



corcentric™

The Definitive Guide to Accounts Payable Automation

Unlock the Value of Accounts Payable

When accounts payable processes are in disarray, finance organizations face a perfect storm of paper chaos, invoice errors, wasted resources, and delayed payments.

And it's not just invoice workflows that suffer—inefficient and flawed processes are bad for business. They place extra stress on your accounts payable processors, put strain on your organization's supplier relationships, and, ultimately, hit your bottom line.

Manual, paper-intensive payables processes slow you down and waste resources you could better spend on more strategic tasks. It's bad news for morale and bad news for accounts payable's reputation in the wider finance function, where it's often seen as a transactional, back-office cost center.

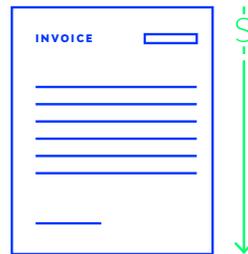
The good news is: There's a better way.

One that helps you take back control of your processes and deliver cashflow insights to your colleagues in procurement and treasury—insights that unlock, and prove, the strategic value of accounts payable.

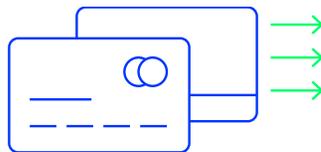
Accounts payable automation is the application of technology to optimize the flow of invoices through your business, helping you to:



PROCESS INVOICES UP TO 70% FASTER



REDUCE INVOICE PROCESSING COSTS UP TO 80%



100% OF PAYMENT DISBURSEMENTS HANDLED

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With intelligent accounts payable automation in place, you swap the complexity of paper-based systems for the efficiency of frictionless, digital processes.

And you give your accounts payable department the agility to fulfill their potential as a strategic component for the success of your enterprise.

No matter how big or small your organization is, accounts payable automation can unlock new value and free you from the inefficiency of paper invoices and manual processing.

Let's take a closer look.

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01

What is AP Automation?

Accounts payable automation streamlines invoice processing workflows—from invoice receipt and approval routing, to PO and receipt matching to the invoice, to review and exception management, to final approval for payment.

- Invoice receipts
- Approval routing
- PO + Receipt matching
- Invoice review
- Exception management
- Payments

BEFORE AUTOMATION	AFTER AUTOMATION
Paper chaos	Paperless
Exceptions + workflow interruptions	Automated exception handling
Manual data entry	Automatic data transactions
Fewer invoices processed per month	More invoices processed per month
Late payments + penalty fees	Early payment discounts secured
Strained supplier/client/co-worker relationships	More engaged ecosystem + greater satisfaction all around
Lack of visibility + real-time data	Accurate reports based on real-time information for better cash management, visibility + spend analysis
Time-consuming regulatory compliance	Automated processes incorporate all regulatory compliance needs
Spotty, incomplete audit trails	Secure document audit trail for Sarbanes-Oxley and internal audit compliance
Paper checks, decentralized invoicing, unpredictable DPO, lack of visibility	Process efficiency, cash flow visibility, + better working capital management

02

What does Accounts Payable Automation look like?

Let's take a look at the various AP processes where automation adds value and unlocks new efficiencies. We've broken them down into five stages for closer investigation.

- PO requisition, approval, + delivery
- E-invoicing
- Invoice processing
- ERP integration
- Payment + remittance management

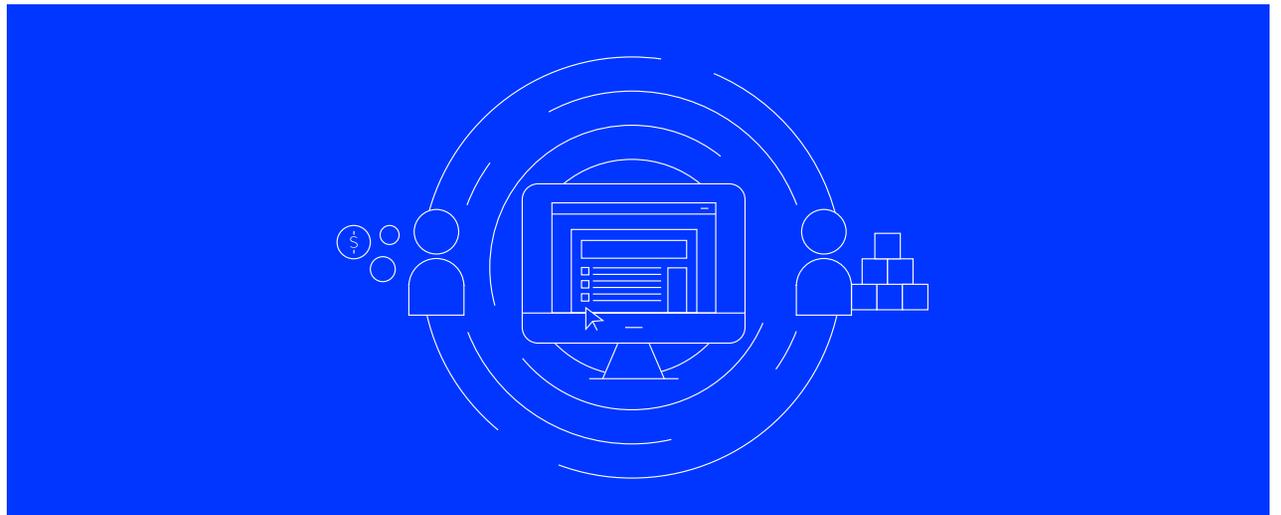
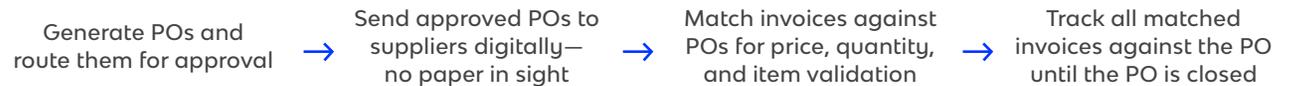
01

