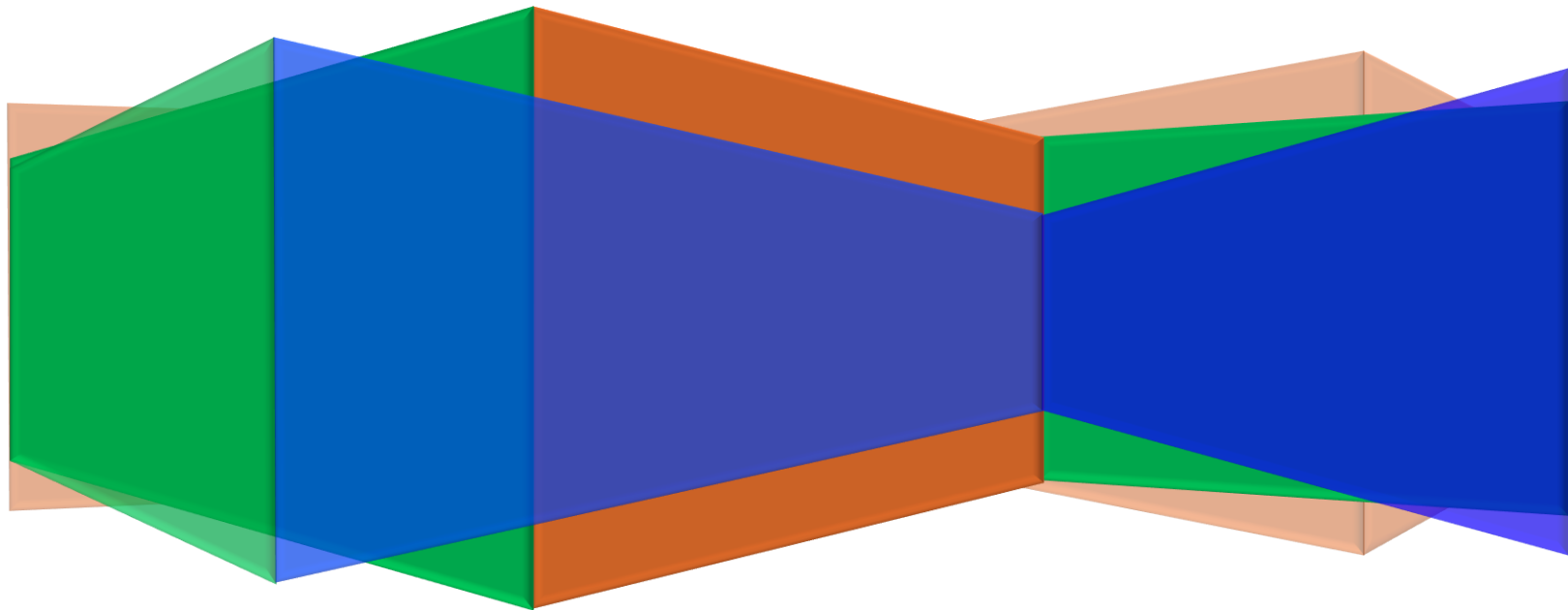


# Accounts Payable Automation - What Solution is Right for You?

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## Overview:

As companies begin optimization efforts within their Accounts Payable (A/P) processes, at some juncture, the selection process turns to how enabling technologies can be leveraged in order to accelerate the transformation. With the plethora of alternatives available, it is often difficult to determine where to start. Just gathering information on what level of automation the differing providers support, whether the automation efforts can be achieved within the confines of the budget and/or how long the implementation will take seems a monumental task.

This resource is intended to act as a “secret decoder ring” to provide clarity around differing elements that should be considered and then, based on responses to a few simple questions, point to potential solution providers that may be the right fit for you!!

## Key Elements to be Assessed:

Technology needs differ within organizations depending on both macro factors – relating more to the dynamics of the organization itself, and micro factor – associated with functionality necessary to support the processes.

### Macro Factors:

- Size of the organization
- Volume of invoices received
- Complexity of operations –multiple locations/business units
- Level of automation already accomplished through other avenues (e.g. EDI)
- Propensity for change
- Price tag
- Resources available for implementation and on-going support of the platform

These elements are normally fairly well understood when beginning the search for the best solution provider because they are more intrinsic to the organization.

There are also micro factors, however, related to functionality available within the different solutions on the market that are often not as well understood. These factors ultimately determine the efficiency gains that can be achieved within the Accounts Payable processes. To the extent functionality exists to replace manual effort and human touch points from initial receipt of the invoice thru payment to the suppliers, greater cost savings can be achieved. Additionally, the potential for errors, exceptions and rework is significantly reduced.

As a means of providing context around elements to be considered in this category, the following provides a brief tutorial to inform your responses to the quick survey that follows.

