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## **The State of ePayables 2022:** Mastering a Key Function at a Critical Time *"The State of Accounts Payable"*

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# The State of ePayables 2022: Mastering a Key Function at a Critical Time

*Ardent Partners research has shown that mastering the accounts payable (AP) process requires a unique blend of talent, process excellence, automation, and intelligence. While relatively few enterprises possess AP mastery in 2022, the opportunity to achieve it has never been more appealing or necessary. It has also never been easier. Financial and operational advantage is gained with AP mastery, and against a backdrop of global conflict, supply chain disruptions, and steep inflation, achieving it is vitally important to a business and its bottom line.*

*This 17th-annual AP-themed report is part of the ongoing dialogue that Ardent Partners' analysts have had with Finance, AP, and P2P leaders for nearly two decades. The report examines the general competencies and capabilities of AP organizations today and highlights the management strategies and tactics that leading departments have utilized to drive their organizations forward over the past few years, as well as their plans and priorities for 2022 and beyond.*

*This report also presents a comprehensive, industry-wide view of what is happening in the world of accounts payable. It captures the experience, performance, perspective, and intentions of 184 AP departments. The report includes benchmark statistics, analysis, and recommendations that AP, Finance, and P2P teams can use to better understand the state of AP today, gain insight into best practices, benchmark their performance against the Best-in-Class, and ultimately improve their operations and performance.*



# The State of Accounts Payable

“Most assume mastery is an end result, but at its core, mastery is a way of thinking, a way of acting, and a journey you experience.” – Gary Keller, Co-founder Keller-Williams Realty

## A Whole New World

There is no question that the COVID-19 pandemic has left an indelible mark on the lives of business professionals around the globe. And yet, almost everything written about the pandemic and its impact has been understated. COVID-19 has been far more pervasive and globally-devastating than anything experienced in our lifetimes, and the full scope and breadth of its impact cannot be accurately gauged in real time. Ardent Partners expects the long-term impact of the pandemic to play out over many years.

The pandemic underscored the fact that manual processes impede efficiency and visibility and can threaten business continuity and organizational resilience. It also highlighted the increasingly important role the AP function plays within an enterprise's financial operations, which has resulted in a more broad-based understanding of the function and its ability to impact value, savings, and intelligence.

A growing number of enterprise executives understand how AP's activities directly impact cash, working capital, and supplier relationships. As such, the AP function is newly empowered

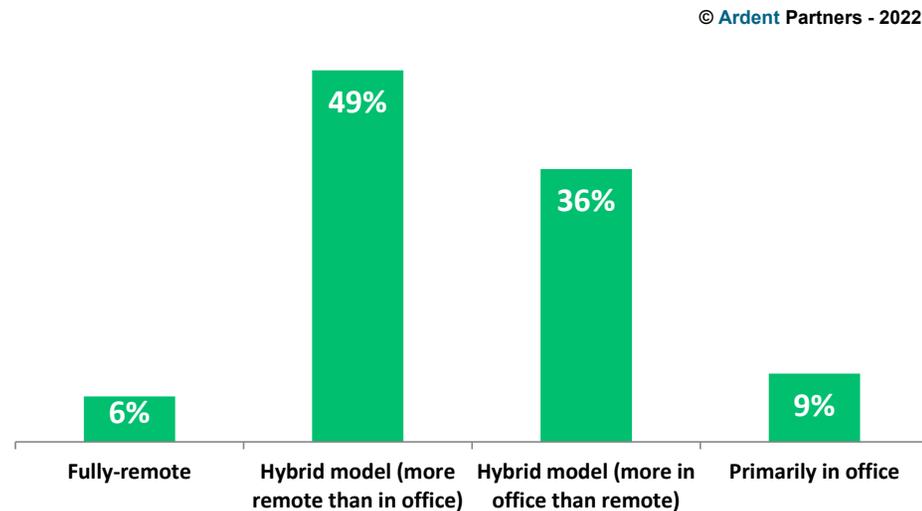
with greater access to key stakeholders and partners and larger budgets for digital transformation. Nonetheless, the pandemic remains front and center for AP, finance, and P2P leaders (and their teams) who must both manage and mitigate it while operating in a business environment wrought with sizable operational, financial, and supply chain challenges.

