



UNDERSTANDING DIFFERENT LEVELS OF AUTOMATION IN ACCOUNTS PAYABLE

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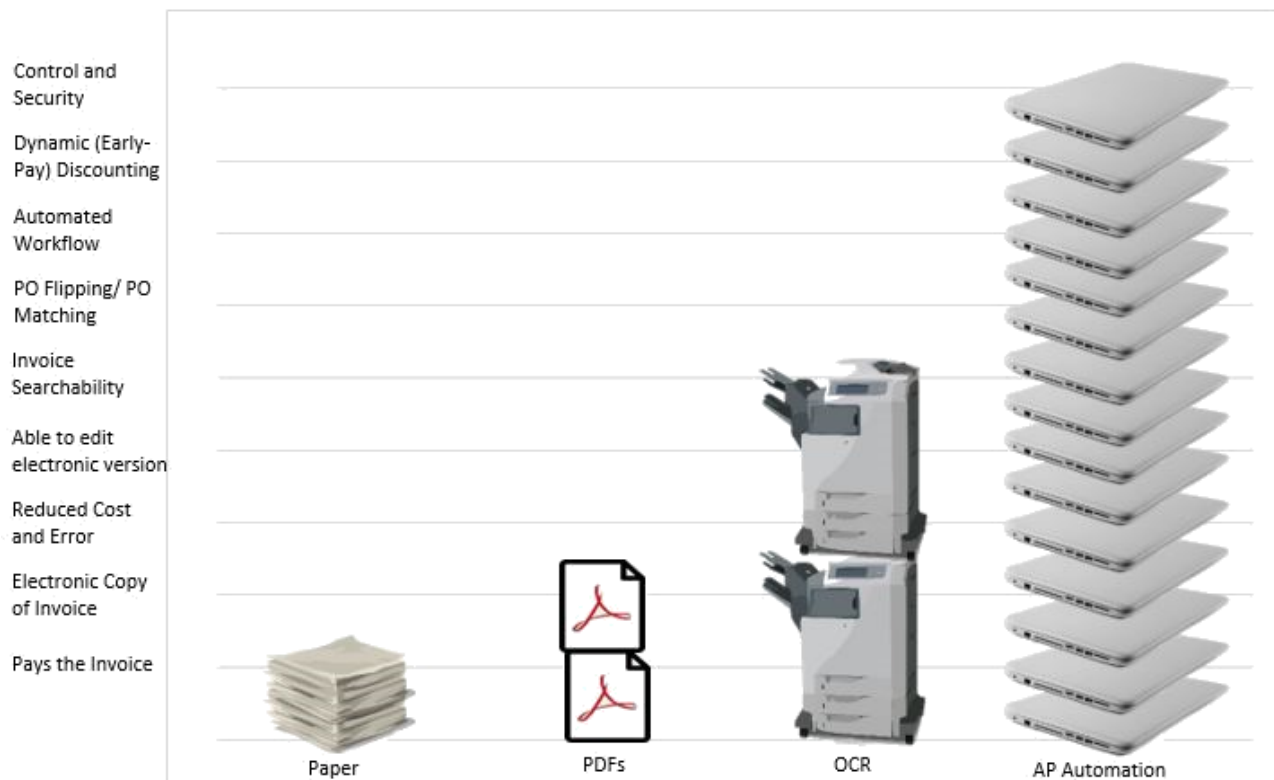
Abstract

Whether you've wondered the benefits of different forms of automation or what automation really does for your department, this whitepaper seeks to answer those common questions.



Questions. It doesn't matter who you are or where you're working, at some point you've had questions you needed answered and someone has come to you with questions expecting to receive answers. Questions are a good thing, especially when you're looking to make changes to your department and organization. It's important that you get the best information so you can make the right choices that will most benefit your company. When it comes to accounts payable automation, questions are rampant, from what it is to why you need it, and yes, to answer that question, you do need it.

To answer that first question, what accounts payable automation is, it's important to clear up some misconceptions. It seems easy enough to understand, but there are multiple levels to automation. For example, emailed PDFs. While they are a definite improvement over paper, they still require excessive time and effort. OCR technology could be another level of automation. At the surface it's more of a tool, but with some effort or partnering with a provider, you can eliminate some of your data entry efforts. A start-to-finish accounts payable automation solution, on the other hand, automates your entire workflow process, not just a part of it. Though electronic invoices are a big part of the process, they're only a part of the solution. A complete solution includes automated features like PO flip and PO matching, plus approval, payment, and discount options (see graph below).