# Accounts Payable Automation - What Solution is Right for You?

## Micro Factors:

### Invoice Capture

If the goal is to eliminate all invoices from being received directly by the internal accounts payable team, then the solution provider needs to be capable of receiving invoices regardless of whether they arrive via paper, email or electronically.

Specific to electronic invoice capture, the options needed for submitting electronic invoices by the supplier base also need to be assessed. Smaller suppliers normally require the ability for entry of information into a web-based template through a supplier portal or a purchase order (PO) Flip. While large suppliers (or high volume suppliers) may require a file upload such as CSV, XML & EDI or a scheduled file transfer of invoice data.

### Matching/Exception Management

For organizations that have a high volume of purchase order related invoices, another consideration is the level of Matching/Exception Management required of the automation platform. Completing an automated “match” of the invoice to other documents at the time of invoice receipt eliminates items from going into match exception once they are posted to the ERP environment. Some solutions perform only a “two-way” match to ensure the invoice matches the PO. Others are capable of a “three-way” match validating the invoice against both the PO and the receiving information.

### Workflow

Ultimately the efficiencies to be achieved with invoice automation are dependent upon a robust electronic workflow framework. A business-rule driven workflow routes invoices requiring further review and action into a work list for additional coding, validation, approval, and/or attachment of necessary supporting documentation. If multiple business hierarchies or unique hierarchies based on complex account coding are prevalent, then a solution that supports simultaneous workflow streams will be necessary. If approval routing is fairly straightforward, based on management hierarchy, or if an alternate workflow solution is already in place, this becomes less critical.

### Dispute Management

Dispute Management functionality provides an avenue for business rules to be defined around common areas of dispute such as duplicate invoice detection, sales tax exemptions, etc. These exceptions and any other disputed items are visible to the supplier through the Supplier Portal and on-line collaboration can occur to resolve disputes more timely. As an added benefit, the platform can provide an “audit trail” relative to resolution of the disputed item for future reference as necessary.

If disputes are prevalent within the current environment, then leveraging a solution provider that can assist with preventing invoices containing these discrepancies from being submitted initially and/or providing a more efficient mechanism for resolution is a key consideration.

## Working Capital Optimization

Working capital optimization can be supported through automation from several perspectives:

- 1) cycle time compression as a result of being able to process invoices faster through the system allowing for participation in early/prompt pay discounts offered by the suppliers or negotiated through the contract
- 2) capabilities provided by the platform to solicit discounts from suppliers where they do not exist
- 3) supply chain financing which allows the suppliers to exchange their outstanding receivables for cash funded through a selected third party

Most solution providers are able to significantly improve the potential to capitalize on negotiated discounts or supplier discount offers by compressing the invoice processing cycle time. Some of the providers, however, have enhanced discount capture or supply chain financing technology that enables an aggressive working capital management strategy.

## Payment

Approaches among the solution providers range from not supporting the payment process at all to a complete suite of payment options. If the preference is to retain control over payment processing thru the ERP, then most solution providers are capable of supporting that integration. If a full turnkey solution from invoice receipt thru payment is desired, the options become more limited.

## No Cost to Suppliers

The final micro element to consider when assessing solution providers is the cost to suppliers. Some providers do not charge any fees to the suppliers for leveraging the platform with the possible exception of a one-time fee if a specific file mapping is required. On the other spectrum, in addition to the fees assessed to the client, other providers also charge a fee to suppliers based on the number of invoices that are being submitted through the system. These additional costs to the supplier can be a significant deterrent to supplier adoption.

## Let's Get Started:

Now that we have a foundation as to the elements that become key differentiators among the solution providers in the market, let's determine the solution provider(s) that are most likely to be the right fit for you.

The following quiz outlines twelve questions, some centered on the Major Factors and some around the Minor Factors outlined above. For each response within the Questions outlined, an associated point value has been assigned. Within the "Score" column to the right, capture the point value

## Accounts Payable Automation - What Solution is Right for You?

associated with the answer that most aligns with your organization and automation goals. To access the dynamic version of the survey leverage this link: [What Solution is Right for You Quiz.xlsx](#)