PO requisition, approval, and delivery

When your purchasers and AP team use the same automated PO requisition system, they can configure and manage the approval, creation, and electronic submission of POs efficiently.

AUTOMATION GIVES YOU:

- Streamlined PO approvals
- Faster PO-invoice discrepancy resolution
- Better end-to-end control of purchases
- Loyal suppliers thanks to smart, punctual payments



02

E-invoicing

Start your organization's transition from a paper-intensive model to a truly electronic invoice system and you'll unlock greater processing speed, accuracy, and control.

AUTOMATION GIVES YOU:

- Faster invoice processing
- Data accuracy—cutting out keying errors
- No more lost or misplaced paper invoices
- Happier suppliers and fewer calls about invoice status

Connect supplier finance systems to an electronic data exchange network



Virtualize invoices where necessary via scanning and data capture



Or use a self-service portal where supplier invoices are submitted and processed centrally



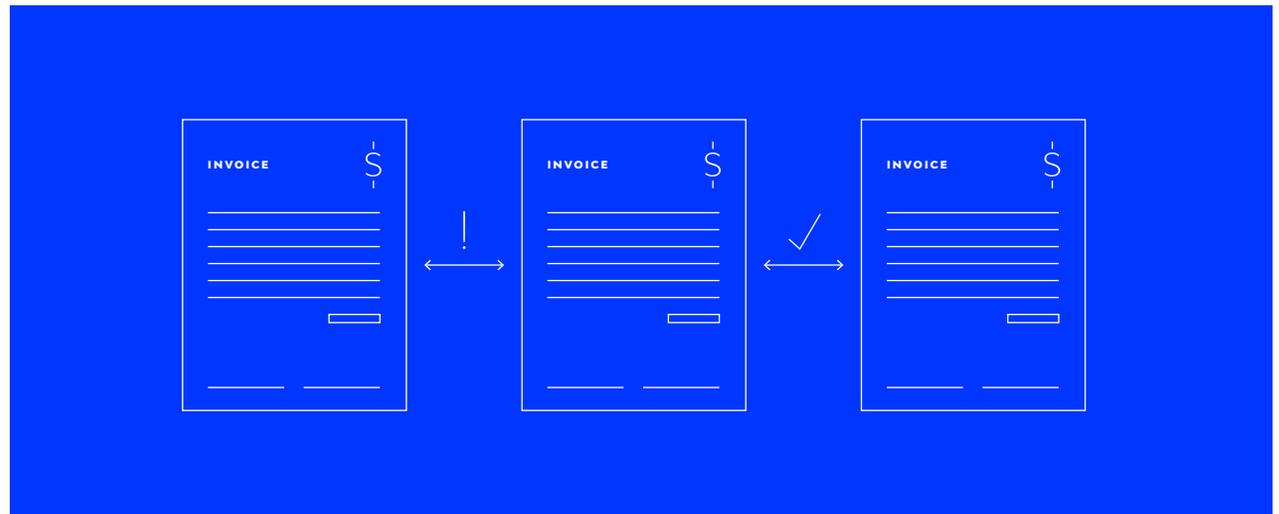
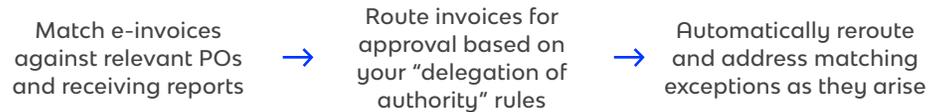
03

Invoice Processing

Automation eliminates the need for manual matching and approvals, which can be time-consuming and error-prone, for reliable workflows that follow rules configured to your needs.

AUTOMATION GIVES YOU:

- AP scalability—grow by up to 70% without growing headcount
- Fewer invoice disputes and no more duplicate payments
- Better visibility of invoices and your audit trail
- Less time spent manually matching and approving
- More time spent on the important, big-picture stuff



04

ERP Integration

With an AP automation solution that's ERP-agnostic, you can connect your paperless invoice processes directly to your ERP system, quickly and without disruption.

