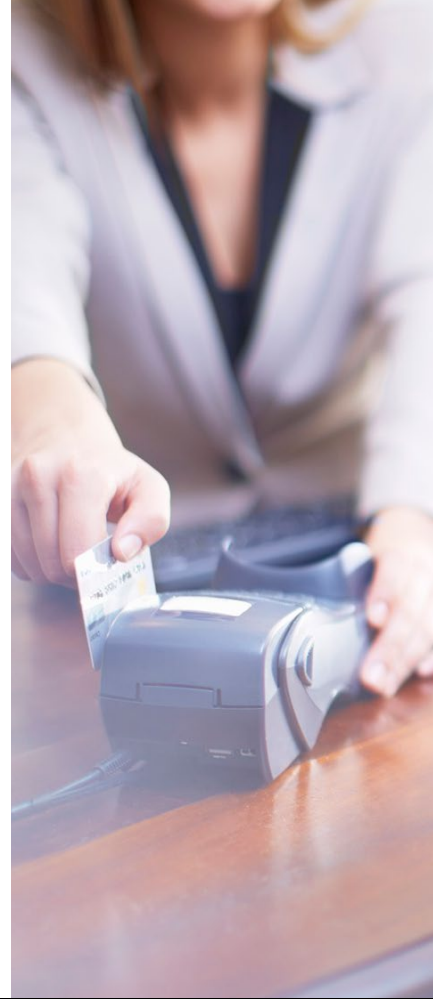


Step 3: Identify the Inefficiencies of Paper and Spreadsheets

Many companies still handle their invoice processes the way they always have — with paper and spreadsheets. When you're a small business or a startup, this may be manageable, but paper-based processes aren't sustainable as your organization grows. Not to mention these outdated methods are prone to errors and are incredibly time consuming.



Companies using Concur® Invoice are able to reduce invoice processing time by up to 75%.³



³ concur.com/newsroom/article/improve-visibility-cashflow-intelligently-automated-ap-invoice-management

Out With the Old, In With the Efficiency

Spreadsheets can be a handy finance tool, but they aren't built to be the cornerstone of a modern AP process. They don't have the built-in workflows you need to keep the process moving and shorten the payment cycle. The more you can replace spreadsheets and paper with AP automation, the higher the levels of accuracy, efficiency and visibility you can expect.

86% of business have already begun moving away from manual AP tasks, and **82%** have implemented largely automated AP processes.⁴

The Problem With Paper

- Easily lost or forgotten
- Numerous copies exist at the same time
- No access to data
- No visibility

The Struggle With Spreadsheets

- Not built for process
- Constant manual entry
- Error-prone
- Time-consuming
- No version control
- Hard to integrate data

⁴ concur.com/sites/default/files/special_report_the_true_costs_of_paper-based_invoice_processing_and_disbursements.pdf



Step 4: Determine Where Your Time Savings Are

Streamlining the way invoice data is captured in your department can save you time and resources. Here are five handy tips to help you get there:

1. **Centralize where invoices** are sent to prevent confusion, reduce delays, and keep multiple copies from circulating.
2. **Enable vendors to send electronic invoices** to simplify the process.
3. **Take advantage of optical character recognition (OCR)** to digitize invoice data and automatically input it into your finance tool.
4. **Import invoice images directly into your finance tool** for faster cross-checking and easier auditing.
5. **Outsource invoice capture to professionals** to reduce the burden on your AP team.