What A/P Automation Solution is Right for You? (Enter the points associated with your selection in the "Score" Column)	Score (pts value)
<b>Macro Factors for Consideration:</b>	
<b>Q1. What is your annual revenue?</b> <b>A.</b> Less than \$ 50M - 5 pts <b>B.</b> \$50M to \$150M -10pts <b>C.</b> \$150M to \$225M -15pts <b>D.</b> Over \$ 225M -20pts	
<b>Q2. What is your monthly invoice volume?</b> <b>A.</b> Less than 750/mo - 5 pts <b>B.</b> 750 -1500/mo -10pts <b>C.</b> 1500 -2500/mo -15pts <b>D.</b> Over 2500/mo -20pts	
<b>Q3. How complex are your operations (e.g. multiple locations/business units, varied business rules &amp; workflows)?</b> <b>A.</b> Not very - 5 pts <b>B.</b> Somewhat Complex -10pts <b>C.</b> Very Complex -15pts <b>D.</b> Extremely Complex -20pts	
<b>Q4. How open is your organization to change? (e.g. willingness to downsize resources, modify processes, etc.)</b> <b>A.</b> Not very - 5 pts <b>B.</b> OK w/ Some Change -10pts <b>C.</b> Acceptable of Change -15pts <b>D.</b> Bring it On! -20pts	
<b>Q5. Are you looking for assistance w/implementation and supplier on-boarding?</b> <b>A.</b> No - we got it covered - 5 pts <b>B.</b> Yes - want to leverage external expertise -10pts	
<b>Micro Factors for Consideration:</b>	
<b>Q6. What type of invoice capture is needed to support your operations &amp; Suppliers?</b> <b>A.</b> Paper w/Web Portal view - 5 pts <b>B.</b> CSV/XML -10pts <b>C.</b> CSV/XML & EDI -15pts <b>D.</b> All the above -20pts	
<b>Q7. What level of matching is required?</b> <b>A.</b> No matching - 5 pts <b>B.</b> Two-way only -10pts <b>C.</b> Three Way match -15pts	
<b>Q8. How complex are the review/approval workflows?</b> <b>A.</b> Not very - 5 pts <b>B.</b> Somewhat Complex -10pts <b>C.</b> Very Complex -15pts <b>D.</b> Extremely Complex -20pts	
<b>Q9. Is Dispute Management functionality needed/desired?</b> <b>A.</b> No - we have very few disputes - 5 pts <b>B.</b> Yes - we need help -15pts	
<b>Q10. Would multiple avenues for Working Capital Optimization be required/beneficial?</b> <b>A.</b> No - this is not a key focus - 5 pts <b>B.</b> Yes - we want to maximize efforts here -10pts	
<b>Q11. What is the preference for how payments are handled?</b> <b>A.</b> Plan to support internally - 5 pts <b>B.</b> Need support for ACH -15pts <b>C.</b> Support for ACH & CC - 20 pts	
<b>Q12. Is there any concern relative to suppliers being assessed a fee for invoice submission?</b> <b>A.</b> Very Little - 5 pts <b>B.</b> Very Opposed -10pts	
<b>Total Score</b>	<b>0</b>

## Accounts Payable Automation - What Solution is Right for You?

### Interpreting the Results:

**Scores less than 150 points** – Scores within this range are most likely associated with small to mid-tier organizations that are looking for assistance in streamlining and supplementing their existing Accounts Payable processes including the interface with their supplier community. The organizational structure and functionality requirements are not overly complex and invoices are fairly straightforward, but enhancements to supplier invoice capture, matching/exception management and automated approval via workflow would bring tremendous improvements. Cycle suppression, reduced manual touch points and enhanced visibility throughout the process are key benefit drivers.

For organizations in this tier, solution providers such as AvidXchange, Kofax and potentially Taulia may be good alternatives to explore.

**Scores between 150 points and 175 points** - Organizations who fall into this tier are most likely a bit larger in size in terms of both annual revenue and monthly invoice volumes and require more functionality to support their processes. More robust matching capabilities may be required and greater support around payment processing and discount management may be desired. The supplier community may also have more extensive requirements in regard to how invoices can be submitted (e.g. advance electronic file formats in addition to paper and web portal alternatives). For the most part however, the organization is fairly non-complex as it relates to the need for custom workflows and approval routing or robust issue resolution and dispute management capabilities.

Solution providers that best align with these characteristics are Taulia, Concur and Coupa.

**Scores greater than 175 points** – At the top end of the scoring matrix, are larger companies with significant invoice volumes that are seeking a total turn-key solution to significantly reduce the level of internal resource required to support the Accounts Payable function. The organizational structure is normally more complex with either multiple locations or business units that drive the need for custom business rules, combination edits or multiple level approval hierarchies. Normally this complexity also extends to the level of matching and dispute resolution required.

This level of automation requires leadership that is prepared to embrace change and shepherd the team and internal process partners through the culture shift. It also requires a provider that cannot only meet the functionality requirements, but also provide support through the implementation and supplier on-boarding process. The two primary leaders in this category are Ariba and iPayables.

Key deltas between the two providers for consideration: Ariba prefers to leverage the client's ERP for payments and assesses a transaction fee to suppliers for invoice submissions above a certain volume threshold. iPayables provides payment options if needed by the client in addition ERP integration and assesses no fees to suppliers. The final difference revolves around the cost of the platform.