AUTOMATION GIVES YOU:

- Data synchronization between your ERP and AP systems
- No more manual data entry into your ERP
- Full data validation in advance of ERP integration
- Control file validation to ensure all data transferred is complete

Connect supplier, transaction, and payments data across systems



Get up and running without the need for laborious synchronization processes or complex data extraction algorithms



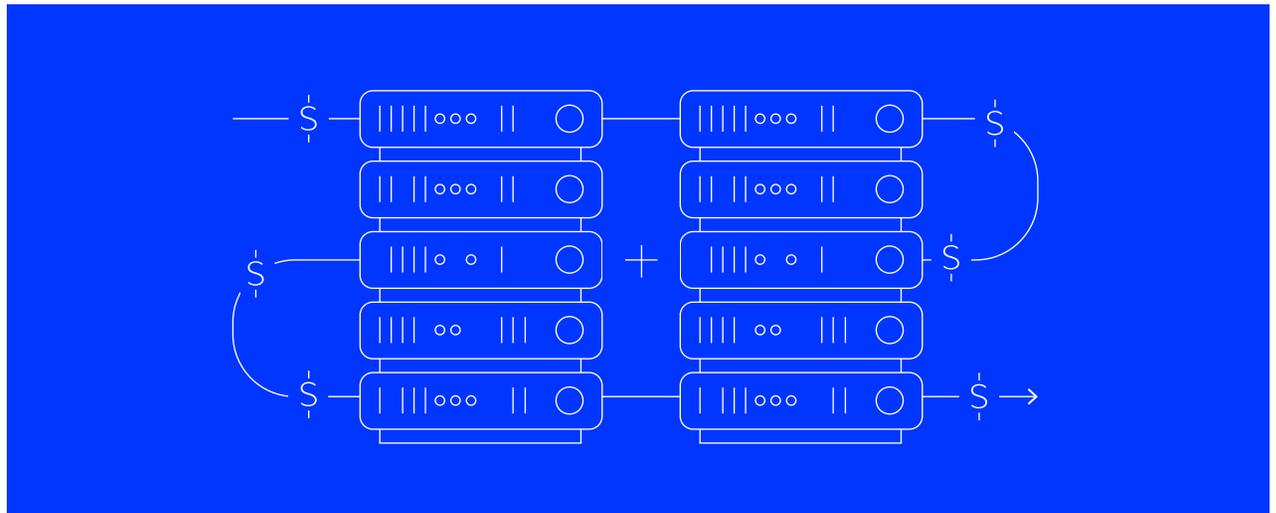
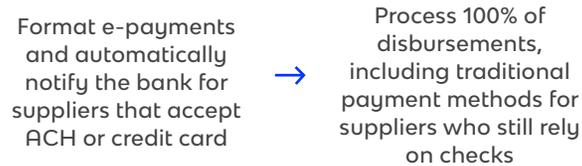
05

Payment + Remittance Management

Complete the last mile of your B2B transaction with automated smart payments. With e-invoices captured, processed, and approved, you're ready for electronic payment.

AUTOMATION GIVES YOU:

- Valuable resources freed up from check processing
- Cash savings from reduced check printing and postage
- Loyal suppliers, confident in the speed and reliability of your payments
- Minimize risk across the financial supply chain payments



03

Automate for ROI: The best vs. the rest

Prioritizing profit

AP automation is deployed by finance organizations frustrated by the chaos of wasteful paper processes, and the lack of insight into the health of their cash position. Besides freeing their people from manual work, they want to bring the benefits of touchless processing, data capture, and smarter payments to their operation.

ACCOUNTS PAYABLE PERFORMANCE BEST-IN-CLASS ORGANIZATIONS VS. ALL OTHERS¹

METRIC	BEST-IN-CLASS	THE REST
Cost to process one invoice	\$2.94	\$15.96
Time to process a single invoice	2.5 days	16.6 days
Invoice exception rate	9.8%	19.1%
Late payments + penalty fees	54.1%	17.3%
Percentage of invoices processed 'straight-through'	44.0%	12.3%
Percentage of invoices linked to a purchase order (PO)	73.1%	54.5%

Top-performing AP orgs take 3.6 days to process an invoice, vs. 16.6 days elsewhere.

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¹ Ardent Partners, "ePayables 2015—Higher Ground," (June 2015)

Cloud-based automation technology can be implemented quickly and without disrupting the day-to-day running of your business, so you can secure immediate wins as well as more strategic, long-term return on investment. You'll see far-reaching benefits and new capabilities. Here are the big ones:



REMOVE PAPER FROM YOUR PROCESSES

Paper is the bane of every accounts payable professional's life. It has to be collected, categorized, sorted, scanned, copied, routed, processed, stored, and then retrieved later. Multiply that by thousands and you've got a costly, storage-intensive administrative burden that takes people, time, and expensive equipment to manage. Cut out paper and you plug those resource drains fast. Moreover, the cost savings of paperless invoicing is clear.