## The New Normal Workspace

Now in year three, COVID-19 continues to persist, and its outlook for the remainder of 2022 remains unclear. However, it is clear that much of the pre-pandemic world has faded away and that the “new normal” described in last year's report is beginning to take shape. One area that appears forever changed is the workplace. New Ardent Partners research (see Figure 1, next page) reveals that post-pandemic, the workplace for most AP and Procure-to-Pay (P2P) pros (85%) will mean some version of hybrid work. Less than 10% of P2P teams plan to return to the office full time, while only 6% plan to be fully remote. Given the potential impact of a permanent shift to hybrid or remote work on employee productivity and morale, workforce-related decisions should be clearly explained and closely managed.



Figure 1: Where Will AP/P2P Teams Work after the Pandemic?



While their enterprise-level workplace strategies are being finalized, AP leaders can fine-tune their department's approach to ensure that staff productivity is optimized and worker satisfaction is maximized (an increasingly important factor to success amidst the highly-competitive job market and "The Great Resignation"). AP leaders should use the next few months to test different strategies so they will be better-equipped to manage a potential fall or winter COVID surge, while working to improve workplace culture and worker engagement. These strategies include:

- **Developing a clear but flexible in-office schedule by determining which teams and/or staffers require in-person collaboration (and at what frequency).** Workers that crave a hybrid workplace model will be much more productive if they know that their in-office days are centered around required meetings, rather than spending time on tasks and projects that can be managed remotely.
- **Evaluating the overall culture of the AP department and working proactively to positive engage and support the staff.** Culture will be an important element to departmental success in 2022, and generally plays a vital role in talent attraction and retention. Does the organization's culture reflect rigidity and an unwillingness to be flexible? How does that impact morale? Now is the ideal time to experiment with hybrid and remote models, and measure their effectiveness on the overall mood of the workplace.
- **Creating a "beyond perks" program that is attractive to both in-office and remote workers.** Some businesses are offering meal plans to those who commute to the workplace every day while supporting fully-remote workers with financial support for home office supplies. These small tokens may seem trivial; however, they can go a long way in helping workers feel appreciated.



- Developing “safety-first” plans for high-risk individuals.** While most communities have opened up, many workers are still at risk of severe virus outcomes (i.e., immunosuppressed, etc.). Forcing high-risk workers into the office can create many potential problems and liabilities and erode team confidence in management. Smaller and mid-sized organizations can handle these situations with detailed remote and/or hybrid plans, while leaders of teams at large enterprises should review HR policies to ensure that the overall guidelines can be applied to any high-risk AP staffer.
- Using this interim period to harness the power of ePayables technology.** Digital workspaces have become a necessity in today’s flexible business world. Since remote workers continue to require access to systems, data, and intelligence, businesses will need to enhance their workspace technology. They must ensure that professionals can tap into the power of a more secure, flexible, and agile cloud technology infrastructure that is accessible from anywhere.
- Developing new strategies and approaches to foster collaboration.** Business leaders uniformly understand that collaboration is an effective way to elevate teams to the next level of performance. In a permanently-remote or hybrid environment, collaboration will be even more important than ever for AP organization seeking to build value-based

partnerships with key stakeholders and functional partners (like treasury and procurement) and among members of the AP team.

