

AP Automation

**The Key to
Sustainable Growth**

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INTRODUCTION

Accounts Payable Automation – An Overview

Accounts Payable automation (AP Automation) is the coming together of detailed process knowledge and advanced technology to automate complex accounts payable processes while making them more effective and efficient. Market estimates state that over 35% large corporation have already invested in AP automation while 21% others are actively evaluating AP automation options. Given this trend, it is critical for small & medium enterprises to actively evaluate and pave a path to enable a similar automation into their F&A ecosystem. While a majority of SMBs have not fully automated their AP operations, most of them at least are using some sort of automation for data entry. According to a recent study, till March 2020 only 22% of businesses were manually entering accounting data. However, for small businesses this number was 86%.

According to the U.S. Federal Reserve's AP automation can save up to \$4 to \$8 per invoice processing for small to medium sized businesses by minimizing the manual work. With a smart blend of Robotic Process Automation (RPA), Artificial Intelligence (AI), and Machine Learning (ML), businesses can easily reduce manual tasks to the minimum. In doing so, it will help drive improved control, visibility, across the entire accounts payable and a reduced error rates and cost of operation.

Within the current environment, organizations have three key priorities –



Improve Efficiency
while Minimizing
Manual Labor



Safe and Compliant
Business Continuity
Programs



Leverage Advanced
Digital Technology to
Transform End-to-End

An ideal modern accounts payable automation solution delivers on all three fronts. It has an all-encompassing approach starting from automated and secure extraction of invoice data from formats (necessarily not limited to) PDF, Paper, EDI, XML, and even external channels such as Email, etc., and automatically syncing the data with accounting systems for easy audits.

The Challenges of Accounts Payable –

Despite the well-documented benefits of AP Automation, there remains a hesitancy when it comes to approving the automation request instantly. While a big bang approach is always difficult to take a call on, a phased approach is the need of the hour especially when you are looking to outgrow the competition.

As a partner to several global financial organizations, some of the biggest challenges that be redolent of automation we have observed include –



Higher internal accounts payable processing costs.



Prolonged payment and invoice approval process.



Inadequate invoice and payment data visibility for the AP Department.



Tiresome manual effort towards filing and sorting invoice processing



Keeping track of invoice processing.

As an accounts payable function, those are just a few of the many challenges that can hinder your growth tremendously. And with the advent of artificial intelligence and machine learning, as a business embracing automation can significantly help you in overcoming all your challenges & set you en-route to growth and scalability.

Manual Work Makes the Entire Process Inefficient, Expensive, and Susceptible to Risk

DOCUMENT



Receive contracts, bills, invoices through mail or e-mail



Document Pile builds up



Laborious manual data entry into accounting system ensues

AUTHORIZE

Email

Complex Approval Mechanism

Manual Approval Prolongs Process

Mail

Collect Approvals

PAY



Repetitive payment entries, first into accounting system, then into online banking system



Print Cheques, Seek Authorization, Send, Etc.

RESOLVE



Accounting System



Banking System

vs

Time Consuming Reconciliation of Banking System with Accounting System



Audits Get Hampered with Incomplete Audit Trails & Bulky Documents

Paper Heavy

Labor-Intensive

Susceptible to Risk

Inefficient

How can AP Automation empower organization to outperform your competitors?

AP Automation can empower your organization in more ways than you can think of, both quantifiable and unquantifiable.



Faster Invoice Processing –

With AP Automation, you can automate your invoice processing using Artificial Intelligence and Natural Language Processing (NLP). It eradicates manual intervention and makes the entire process a lot faster



Accurate Invoice Processing -

AP Automation addresses significant challenges such as:

- Automating manual data entries, consequently minimizing error rates
- Automating invoice validation against goods, contracts, and PO data.
- Eradicating back and forth administrative tasks, facilitating collaboration between business functions



Optimizing Working Capital -

AP automation allows you to select the most beneficial payment terms or the best time to pay the vendors. With absolute visibility of payment terms and liabilities, your AP team can adjust the payments accordingly by taking full advantage of payment discounts, by delaying payment until the deadline, etc.



Increasing Compliance and Process Control –

An automated accounts payable function creates electronic archives, which consequently enable invoice location tracking, adhering to authorization rules, monitoring processing stages, and compliance with IRS regulations. This adherence to compliance makes automated accounting such a crucial part of a company's success.