PayStream Advisors has found that the average cost of processing a paper invoice can be as high as \$20, versus \$4 for paperless invoice processing.²



ELIMINATE MANUAL TASKS

Paper processes are touch-heavy; yet, even when you digitize the data, there are manual tasks slowing things down. For example, how many manual steps does it take to get invoice data into your financial system, ready for processing? And how many opportunities for error are there? AP automation software enables you to remove the need to touch and process all invoices.

In a manually operated accounts payable department, it's no wonder that an average of 62% of total costs can be attributed to labor, according to a 2015 survey by AQPC.³



INCREASE PROCESS SPEED + CUT EXCEPTIONS/BOTTLENECKS

Talk to your people to identify the pain points where processes break down. Where do bottlenecks appear most often and why? And what's the impact further down the line when payments are delayed or made in error? When you automate the friction out of processes, you see the immediate improvement there and further downstream in the workflow—and you get the real upside business benefits like analytics transparency, better cash flow management, and better payment discount capture. Notably, PayStream Advisors has found that 58% of organizations cite lengthy invoice approval cycles as the top reason they miss early payment discounts.⁴

² PayStreamAdvisors, <http://www.paystreamadvisors.com/accounts-payable-invoice-automation-made-easy/> (May 2015)

³ APQC&CFO.com, "MetricoftheMonth:AccountsPayable Operating Cost" (June 2015)

⁴ PayStreamAdvisors, "2014Invoice&WorkflowAutomation Report," (Q4 2014)



GAIN INSTANT ACCESS

When your invoices are spread across multiple locations in different departments, you don't have a clear view of your payment liabilities. Which means you don't have the insight you need to make the right strategic decisions. The best accounts payable automation solutions receive and index invoice data digitally and make better cash flow forecasts, so you have instant access to the information you need in one central location. In fact, the demand for timely information is the greatest pressure on financial and accounting teams. 69% of information required in supply chains is needed within a day, and 40% is needed within one hour.⁵