### Perception Performance Is Reality

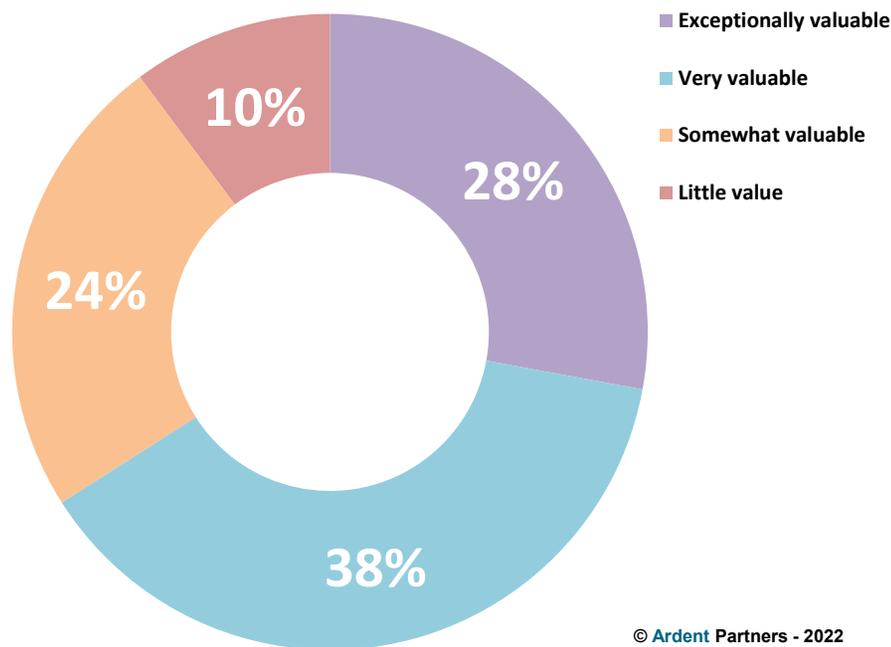
“Perception” has long been one of the biggest issues holding AP groups down within the organizational hierarchy of an enterprise. Perception acts as a lens through which reality is viewed, understood, and acted upon. As such, there is a tendency to assume that how reality is perceived is what it truly is. For many years, executives have failed to see the larger potential of AP, based on its history as a highly-siloed and very tactical unit, and generally ignored the department’s needs for new resources, attention, and systems. The pandemic has enabled executives within finance and the business to see AP with new eyes and evaluate it based on its impact on performance and operations.

As shown in Figure 2 on the next page, a robust 66% of businesses state that AP is either “very” or “exceptionally” valuable to the enterprise. This clear majority is exactly double the 33% who saw AP the same way six years ago, indicating that a new era has started for the industry. This surge in perceived value shows that AP is succeeding in driving real value to the business and its suppliers by developing and producing actionable intelligence and insights that can be utilized to: 1) improve/support supply chain resiliency, 2) deliver impactful gains across multiple functional areas, 3) improve the bottom line, and 4) positively impact working capital.



That the majority of organizations today view AP as a valuable unit speaks volumes to its performance during the pandemic. And, Ardent Partners expects AP's momentum to continue throughout 2022 and the next few years.

**Figure 2: AP's Perceived Value**



At the same time, there is more work to be done to keep improving perceptions (and performance) and have AP viewed more favorably within the enterprise. In 2022, very few AP groups have mastered their function, with AP groups rarely first in line to receive budget increases and special project approvals. But the truth is that AP

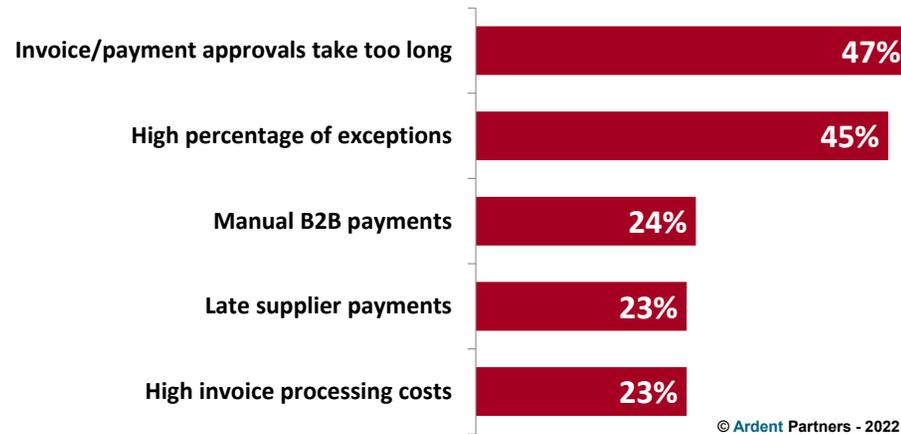
does not have to be “at the top of the list” for its position to be greatly improved, it merely has to be “considered.” That said, with the wave of innovation that has recently swept across the enterprise software industry, it will be increasingly important to the longer-term success of every AP department that it be viewed similar to other strategic business functions (i.e., worthy of some investment). Failing in that regard will leave an AP operation susceptible to being left behind when innovations begin delivering breakthrough intelligence and results.