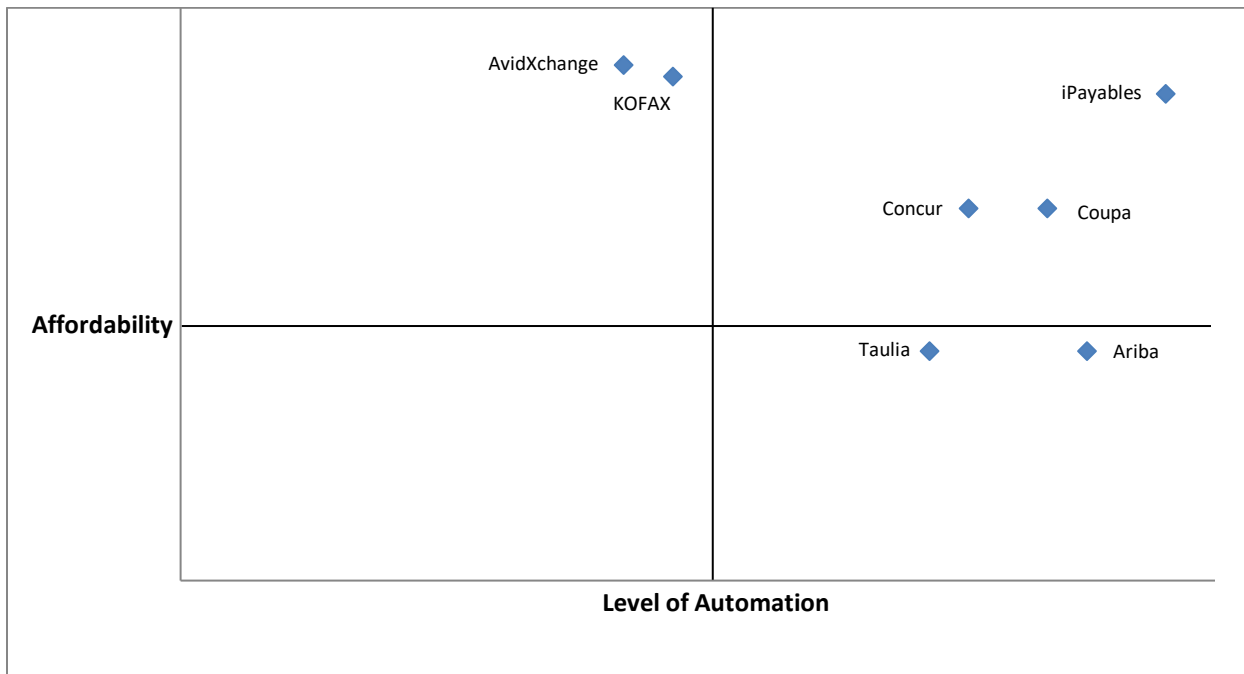
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### Weighing Cost vs. Functionality:

The primary Macro Factor we have not yet touched on is “Price Tag”. Most organizations have budget challenges that require them to seek the most functionality available within the budget parameters that have been defined.

Pricing models differ across the varying providers. However, they can be somewhat normalized into an Affordability scale.

For ease of quickly assessing how the solution providers mentioned above compare, the below matrix denotes how the solution providers align relative to two primary areas: level of automation/functionality provided and affordability.



Within the matrix, those solution providers providing the most robust Level of Automation at the most Affordable costs are highlighted in the upper right quadrant. Those providing a similar or a slightly reduced Level of Automation that are less affordable are reflected in lower right quadrant.

Similarly, providers offering automation capabilities on a more limited scope within the A/P process, with the most affordable solutions, will be reflected in the upper left quadrant.

If through this review, business requirements defined and the extent of automation required to meet those business requirements have been considered in conjunction with the budget available, then hopefully this resource has assisted in identifying “What Accounts Payable Solution is Right for You”!

## Accounts Payable Automation - What Solution is Right for You?

### About the Author:

*Transformation Management Consulting, LLC specializes in helping organizations drive business transformation efforts across the financial value chain that result in quantum leap improvements in business operations. With a key focus on Accounts Payable, Supply Chain and Accounts Receivable Optimization, Transformation Management Consulting, LLC works with companies to maximize cost reductions and working capital utilization through leveraging process reengineering, enabling technologies and robust marketing and communication adoption programs to facilitate change.*

*Our clients are a mix of Fortune 500 companies spanning a variety of industries with a need to enhance and accelerate their process optimization efforts; and Solution Providers who are focused on bringing the technology solutions to bear to enable that process optimization. TMC, LLC brings the external expertise and hands on operational experience of having evolved the functional areas under review not only for other clients and other solutions providers, but also for organizations within which our professional team has held key leadership roles.*

*Utilizing an approach that combines our knowledge of end to end process streams, integrations necessary to make those processes work together seamlessly, enabling technologies to enhance productivity and extensive change management focus to ensure success, we are able to enhance and accelerate business results for our clients. ([www.transformationmgmt.com](http://www.transformationmgmt.com))*