I'm sure everything I just told you sounds great, but maybe you're comfortable with the level you're at. Sure, things might be easier with a fully automated system, but what other benefits are there outside of that? To begin with, it removes your need to manually enter data from received invoices, freeing up your time and allowing you to be more productive in other facets of your job. But this is about more than just you, this is about the process, and it's about the company. High quality AP automation provides better control and visibility, letting you know where each invoice is in the process and what you need to do, if anything, to keep it moving. Plus, you maintain your control over the process, and all the invoices are stored in one, searchable place. Audits are thus simplified, and you can say goodbye to lost and duplicate invoices.

Curiously enough, some of the most consistent questions across the board about accounts payable automation involve [suppliers](#). Fear not, complete automation only benefits the relationship you have with your suppliers. In addition to making your life easier, automation also improves the process for your suppliers. Complete automation should include a high functioning supplier portal, designed with efficiency, control, and visibility in mind. Anyone that should be involved in the journey of the invoice, including suppliers, has appropriate access to see where an invoice is at in the process and what, if anything, they can do to help it continue progressing. In addition, this reduces the amount of calls placed to the accounts payable department because you can communicate the status of invoices and payments to the suppliers via the portal. Plus, with the right provider, it's free for suppliers, so this is a complete win on every front for them.

Tools like supplier portals that come with high-level accounts payable automation consistently strive to keep the control in your hands, while increasing things like visibility and productivity. It's understandable the AP managers tend to desire high-level automation, as it's that type of automation solution that places control firmly with the AP administrator. The IT department, on the other hand, will often push OCR as that gives them control over the process. Similarly, purchasing systems leave most of the control with the purchasing department. These aren't terrible solutions, but accounts payable is the department held responsible for the invoice process, so it's important you recognize that it's possible to automate while maintaining your current level of control and improving the functionality and consistency of your process.

Your total cost to automate is dependent on a couple different factors. First, what you save depends on what you're spending right now. If you have one person who's easily managing

emailed invoices and you're not stressing, odds are you're not needing much in the way of automation at this point in time. However, if you have multiple people in your accounts payable department trying to balance paper, PDFs, and whatever other way suppliers are sending you invoices and if your track record for keeping track of invoices and paying on time isn't perfect (we've all been there, that's why automation exists), then automation could save you a lot more than just money. And let's be honest, cutting down on time, frustration, lost papers, and late payments can be just as beneficial to your organization as cutting costs.

Second, cost depends a lot on who you decide to automate with, and at what level. While this can be a hard decision to make, there are guides and tools you can use to help you, like this piece from [Transformation Management Consulting](#). While many people think of the obvious things to look for when searching for a solution, it's important to keep in mind that there are smaller details at work. When you take everything your company wants and needs into consideration, down to how long you want the implementation process to last or how much you want to pay for it, it's easier to see what solution can best serve your company.

Something else that's important to remember when it comes to the cost of automation is that time is an important factor. It might be easier to consider automation as hiring a new resource. Would you hire someone who could process 10,000 invoices per month, answer all supplier inquiries, and match and route all their invoices? Of course you would, and that's what high-level automation does for you. Along those same lines, automation is the future of accounts payable and eventually it will set you back if you're not automated, if it's not already. Take an old example of the computer. Personally, even today, not everyone has a computer. Inconvenient of course, but not the end of the world. Businesses, on the other hand, that chose not to adapt and begin working with computers aren't doing as well today and many aren't around at all. With a strong amount of confidence, we assert that automation will be the same way, and it's already started. Businesses know that paper is slower and harder to work with, but soon it will go from an annoyance to something that potential partners won't tolerate. That sounds pretty harsh, but automation is the future of accounts payable processes and it's better to be ahead of that curve.

Having a high-level, best-in-class accounts payable automation solution really should be every AP department's dream. Prices are generally reduced to \$1-3 per invoice and approval times drop to as low as 3.5 days. However, there is such thing as better than best-in-class. How? Well,

think of a list of “best-in-class” prices and such as an average for the top providers, or companies: there are going to be companies that might be a little higher end and a little pricier, while there might be some that are a little cheaper and maybe not quite as flexible.

Your accounts payable department might be doing well, but odds are, you could be doing better, so ask the questions! Figure out how to maintain control, improve efficiency, and make your productivity skyrocket and your costs plummet. Then, when you realize how much AP automation can help you, start looking into different solutions and ask the providers questions. Want a vendor portal? Ask for one. Want early-pay discounts? Ask for them. There are many tools available to help you get your department to where it needs to be. Accounts payable automation is here to help you, so take advantage of it, and stop letting those other invoices take advantage of you.

This article was written by iPayables, Inc. If you have any questions regarding these steps or AP

Automation, please feel free to contact us at 866-874-7932 or <https://www.ipayables.com/contact/>

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