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10 Steps to Guarantee AP Automation Success

Accounts payable automation is helping AP departments do more with less in tough economic times, and when done right, can transform them from cost centers into profit centers. The potential for improved performance is significant, **but how can AP departments guarantee success during the transition from manual to automated business processes?**

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TO ENSURE ORGANIZATION-WIDE SUPPORT FOR AUTOMATION AND A SUCCESSFUL IMPLEMENTATION, FOLLOW THESE 10 STEPS:

01

Build Your Business Case.

To build support for your automation project, you must build a strong business case that demonstrates a good return on investment while solving many of the business issues associated with manual processes. When choosing a solution, identifying ROI is an essential part of the selection process. Although it can be challenging to compare the ROI between different solutions—especially when you're comparing licensed software to hosted or SaaS options, it's by no means impossible. Start by measuring current invoice processing costs and collecting projected improvement costs from automation providers. Then use this simple equation to determine comparative ROI:

(Current cost-per-invoice – Projected cost-per-invoice) X Invoice Volume = Savings

It is important that the projected cost-per-invoice includes ongoing maintenance/support, future upgrades, IT resources and infrastructure, and the anticipated AP labor that will be required.

02

Get Senior Management Support Early.

With multiple projects vying for the same budget dollars and IT resources, getting senior management buy-in is a critical step in gaining budget approval for your AP automation project. To increase your chances of success, establish a steering committee of senior members from various departments, including accounts payable, procurement, and supply chain, and build consensus around solution options, expected benefits, and ROI.

03

Identify Your Requirements.

Begin any move towards AP automation with a thorough examination of your current processes. Then identify your requirements going forward, and select tasks and functions that are the best candidates for automation. Use this information to create an automation roadmap that highlights milestones and sets deliverable dates—ideally over a three-to-five-year period.

04

Select an Automation Provider.

Once you have developed a clear list of requirements, use this information to develop a Request for Proposal (RFP), which will be sent to a short list of automation providers selected for the capabilities their solutions enable. Your RFP should include, at a minimum, a requirements outline, proposed future state models, a list of questions that clarify the provider's capabilities, and a space for providers to detail their commercial terms.

Don't forgo the opportunity to ask providers for client references and ask the tough questions: Were they satisfied with the solution? What challenges did they face during implementation?

05

Negotiate a Contract.

Be aware that an automation provider's commercial terms are often open to further negotiation. While negotiating your contract, be sure to balance implementation/license fees against annual subscription/per-transaction fees. In addition, don't forget to review the contract length, service level agreements, and any early termination penalties. Most importantly: involve your legal department from the beginning to assist in developing contract language, terms, and conditions.

06

Consider a Pilot Project or Proof of Concept.

If you have any hesitation about committing to a fullscale, long-term roll-out of an automated solution, consider testing the solution with a short-term pilot project. A pilot project should last between one to two months, and enables the company to test the solution and evaluate the returns before committing to a long term contract.

07

Keep Communication Lines Open.

The move to automation will affect your suppliers, especially those with large transaction volumes, and may require action on their part to adjust to the new process and system. For a smoother integration, bring these suppliers into the loop during the roll-out phase of your project. Inform them about your automation plans and tell them what the new system will expect of them—such as integrating their ERP, using a supplier invoicing portal, or uploading invoices in electronic formats. Make sure your larger suppliers appoint a main contact, and that these contacts know who to talk to in your organization to get the information they need.

08

Get Your Suppliers On Board.

When planning for automation, do not expect that all of your suppliers will have the wherewithal to accomodate electronic invoice submission. Plan to meet these suppliers halfway by working out an on-boarding plan for them in consultation with your automation provider. In addition, your automation provider should have a contingency plan in place to accommodate suppliers that are not equipped to handle electronic invoicing in the near future.

09

Evaluate System Performance.

When testing an AP automation solution, work with your automation provider to develop evaluation metrics.

Metrics can include:

- Amount of time taken to receive and approve invoices
- Amount of time required from AP and IT to manage the system and processes
- Percentage of invoices ready to be paid on time
- Number of suppliers on-boarded
- Number of invoices received electronically
- Amount of time required to resolve invoice
- disputes
- Amount of time required for exception handling

Compare these metrics against your initial performance to determine the success of your provider's solution.

10

Monitor Your Solution.

Once your automation solution is up and running, make sure you get the most out of it. Periodically monitor the new process and solution's performance to ensure you are continuing to get the most out of your investment. This scrutiny will also allow for continuous improvements as you identify means to achieve incremental gains with additional automation.

About Corcentric

Corcentric is a leading provider of procurement and finance solutions that transform how companies purchase, pay, and get paid. Corcentric's procurement, accounts payable, and accounts receivable solutions empower companies to spend smarter, optimize cash flow, and drive profitability. Since 1996, more than 6,000 customers from the middle market to the Fortune 1000 have used Corcentric to unlock new potential within their enterprise.

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