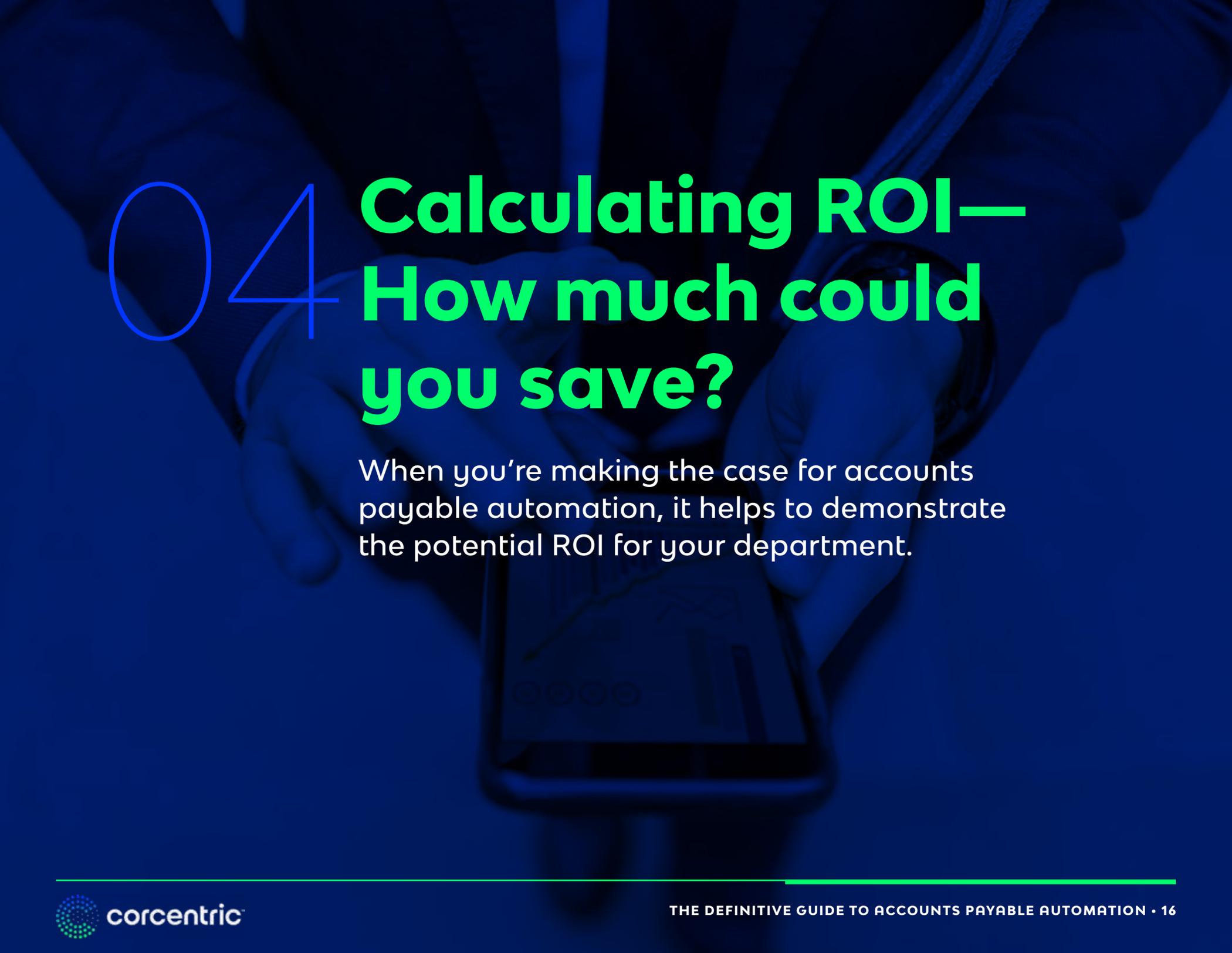
BENCHMARK AND SHARE YOUR SUCCESS

You can't have meaningful improvement without measurement. So take 'before' and 'after' snapshots of your performance and track the effects of automation on metrics like first-pass rate and number of exceptions and errors, as well as bigger trends like the percentage of paper invoices compared with electronic. Then you can report effectively to management, show tangible returns on investment, and replicate successes.

USEFUL METRICS

- Cost per invoice
- Payment accuracy rate
- Days payables outstanding (DPO)
- Number of invoices paid on time
- Early payment discount capture rate
- Number of inquiries from business users or suppliers
- Amount of time spent handling supplier disputes
- Amount of time needed to retrieve invoices from storage

⁵ AberdeenGroup, "Procure-to-Pay and B2B Integration: Leveraging Synergies," (September 2014)



04

Calculating ROI— How much could you save?

When you're making the case for accounts payable automation, it helps to demonstrate the potential ROI for your department.

Build your case for investment

The amount of ROI will vary depending on the current makeup of your accounts payable department, the state of your approval workflows, and the volume of invoices you process.

With the right information, you can show what returns your stakeholders should expect in year one or, even better, on day one.

We've created an ROI calculator to do just that. It will give you projected returns per month, per year, and per invoice, based on information specific to your organization.

Gather the following information then head over to our ROI calculator to see what kind of savings are possible for you. (All figures are annual.)

- Salaries and benefits for accounts payable employees, including: invoice processors, customer service agents, admin employees, managers, and supervisors.

- Number of invoices per year
- Hardware expense
- Software licensing
- Audit recovery fees
- Early payment discounts missed
- Late fees incurred
- Imaging/storage costs
- Overnight shipping costs
- Copy/faxing/paper/toner costs
- Office supplies
- Telephone expenses
- Employee hiring & training
- Management/supervisor time dedicated to resolving issues

ROI CALCULATOR

For more information and a full breakdown of the potential ROI accounts payable automation could deliver to your organization, use our ROI calculator.

+\$25,000 7,245.00

ac	+/-	%	÷
7	8	9	×
4	5	6	-
1	2	3	+
0	.	=	

+70%

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05

10 reasons why Accounts Payable Automation is a no-brainer.

01 It cuts costs.

To stay competitive in a tough economy, companies need to reduce overhead costs wherever possible. Accounts payable automation helps you cut costs and increase efficiencies within a traditionally cost-heavy department.

02 Cash flow is king.

Cash liquidity is always a concern for businesses, and accounts payable departments can play a central role in ensuring a healthier cashflow and greater company stability. Automation technology allows finance departments to control payables more effectively and provide real-time visibility to liabilities moving through the organization. **In 2015, the Institute of Financial Management (IOFM) found that 69% of controllers cited improved visibility into cash flow and cash management among their top priorities.**⁶

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03 Payment is easy + accurate.

Electronic payment methods include ACH, check, or credit card. Suppliers are given flexible payment options, which reduce costs and increase efficiency. Market-leading automation solutions integrate seamlessly with buyer-initiated payment card providers, while providing full visibility into the payments cycle.

04 It's low risk.

In the early days, many companies were hesitant to embrace cloud-based accounts payable automation due to a lack of proven result.

05 Market-leading, cloud-based technologies offer faster ROI.

Cloud-based models for accounts payable automation provide lightweight, on-demand services that dramatically slash start-up and maintenance costs, allowing companies to see a return on their investment within months of implementation.

⁶ IOFM, Turning Accounts Payable Into a Strategic Partner: How AP Automation Drives Better Financial Visibility and Decision-Making (2015)

06 Handles paper + virtual invoicing.

Front-end invoice imaging and electronic invoicing technologies have now converged, giving companies integrated solutions that can streamline paper and virtual invoices through a common process.