Step 5: Remove the Margin for Human Error

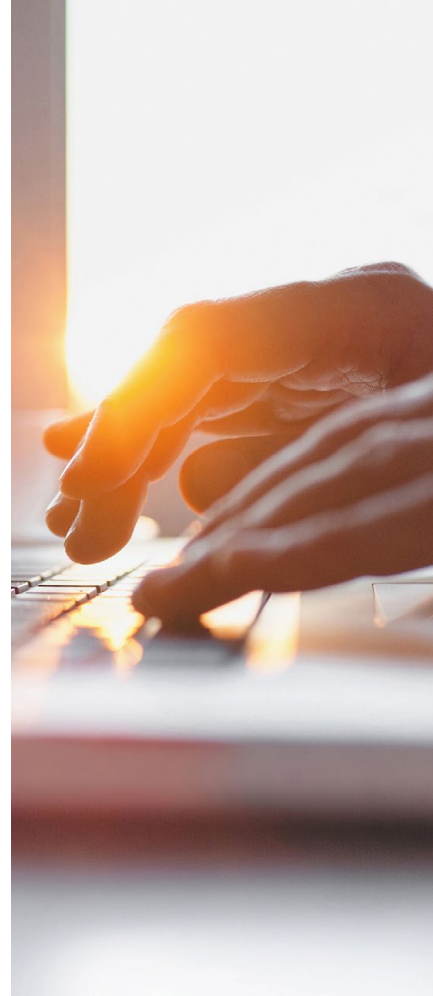
Finance professionals are smart. But they're also human, and whenever people are involved, mistakes can happen. Look for ways to remove the risk of human error in your AP process, such as manually entering data from spreadsheets.

Or set up a mechanism that flags when duplicate invoices enter your system to avoid paying vendors twice. The more stages you can automate, the less you'll fall victim to 'slips of the finger.'



Look out for fraudulent invoices! In March 2017, an individual was arrested for tricking two major technology companies into paying \$100 million for computer supplies through a series of forged emails and invoices.⁵

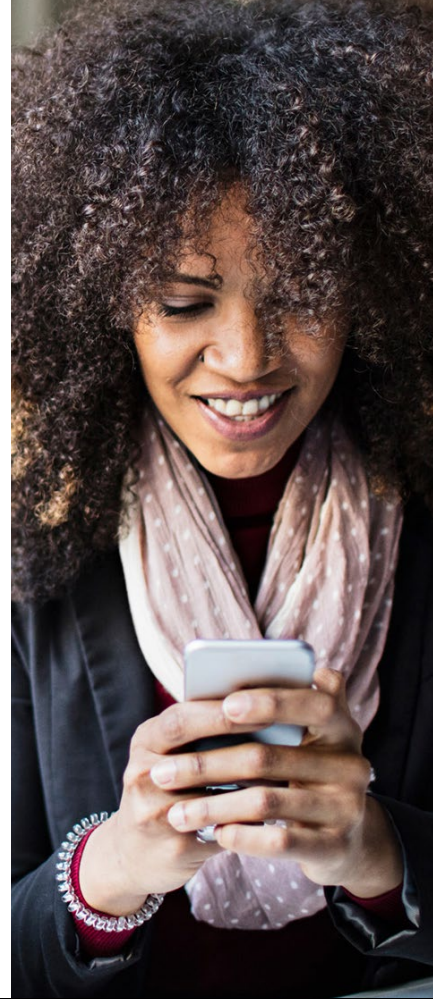
⁵ fortune.com/2017/03/21/tech-phishing-scam/



Step 6: Keep the Process Moving With Mobile

Your workforce is increasingly mobile. By 2024, the U.S. mobile worker population is expected to reach 93.5 million — or 60% of the entire U.S. workforce.⁶

With mobile quickly becoming the new standard, your employees don't want to wait until they get back to the office to sift through inboxes and mail trays to find invoices. Enabling them to review and approve invoices on the go from mobile devices not only expedites the payment cycle, but also creates a more user-friendly experience. Some solutions even allow you to combine spending, like expenses and travel, so you can manage everything from one convenient app.



⁶ [computerworld.com/article/3573800/mobile-workforce-to-reach-93-5m-in-u-s-by-24.html](https://www.computerworld.com/article/3573800/mobile-workforce-to-reach-93-5m-in-u-s-by-24.html)

Step 7: Put a Stop to Unnecessary Costs

Your business relies on you to find ways to cut costs and work smarter. As expectations of AP teams evolve, your role is only going to become more critical. Identify and address the following problem areas within your invoice process to avoid needless spending:

- **Late payment fees:** Failing to meet payment deadlines can result in late fees. Reducing the payment cycle through faster reviews and approvals and reliably tracking every transaction can help spare you these costs.
- **Drain on resources:** How much time is your team spending on data entry, chasing paper invoices, and processing them manually? Wasted time is a hidden cost, and a loss in productivity can quickly add up.