Increased Workplace Collaboration and Customer Satisfaction –

Workplace collaboration (in-person/remote) has emerged as a prerequisite for business processes across industries. With the transparency, pace, and visibility of the digital ecosystem the automated accounts payable operate in, it always enables deeper collaboration for teams at the same/different locations. The transparency across processes keeps the customers updated, always resulting in better customer satisfaction.

Things To Consider When Charting Your Path to AP Automation

With the growing demand for accounts payable automation, there are a host of solutions, services,

and tools purporting to address all your problems with just a wave of their metaphorical magic wand. Unfortunately, it isn't as easy.

When charting your path to AP automation, you must consider:



The pain points in your existing accounts payable process



The compatibility of the solution, tools, and service with your business



The proficiency and commitment of the business towards the impending change



Internal technical acumen assessment



The willingness of customers and suppliers to embrace a new way of working



The incurring cost and the corresponding benefits

Projecting Your Path to AP Automation –

When projecting your path to accounts payable automation, you must have a holistic approach to ensure that you address all the pain points right from the onset.

Here's our guide to help you chart your pathway to fruitful AP Automation.

Aligning Corporate Goals with Automation



Any discrepancy in the goals can set you up for disappointment. So, if the business objective is to grow sales through marketing, this might not be the ideal time for a significant “back-office” overhaul. However, if the business objective is to build a scalable accounting function for the future, AP automation is your best bet. Aligning goals will also facilitate any re-skilling/upskilling needed internally to cope up with the impending changes.

What's The Budget?



Every new change will incur a cost. Either it should be accounted for from the beginning or should at least one of the top line items in your current. So, it is always a smart move to know your budget ahead of planning AP Automation.

Understand The Business Requirement



- Is the invoice processing cost too high?
- Are we lagging on-time payment?
- Are our processes fraud-proof, compliant, and safe for our suppliers?
- Can this help us improve our supplier relations?

Automation



While it is the need of the hour, it might not fit all business requirements. So, when proposing or planning your AP automation, you need to have clear understating of your business requirement. It can be done by asking few simple questions like -

Some of these questions or maybe some new ones pertaining to your business can help you with a quick self-assessment ahead of your big AP automation move.

What Can AP Automation Do for Your Organization?

In its true sense, AP Automation can help you eradicate traditional accounts payable inefficiencies that have marred business across the globe for long now. Depending upon the business you own/run, its benefits might include –

Operational Benefits -



Automated paper scanning, creating digital copies for easy tracking and monitoring.



Easy availability of information for speedier stakeholder approvals, even when they are unavailable.



Electronic document and information capture for easier and faster processing



Seamless integration with legacy systems for the protection of old records, and delivery to newer ERP and financial systems



Automated data extraction, eradicating the error-prone manual data entry process.

Benefits For The C-Suite –

Beyond the operational benefits, AP automation addresses a wide assortment of priorities of modern C-Suite leaders. Some of those priorities include –

Growth



Capturing and processing records electronically automatically means low manual labor and reduced errors which further translates to increased productivity and scalability. For the senior leadership, this automation gives them a back-office function that can easily take on more as their business grows

Savings



On top of the considerable operational cost savings, automating accounts payable also allows organizations to save huge costs on their goods and reduce duplicate payments.

Improved Cash Flow



Automated accounts payable provides complete transparency into the processes, information, transaction status, orders, etc. This transparency further allows the business leaders to make informed decisions on working capital, which can always help them effectively manage cash flow.

Key Account Payables Metrics Tracking



Moreover, putting automation in place will ultimately give the CFO the ability to track key KPIs essential to elite AP operations. These take time to measure and capture but automation sets the organization onto the path to help get there gradually. These would include the average cost to process and invoice (by type), discounts captured vs. invoice processing times, late payments and penalties, number of supplier inquiries, percentage of straight-through invoices, and the ROI on invoice automation

Together, these benefits make an excellent return on investment for automating the AP Function.

Datamatics Advantage with AP Automation

With small and medium businesses in mind, Datamatics has come up with unique automation offerings in association with Bill.com.

With our tool, we have the capability to integrate with all prominent accounting software's with an efficient OCR and AI enabled feature that can work wonders in streamlining and uplifting efficiency of a traditional AP process by multiple notches without being very cost intensive.