07 Meets the need for stricter external compliance.

Accounts payable automation offers a more rigorous approval tracking system, enhanced controls, and clear audit trails that ensure compliance with both internal policies and external legal requirements that are required by the Sarbanes-Oxley Act.

08 Getting suppliers on board + up to speed is easier than ever.

Today's automation solutions come with supplier recruitment practices to help your suppliers recognize the benefits of a virtual invoicing system and enjoy a more seamless transition.

09 Getting executive approval never.

Thanks to the new generation of cloud-based delivery models, it's now much easier to provide a convincing ROI to senior management that an automation solution is a no-brainer. Cloud-based automation spreads costs over longer periods, and because it can be classified as an operating expense rather than a capital expenditure, budget approval is often easier to obtain. These solutions require little to no IT resources to implement, removing another very common approval roadblock.

10 It takes on a more strategic role.

Once considered an administrative function, the accounts payable department has taken on a more strategic role in helping companies achieve their financial objectives and provide tighter controls. As a consequence, there is a greater interest in automated processes that reduce the time accounts payable staff spends on low-value, manual processes, such as shuffling paper, performing data entry, and answering supplier inquiries. **Ardent Partners has found that 30% of accounts payable organizations have the goal of transforming their department into a more strategic and agile business function by 2017.**⁷

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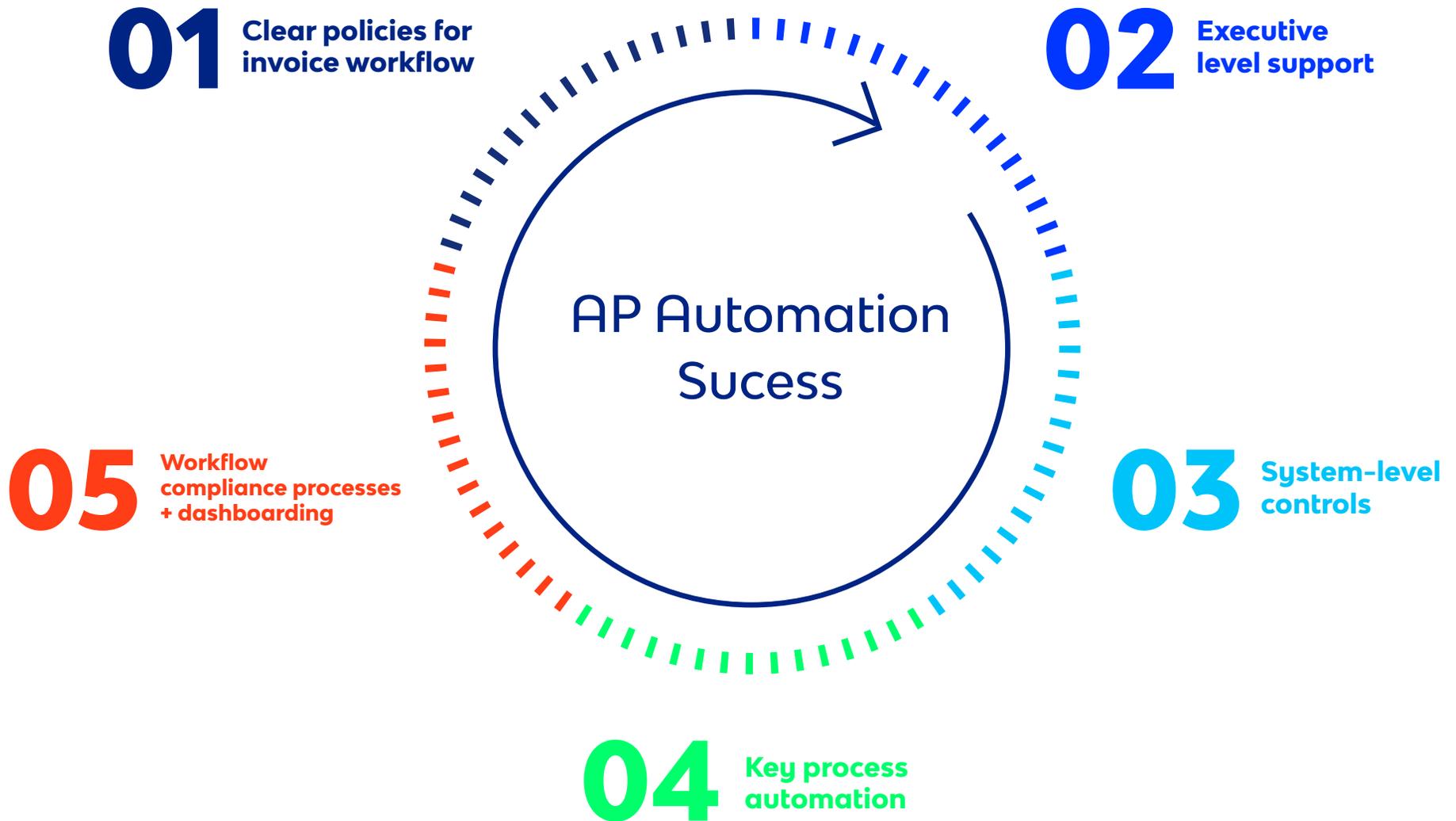
⁷ ArdentPartners, "ePayables2015-HigherGround"(June2015)

06

5 must-haves for Accounts Payable Automation success.