Companies using Concur Invoice see an average productivity gain per user of 2.6%.⁷

⁷ concur.com/newsroom/article/improve-visibility-cashflow-intelligently-automated-ap-invoice-management



Step 8: Let Your Vendors Self-Serve

Your AP team spends a lot of time fielding calls from vendors who want to know when they're getting paid. If your company still handles invoices manually, responding to these requests often means stopping everything and searching for the document in question. Instead of wasting time paper-chasing and playing phone tag, give your vendors the ability to check payment statuses directly.

Some automated solutions offer email notifications that keep vendors in the loop at every stage. Others provide vendors with a portal where they can instantly get the answers they need, without hassling your team.



With automated and integrated travel, expense, and invoice from SAP Concur solutions, [Insite Software](#) is eliminating manual processes — and capturing, populating and reviewing invoices within three minutes!



Step 9: Provide the Data and Reports Your Business Needs

Visibility into cash flow is a top priority for many finance teams. When your invoices are accurately captured on arrival and instantly available online, you'll get a much clearer view of your invoice spending at any point in the payment cycle. With improved visibility into cash on hand, you'll also be well positioned to make informed decisions that drive business growth.

When you integrate invoices with travel and entertainment expenses and other types of transactions, you'll finally get that complete picture of corporate spending you've been striving for. You'll also get a full invoice trail for auditing purposes and your AP team can begin providing insights that improve spending behavior.

AP Automation Allows You To:

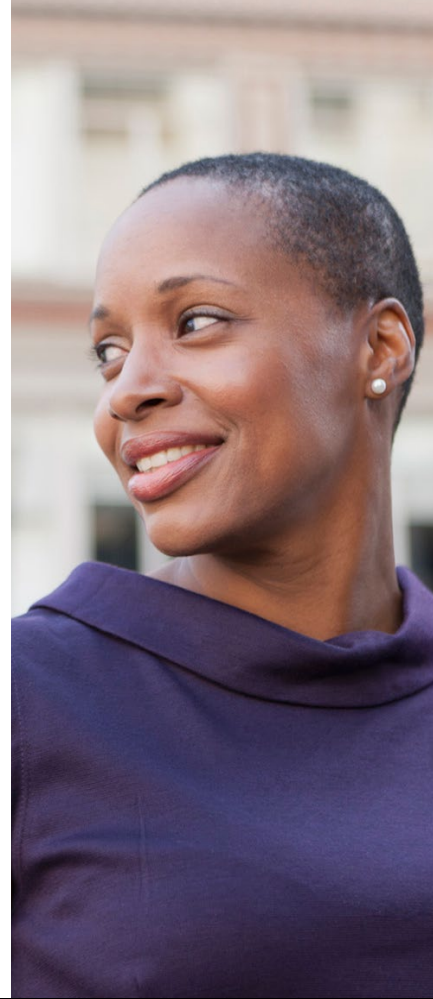
- Track and compare month-to-month invoice spend
- Identify consistent-spend vendors to negotiate rates
- Combine with T&E spend for complete picture of outgoings
- Pinpoint expense types that most impact cash flow
- Track invoice spend by department
- Monitor spending patterns
- Compare year-on-year spend



Step 10: Build a Vision for Change

Now that you've identified the biggest pain points in your AP process that steal time and focus away from your employees, you have an opportunity to craft the ideal team. When determining how to best dedicate your team's extra attention and time, consider these areas:

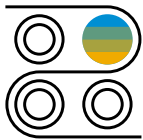
- Identifying trends in company and departmental spending over time
- Spotting overspending and correcting spending behavior
- Protecting cash flow and understanding status from month-to-month
- Providing leadership teams with crucial access to spending data
- Using historical data and content to negotiate better vendor deals
- Encouraging vendors to provide early payment discounts
- Partnering with other departments to support their financial goals
- Informing company-wide strategic decision making