### The Hurdles to Success in 2022

Given their recent performance, many AP teams are destined for greater things, supported by the growing perception of the function as adding real value to the enterprise at large. However, as shown in Figure 3 (next page), the path forward in 2022 is paved with more hurdles standing between AP organizations and their targeted results for this year. The modern AP function's biggest issue for many years was the enormous challenge of handling and managing too many paper invoices and payments. The “persistent paper problem,” which has been described numerous times in Ardent's ePayables research through the years, had a domino effect on other operations across the business (and within both finance and procurement). But things have changed — as Figure 3 shows — “having too much paper” in the department is no longer a top challenge. That said, all of the top challenges this year are tactical problems created largely by having processes that are mostly, if not completely, paper- or manual-based.



Figure 3: AP's Top Challenges in 2022



In the world of AP, the phrase “time is money” is a literal fact — the more time it takes a department to approve invoices and payments, the more money it costs to do so. While AP’s perceived value continues to increase, it is a dirty little secret that a near majority of AP teams are dealing with classic challenges, like lengthy invoice/payment approval times (47%), which prevent teams from tackling more strategic work. For those working in a manual environment, the operational workflow of the entire AP process takes much too long. With tactical pressures continuing to threaten the strategic value of many AP units, teams must respond with technology- and program-led initiatives to reduce the time and cost of processing invoices and payments.

In 2022, the “high percentage of invoice exceptions,” was noted as a top challenge by 45% of all AP organizations. Invoice exceptions can slow processing to a crawl, creating detrimental bottlenecks that can dramatically reduce efficiency and effectiveness. That this pressure remains near the top of the “major challenges” category almost every year of this annual study is telling. Because even as AP begins to deliver more value and tackle strategic opportunities within the greater enterprise, departments that lack a clear solution to greatly reduce exceptions inevitably, hit a performance ceiling much sooner than their peers.

For many years, the B2B payment process was an extremely low priority for most AP departments. That has changed, and there is great awareness of the financial impact that a Best-in-Class B2B payments team can make. When it comes to B2B payments in 2022, 24% of all AP departments believe that the number of manual checks sent to suppliers is a hurdle to their group’s success this year. This, despite Ardent Partners research through the years showing that paper checks are inefficient and cost significantly more than electronic payments. The expectation of less paper in the process should mean that more organizations will experience cost and process savings soon. Paper-based payments worked fine once upon a time, but just as new technologies have removed other legacy business processes (e.g., the fax machine, the Rolodex, etc.), new ePayment solutions and processes have made it strikingly less economical and efficient, not to mention riskier, to pay suppliers with paper checks. There is significant business



value hidden in every B2B payment that an enterprise makes, and with the recent developments and innovations in the market, combined with increased recognition of the emerging business value of ePayments, enterprises need to continue to look at these new ways to drive financial value.