All finance organizations face their own unique challenges, but the best ones share a tried-and-tested approach to tackling them. Look at top-performing accounts payable teams at work and you'll see they share five key traits.

Five Must Haves



01

Clear policies for invoice workflow

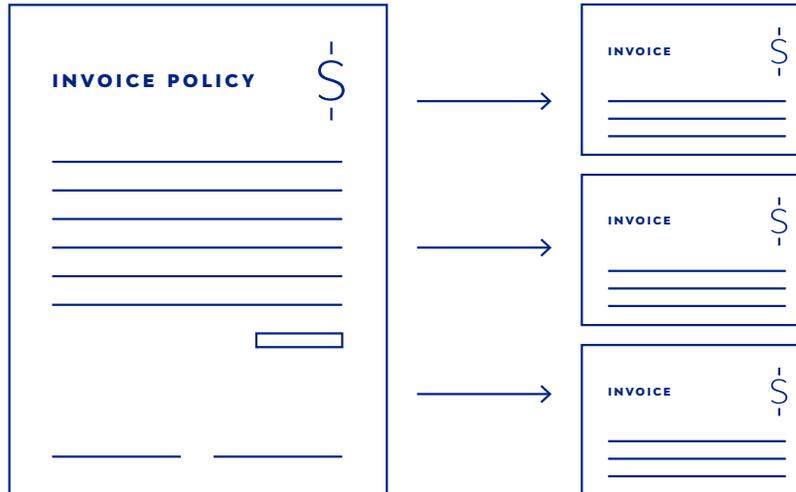
Why it's important:

Best-in-class enterprises are 77% more likely to have detailed rules in place for invoice handling, all the way from receipt, through approval, to payment.

HOW YOU GET IT:

Build policies based on rules that are:

- Formalized
- Comprehensive
- Consistently applied
- Easy to follow



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02

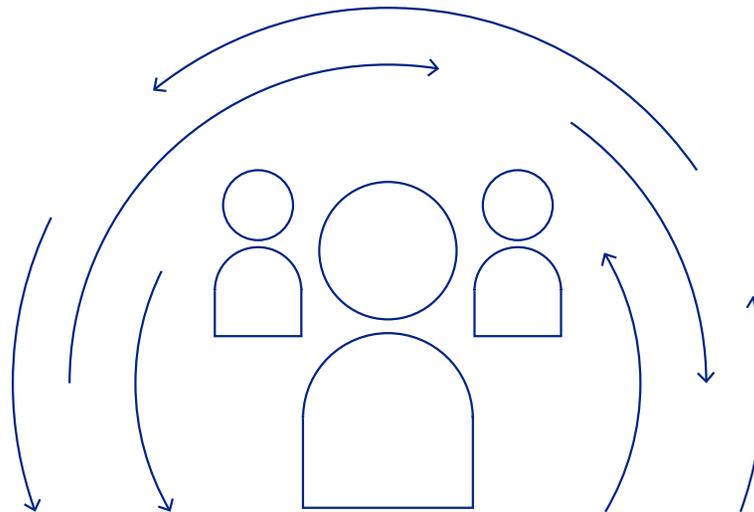
Executive-level support

Why it's important:

Best-in-class organizations are 75% more likely to have the support of an executive for accounts payable improvement initiatives like invoice imaging and workflow automation.

HOW YOU GET IT:

Craft a business case that demonstrates the benefits automation can unlock—and shows the risk that inactivity promises.



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HOW YOU GET IT:

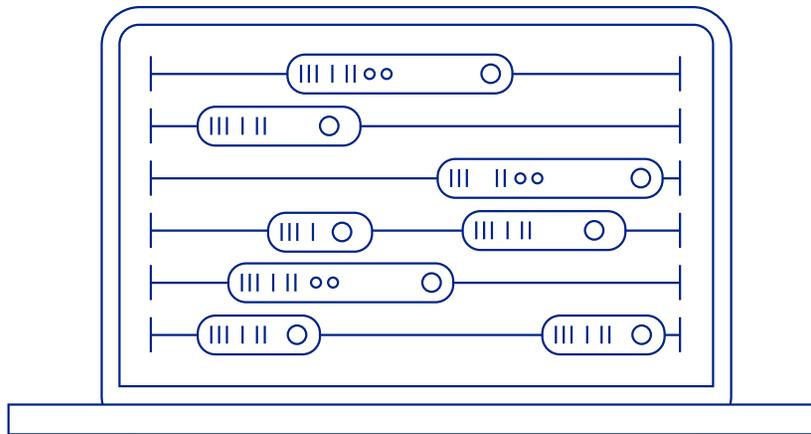
Build policies based on rules that are:

- Formalized
- Comprehensive
- Consistently applied
Easy to follow

System-level controls

Why it's important:

Best-in-class companies are 82% more likely to set system-level controls. It's also a great way to identify and address structural inefficiencies in the processes for which you're setting controls, so you can avoid security breaches, spot compliance failings, and detect potential fraud.