The Top Benefits of AP Automation

AP automation holds the key to transforming time-consuming, error-prone tasks into a well-oiled process that benefits the business at large. Through vendor invoice automation, you can:

- Reduce operational costs
- Improve vendor satisfaction
- Accelerate payment cycles
- Eliminate duplicate invoices
- Avoid late payment fees
- Negotiate better rates and discounts
- Access in-depth reports and analytics
- Strengthen your credit rating



To see how an automated invoice solution works, [check out this short video](#).



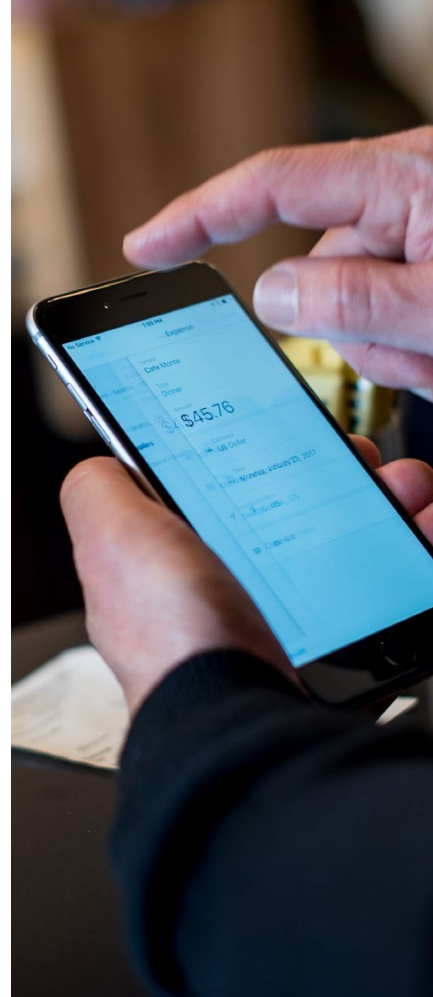
What Makes SAP Concur Solutions Unique?

- 7.3 million invoices/year
- Scalable from 50-40K+ invoices/month
- 20+ years of invoice experience

SAP Concur solutions offer a cloud-based solution that automates the entire vendor invoice process. Capture invoices effortlessly and speed up the approval process so your vendors get paid accurately — on time, every time. Never pay a duplicate invoice or fall victim to late payment fees again. A single web and mobile application for Concur Invoice, Concur® Expense, and Concur® Travel provides a simple, user-friendly interface across your business, so it's easier than ever to get a complete picture of corporate spending.

With SAP Concur Solutions, You Can Expect:

- No setup fees
- Short-term contracts
- Implementation in days
- Flexible payment models
- Low-risk offerings
- Customized approaches
- Dedicated support groups



Hear from a Customer

Recordati Rare Diseases

“SAP Concur solutions allowed us to streamline the whole process and process of an invoice through payment. Adding Concur Invoice has decreased the amount of time that I’ve spent chasing down paper invoices by 50%.”

Karen Grobert, Staff Accountant, Recordati Rare Diseases

Learn more about how Concur Invoice can streamline your AP processes at concur.com, or call us at (888) 883-8411.

About SAP Concur

SAP® Concur® is the world's leading brand for integrated travel, expense, and invoice management solutions, driven by a relentless pursuit to simplify and automate these everyday processes. The top-rated SAP Concur mobile app guides employees through every trip, charges are effortlessly populated into expense reports, and invoice approvals are automated. By integrating near real-time data and using AI to audit 100% of transactions, businesses can see exactly what they're spending without worrying about blind spots in the budget. SAP Concur solutions eliminate yesterday's tedious tasks, make today's work easier, and help businesses run at their best every day. Learn more at [concur.com](https://www.sap.com/concur) or the SAP Concur [blog](#).



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