



Payables Automation

Best Practice Guide:

Preparing Your AP Department for the Future

Most accounts payable departments recognize that the real dilemma when it comes to automation isn't: "Should we, or shouldn't we?" **The burning question is: "How do we do this the right way?"**

AUTOMATION TECHNOLOGIES ARE TRANSFORMING AP DEPARTMENTS FROM COST CENTERS TO PROFIT CENTERS, ALLOWING THEM TO PLAY A STRATEGIC ROLE IN HELPING COMPANIES STAY VIABLE IN A CHALLENGING ECONOMY. YET, ACCORDING TO THE PAYSTREAM ADVISORS 2018 PAYABLES INSIGHT REPORT, 54 PERCENT OF AP DEPARTMENTS ARE STILL ENTERING INVOICE DETAILS MANUALLY AND, OF THE COMPANIES SURVEYED, 48 PERCENT IDENTIFY “MANUAL DATA ENTRY AND INEFFICIENT PROCESSES” AS THEIR TOP WORKFLOW PROCESS CHALLENGE.

ALTHOUGH AP DEPARTMENTS ARE CONSCIOUS OF THE NEED TO IMPROVE PROFITABILITY, THEY ARE OFTEN HELD BACK BY FEAR. THEY WORRY THAT SUPPLIERS WILL PUSH BACK IF ASKED TO ADOPT A NEW SYSTEM, AND THAT THE INITIAL STAGE OF THE AUTOMATION PROCESS—ENTERING SUPPLIER INFORMATION INTO THE NEW SYSTEM—WILL BE PAINFUL AND DISRUPTIVE.

“Automation technologies are transforming AP departments from cost centers to profit centers, allowing them to play a strategic role in helping companies stay viable in a challenging economy.”

Take small steps.

There’s no rule that says you need to do it all at once. In fact, implementing your automation solution in small steps allows you to introduce new practices in a more manageable, less threatening, and less disruptive way. It also enables you to learn from your mistakes and apply that learning going forward for a smoother transition.

Plan holistically.

Although you don’t need to roll out an ambitious plan all at once, you do need to have your ultimate destination in mind. By planning thoroughly at the outset, you can ensure that every step takes you closer to a holistic, unified, and effective automation process that supports your department and company goals.

Follow the 80/20 rule.

Usually, 80 percent of your invoices come from 20 percent of your suppliers. Try getting that crucial 20 percent on board with your automation plans. They will be particularly motivated to comply because you’re one of their biggest customers. And if they do, you will have eliminated 80 percent of the problems associated with your existing manual systems.

Plan for the future.

Make sure automation processes are designed to anticipate the evolving needs of your company, not just the current need. Choose a forward-thinking AP automation provider that has a proven ability to innovate and respond to industry changes. Ultimately, your department will want to aim for:

- Real-time visibility for predicting expenditures more accurately, the ability to capitalize on discounts, and other cost-saving efficiencies that will impress senior executives such as the CFO
- More responsive service to suppliers in order to improve relationships and receive more favorable terms
- Supplier portals and dynamic discounting to achieve the highest ROI on your technology investment
- Maximizing the number of invoices that can be shepherded through the processing system without being touched by a human, and redeploying staff for more high-value, strategic work, such as reporting, supplier management, and fraud monitoring

Don't accept a cookie-cutter approach.

There is no single route to success when it comes to AP automation. All organizations are different, with different manual processes, different strengths and weaknesses, and different objectives.

Choose an automation provider that understands the importance of these differences and is committed to creating a tailored plan that takes your unique situation and needs into account while employing current best practices. Depending on that need, you may choose to focus first on: invoice and document management; electronic invoice receipt; mining invoice data using optical character recognition (OCR); or increasing the number of transactions processed electronically.

Ensure system-wide compatibility.

Be clear on how your AP solution is going to wrap around existing technology, such as your ERP system. For maximum effectiveness and acceptance, relevant elements of your AP solution will integrate seamlessly with other, related financial and administrative systems within your organization. By providing supplier information in a format that can be easily shared and plugged in to their digital information processes, you'll win cross-departmental support and position your department as a technology leader.

Don't ignore the "people factor."

AP automation can be an unwelcome topic for your staff because they may read it as indicating a reduction in staffing requirements. However, a 2018 study from the Financial Executives Research Foundation and staffing firm, Robert Half, found that although technology is increasing efficiency in the finance departments, rather than letting people go, companies are looking at their employees as important strategic resources that can be used to perform more value-added tasks. If possible, focus your automation project on creating a workplace where employees get to do more of this strategic work, rather than push paper around or perform tedious repetitive tasks such as data entry.

"You don't have to choose between losing ground and losing control. Transitioning to an automation solution can happen smoothly when you do it the right way."

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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