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04

Key process automation

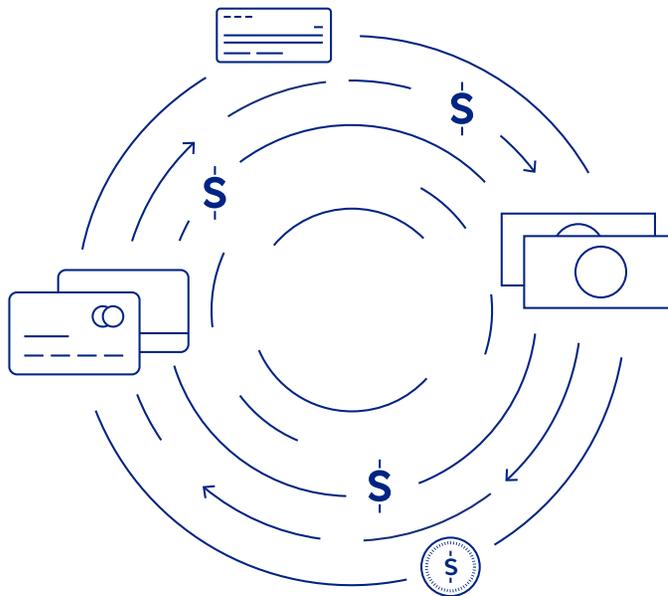
Why it's important:

Best-in-class organizations are more than twice as likely to use technology to automate processes like invoice capture validation, duplicate invoice verification, and payments.

HOW YOU GET IT:

Build policies based on rules that are:

- Formalized
- Comprehensive
- Consistently applied
- Easy to follow



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05

Workflow compliance processes + dashboarding

Why it's important:

Best-in-class organizations are more than twice as likely to use technology to automate processes like invoice capture validation, duplicate invoice verification, and payments.

HOW YOU GET IT:

Implement automation technology that's configured to measure regulatory compliance. This will help you identify areas where inefficiencies and lack of clarity are lowering productivity and draining resources unnecessarily.

Use dashboards to complement your compliance activity by providing real-time access to information in a centralized, intuitive interface, to spot potential invoice processing issues early.



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How do you get there?

The expectations placed on accounts payable have changed dramatically in recent years. Today more than ever, it's a department with the power to deliver value above and beyond efficient process execution.

The path to payables optimization

By eliminating paper and automating your workflow, you'll be able to take control of your invoice processing. With the help of straight-through processing and smart routing, you'll be able to free yourself to focus on your most strategic priorities. And you'll have access to a self-service, cloud-based, Software as a Service (SaaS) solution that will help you stay nimble.

With Corcentric, you'll be able to seamlessly support your organization—whether it is rapidly growing or seeking operational efficiency—and address future concerns with minimal effort.

But out-dated, paper-intensive, heavy-touch processes are getting in the way, and de-centralized invoice management is hampering accounts payable departments' ability to meet the performance targets they need to hit if they're to succeed in their new strategic role.

Build a compelling case to gain the internal support you need from the decision-makers who will make or break your accounts payable automation initiative.

Spend time tailoring your case to the requirements of the different stakeholders involved. For the executive, the selling point will be cost savings, control of cash flow, better forecasting, and the agility that Software as a Service (SaaS) solutions give you. For staff, your message should be one of reduced administrative work and more time to focus on rewarding strategic endeavors. For suppliers, the benefit will be timely payments and visibility to invoice and payment status.

Align automation efforts with your business goals for maximum ROI. Automation is only valuable when it's tied to real-world goals.

So make sure you have clearly articulated desired business outcomes before you think about implementing accounts payable automation. Your conversations with stakeholders will help you clarify those goals and the key processes on which they depend. Get this process right and you have the opportunity not only to remove friction from your payables processes, but to transform your AP department into a valuable, strategic partner to the wider business.

OVERCOMING CHALLENGES

- Among companies who have not yet hit best-in-class accounts payable performance, the four major challenges are:
- Lack of internal support for change
- Funds to purchase and implement an automation solution
- Integration with other systems
- IT resources and time to implement and manage a solution

The Corcentric Difference.

We are an organization of industry experts that have a deep understanding of the markets we serve and the problems we solve for our customers. We take a consultative, insight-led approach to every interaction, and combine people and expertise with technology to deliver better solutions. As industry experts in the business of helping business, we pride ourselves in our relentless focus on customer satisfaction. The success of our customers is a reflection of our success.



WHAT COULD IT DO FOR YOU?

Let us show you AP automation in action.

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Web: corcentric.com >

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