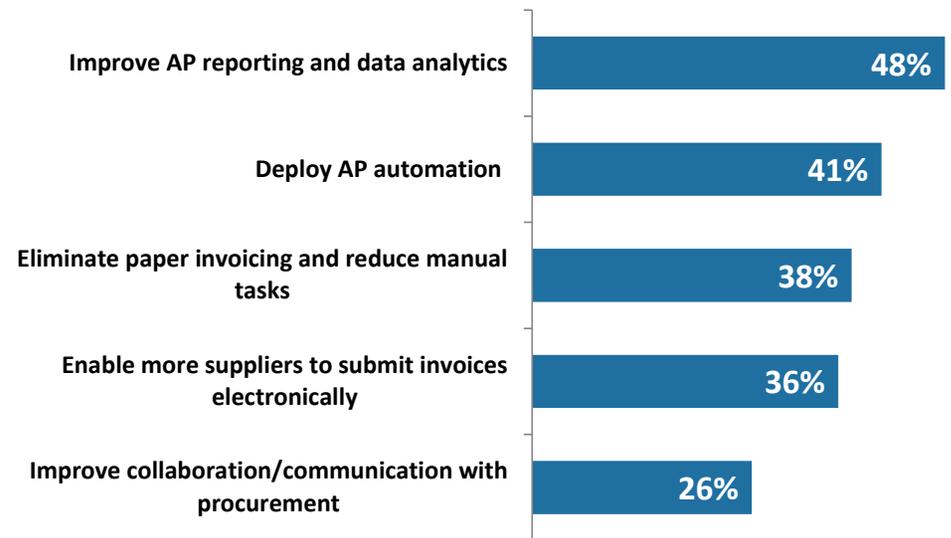
### AP's Top Priorities in 2022

In 2022, AP leaders continue to balance their traditional priorities with those that place them on the path ahead (see Figure 4 to the right). Visibility is, for any team or organization, paramount to success and fundamental to mastery. Self-knowledge is the first and main ingredient to improvement. Visibility into key information enables awareness and intelligence and improves key decision-making and executive planning. AP's prioritization of reporting and analytics (48%) shows that the professionals within this unit understand that there is significant opportunity in capturing the streams of data created across and within the AP function. Better reporting and analytical capabilities will help promote AP as an important player in business intelligence efforts. AP is already well-positioned to serve as a strategic intelligence hub. By enhancing reporting and analytics, this hub concept can help usher in a new age for the AP function.

Over the years, many groups that automated some (or all) of the invoice- and payment-processing operations have experienced positive results, including process efficiencies, cost savings, and

faster invoice and payment approval times. Others have translated automation into improved working capital management, spend management, supplier relationships, and compliance, as well as reduced fraud and less time spent on tactical activities. Over the last decade, these benefits shifted from "nice-to-have" to "must-have."

Figure 4: AP's Top Priorities in 2022



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Today, these would seemingly be table stakes for all AP, P2P, and finance teams. Nonetheless, many AP departments still have gaps. As seen in Figure 4, deploying AP automation (41%), eliminating paper invoices (38%), and enabling suppliers to submit electronic



invoices (36%) are clearly important priorities for AP leaders, as well as their finance and procurement counterparts. While investments to achieve these goals were frequently superseded by other, more important needs, enterprise executives should push more AP leaders towards digitization, automation, and the reduction, if not, ultimate eradication of paper-based tasks.

Only after AP processes have been automated and the function is in a position to focus on handling exceptions (and not handling every invoice), can it begin to move up the value chain and focus on the more strategic aspects of the operation, including data gathering, data analysis, and dissemination of data/intelligence. Ardent Partners believes that AP's ability to leverage its data to provide actionable information to key stakeholders can be critical to enterprise operations, and results. Capturing this data is only possible with automation tools.

Finally, the drive to improve its overall reporting and analytics in the months ahead is a surefire representation of the function's drive to become a "hub" of intelligence for its partners like procurement and treasury. But in the context of managing a distributed (or "permanently hybrid") workforce, collaboration should be viewed as a fundamental strategy that will keep AP more relevant and engaged in support of overall business objectives. It is, therefore, no surprise that the improvement of collaboration and communication with its functional partner, procurement, is a priority for AP teams this year. Partnership is a key element of the modern AP operation.

For AP to serve as a strong partner to critical enterprise functions (such as procurement and treasury), it must deliver value via linked processes and systems, intelligence, real-time insights, etc., to boost the power of its fellow stakeholders.

The "State of Accounts Payable in 2022" is stronger than ever — bolstered by a strong performance in the challenging early days of the pandemic and the increased usage of tools and strategies that drive efficiencies, generate greater intelligence, and impact the bottom line.



## New Risks to AP Performance in 2022

Unfortunately, in addition to the traditional, primarily tactical-related challenges (shown in Figure 3, page 9) facing AP year after year, Ardent Partners believes there are several new risks on the horizon that could negatively impact AP performance in 2022. AP leadership needs to be aware of these threats, monitor them, take proactive measures, and to the extent possible, be prepared to take the necessary steps to ameliorate their potential damage to not only the AP department's overall performance but also to the greater enterprise itself. These risks include:

- **AP staff burnout becoming the norm.** If the pandemic was a veritable triathlon for accounts payable professionals, then the current transition period is certainly a marathon for them given how much they have to balance in the new and changing world of work. In 2020, this function was faced with a variety of challenges during those early pandemic days. Today in 2022, the world may be removed from the “acute phase” of the crisis; however, the ramifications and after effects linger within how businesses now operate. With so much to handle, AP staff may be overworked due to staffing shortages (see the “The Great Resignation”), leaving some major gaps in how invoices are processed.
- **Business leaders could be distracted by larger issues.** Make no mistake about it, invoice exceptions and extended workflow and processing times are significant problems. However, businesses do not operate in a vacuum. Many executive leaders are understandably focused on globalization, increased competition, inflation, workforce management issues, and other problems that are typically higher visibility than challenges happening within the world of accounts payable.
- **The business world now revolves around regular disruptions and new objectives.** The war in Ukraine rages on. The pandemic still has no end. Inflation is a cause for concern and will be for some time. Political divisions are an accepted part of our reality. These are all major global issues that are transforming the way the business functions. Couple those with continued workforce (The Great Resignation), financial (inflation and tightening budgets), and supply management (supply chain disruptions) issues that are forcing businesses to reimagine how they conduct operations. These challenges simply compound the already frustrating approval wait times and invoice exceptions that AP currently faces.



# Appendix

## About the Authors



### **Andrew Bartolini, Founder & Chief Research Officer, Ardent Partners**

With 23 years in the industry and 13 years leading the charge at Ardent Partners, Andrew Bartolini is a globally-recognized expert in sourcing, procurement, supply management, and accounts payable. As

the Chief Research Officer at Ardent Partners, Andrew oversees all research and client programs, including the annual State of the Market and Metrics that Matter eBook Series', Technology Advisor Reports, Ardent's monthly webinar series, as well as its in-person and virtual CPO Rising Summits. Andrew is also the publisher of CPO Rising, the news and research site for Chief Procurement Officers and other procurement leaders ([www.cporising.com](http://www.cporising.com)).

Advisor to corporate executives and leading solution providers alike, Andrew is a sought-after presenter, having lectured and presented more than 525 times in nine different countries. Over the past decade, Andrew has benchmarked thousands of enterprises across all facets of their sourcing, procurement, supply management, and accounts payable operations and his research is currently part of the Supply Chain/Management curriculum at several U.S.

universities. He actively covers the technology marketplace as well as trends in sourcing, procurement, supply management, and accounts payable and has been published or quoted in leading business publications including The Wall Street Journal, Business Week, Investor's Business Daily, Forbes, and Fortune, as well as the major trade publications focused on accounts payable and supply management.

Prior to becoming an industry analyst, Andrew developed, packaged, deployed, and used supply management solutions on behalf of enterprises in the Global 2000 while working for several prominent spend management solution providers. Additionally, his experience in strategic sourcing (where he managed sourcing projects totaling more than \$500 million in aggregate client spend), business process transformation, and software implementation provides a "real-world" context for his research and writing.

Andrew's post-MBA work started in management consulting and investment banking where he structured, managed, and advised on large capital market transactions. Andrew began his professional career running a homeless family shelter in Los Angeles. He welcomes your comments at [abartolini \[at\] ardentpartners.com](mailto:abartolini@ardentpartners.com) or 617.752.1620.



**Bob Cohen, Vice President of Research,  
Ardent Partners**

A seasoned professional with more than 20 years of experience helping enterprises transform their Procure-to-Pay operations. In recent years, Bob has become the industry's lead analyst covering AP and ePayables. At Ardent Partners, Bob heads up the ePayables practice which includes coverage of accounts payable, B2B payments, business networks, and travel and expense management. Prior to joining Ardent, Bob spent 12 years working as a Vice President at Basware, where he helped establish the firm's U.S. presence in the AP automation and Procure-to-Pay spaces. He has also worked at American Express where he enabled the commercial card giant better alignment to its products and services with a continually evolving market.

Over his career, he has helped hundreds of AP and P2P teams achieve Best-in-Class performance via their use of ePayables, B2B Payments, P2P, and Business Network solutions. He is a sought-after speaker having given hundreds of presentations at industry conferences, user group meetings, webinars, and customer-facing events. He is also the publisher of Payables Place, the news and research site for Accounts Payable and Finance leaders ([www.payablesplace.com](http://www.payablesplace.com)). Bob holds a B.A. in Marketing from Bryant University and an M.B.A. in Finance from The University of Connecticut. He welcomes your comments at rcohen [at] ardentpartners.com



## About Ardent Partners

**Ardent Partners** is a Boston-based research and advisory firm focused on defining and advancing the supply management strategies, processes, and technologies that drive business value and accelerate organizational transformation within the enterprise. Ardent also publishes the CPO Rising and Payables Place websites. Register for exclusive access to Ardent Partners research at [ardentpartners.com/newsletter-registration/](https://ardentpartners.com/newsletter-registration/).