A Streamlined Process –



Receive invoices in inbox. IVA codes the bill in real-time

Paperless



Visibility & Approval of bills from any device

Automated



Make Any Payment with a Click
(Domestic ACH, International Wire, Virtual Cardor Cheque)

Flexible



Auto sync with every major accounting platform for easy audits

Efficient

A Program Designed For Privacy And Safety



Help protect your client's account information
Keep all bank account information private from vendors by making digital payments through their account.



Provide peace of mind with controlled access
Enable easy access for your clients from any device or location with 2-step verification.



Designed with your client's security and privacy in mind Data in transit is encrypted using industry-standard Transport Layer Security (TLS).



Datamatics AP Automation Partner program has been carefully curated to address the pain points of our clients/partners irrespective of their industry segment/nature of business.

Some of the key advantages our AP Automation program has to offer include –



Proposed Accounts Payable Solution

Capture	Approve	Pay	Sync
<ul style="list-style-type: none"> • Receive invoices in inbox – Centralized location • No paper and all invoices in digital format • Invoices will not be missed • OCR/AI captures key information from the invoice • No need for double data entry and only high-level review • Automated routing of invoices for approval 	<ul style="list-style-type: none"> • Approvers can use mobile app to review and approve invoices • No delay in approval of invoices • Elimination of manual approval process • Multi-level approvals • Auto reminders 	<ul style="list-style-type: none"> • Easy Payment approval • Detailed information on payments • Payments managed by datamatics • Payments via Check/EFT/ACH • Payment information sent to vendors 	<ul style="list-style-type: none"> • Automatically syncs with accounting system • Easy audits • Easy audit trail and review of information • Unlimited storage of documents • Easy retrieval of information

Conclusion

In conclusion, AP Automation can help you streamline invoice receipt, automate workflows, accelerate approvals, make smooth payments and reconciliations. If you are a business leader concerned about effectively managing your organizations' growth, minimize costs, and optimize cash flow, Accounts Payables is perhaps one of the first areas across the internal F&A process that you should look at to automate. It will lay the foundation to then carrying this automation journey across Accounts Receivables and General Ledger.








With our AP Automation expertise, we work alongside small and mid-sized businesses, as opposed to forcing them to make amendments in their system. We have capability to work with all major ERP systems including Oracle, Sage Intacct, SAP, and Microsoft, allowing us to proficiently to chart a path for your business, should you intend to embark upon your AP automation journey. This could be a roadway into a transformational journey starting with AP and helping your organization



Clients’ Accounts Payable Process – Assumption Based Case Study

We have clients hailing from diverse industry backgrounds and based on our experience, we were able to deduce certain common assumptions on different clients’ Accounts Payable process as well current challenges. They are applicable to a wide assortment of businesses.

Current Accounts Payable Process	Challenges Faced
The Client – A Professional Service Provider	Manual paper-based invoices and processing
A team of dedicated FTE’s managing Accounts Payable Process	Mismanagement of invoices resulting in misplaced or missed invoices
Accounting Platform – Xero Etc.	Delay or manual tracking of processing TAT
Receipt of invoices – Emails Etc.	Manual approval process with very minimum tracking
Manual Approval Process via Emails	Delay in payment to vendors
Volumes – 6000 invoices/month	No real time metrics
— — —	Inefficient process
— — —	No or manual audit trail

Our Solution			
Role	Count	Role	Count
AP Processor	X	AP Processor	X/2
AP Manager/Lead	1	AP Manager/Lead	1
 No manual sorting of invoices, system automatically actions invoices received in electronic inbox		 Automated approval reminders and hence no manual process of sending reminders	
 OCR/AI captures invoice information and only review required resulting in approx. productivity improvement by 50%		 Easy retrieval of information	
 AI enables automated routing of invoices for approval		 Audit Trail and easy tracking of data	
		 50% reduction in FTE HC for client	

As we solution we will be able to deliver the same process with a team size 50% lesser than the original one.

About Datamatics Business Solutions:

Datamatics Business Solutions is a global leader in AI and ML-based Corporate Finance & Accounting Solutions that help organizations streamline their financial operations with intelligent F&A solutions. With years of experience serving clients in 100+ countries worldwide, we have successfully demonstrated our capability through over 12+ million invoices and managing payments worth \$10 billion.

With a team of 500+ skilled finance and accounting professionals spread over two global production centers, we have the necessary resources and skillset to serve clients worldwide effectively.

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