## Research Methodology

Ardent Partners follows a rigorous research process developed over years spent researching the accounts payable market. The research in this report represents the web-based survey responses of 184 AP and finance leaders captured between March and May, 2022 and includes direct interviews with several survey respondents. These 184 participants shared their strategies and intentions, as well as their operational and performance results to help us define Best-in-Class AP performance and understand what levers the leading groups pull to obtain their advantage. This primary research effort was also informed by the experience and analysis of the report author and the entire Ardent Partners research team. Complete respondent demographics are included to the right.

## Report Demographics

The research in this report is drawn from 184 respondents representing the following demographics:

**Job Function:** 47% accounts payable; 14% finance/accounting; 13% procurement; 12% P2P; 10% information technology; 4% treasury

**Job Role:** 35% VP-level or higher; 12% director-level; 30% manager-level; 23% staff-level

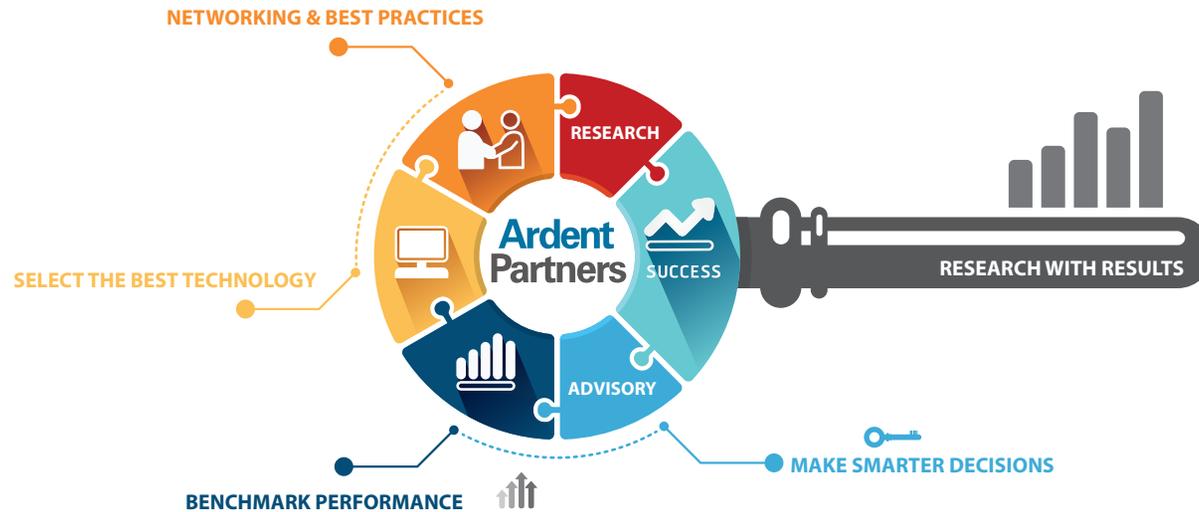
**Company Revenue:** 57% Large (revenue > \$1 billion); 21% Mid-market (revenue between \$250 million - \$1 billion); 22% Small (revenue < \$250 million)

**Region:** 65% North America; 30% EMEA; 5% Asia-Pac

**Industry:** More than 20 distinct industries are represented. Manufacturing, Healthcare, Financial Services, Technology, and Retail are the largest industries in the survey pool; no industry represents more than 15% of the overall survey respondents.

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**Ardent Partners** is a research and advisory firm focused on defining, and advancing the supply management strategies, processes, and technologies that drive business value and accelerate organizational transformation within the enterprise. Ardent Partners was founded by Andrew Bartolini.

**Ardent Partners** actively covers the supply management marketplace and produces research to help business decision-makers understand (1) industry best practices and how to improve performance & (2) the technology landscape and how to identify the best-fit solution(s) for their specific budget and requirements.

Contact [research@ardentpartners.com](mailto:research@ardentpartners.com) if you have any questions about this report or our research in general.

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Oil ▲ 2.45 ▼ 0.96

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