

## The State of ePayables 2021:

Operating in the New Normal

"Strategies for Success"

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# The State of ePayables 2021: Operating in the New Normal

*In the age of globalization, a pebble tossed halfway around the world can have a rippling effect that builds across the oceans and lands as a tidal wave. The coronavirus is that pebble – the cause of a truly global pandemic with implications that have been both devastating and surreal. COVID-19's immediate impact on financial operations was to place many accounts payable ("AP") professionals in harm's way as they worked to ensure business continuity. These AP professionals worked urgently to keep their businesses going, bolster financial resilience, and help to prepare their enterprises for the next economic phase. In 2020, AP had never been more important to business operations and business results. Sixteen months later, AP's importance remains at an apex.*

*In June, 2021, as many communities, businesses, and countries begin to turn the corner and emerge from the most severe COVID-19 restrictions, others have seemingly just entered very tough times. This makes the immediate future of business, in general, and accounts payable, specifically, hard to predict. What is clear, however, is that the pandemic has already begun to make lasting changes that will affect future generations of AP professionals. It is also certain that when the pandemic finally ends, AP will be "Operating in the New Normal."*

*This sixteenth annual State of AP-themed report is part of the ongoing dialogue that Ardent Partners' analysts have had with AP, finance, and procure-to-pay (P2P) leaders. This report presents a comprehensive, industry-wide view into what is happening in the world of AP and captures the experience, performance, perspectives, and intentions of 187 AP, finance, and P2P professionals. The report also includes benchmarks, recommendations, and analysis that AP 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.*



# Strategies for Success

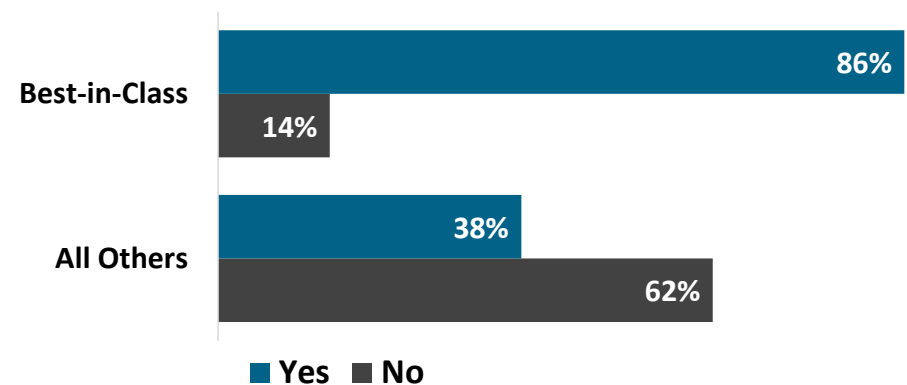
“Coming together is a beginning, staying together is progress, and working together is success”  
– Edward Everett Hale, author and historian

## To Be Strategic, AP Must Act Strategic

Swagger is often an understated element of success. After all, nothing succeeds like success! Those that act like they can win and succeed are often those that perform the strongest when it matters most. Although swagger is more typically associated with rap music than financial operations, there is a sense of openly displaying the strategic worth of a professional or its team amongst its peers in the corporate arena. There may be no better link to this attribute than knowing that there is a long-term roadmap in place for how the AP function can continue to drive value to its colleagues and stakeholders.

As shown in Figure 1 to the right, Best-in-Class businesses are far more likely than all other organizations to have a strategic multi-year plan for its AP function. Like Jay-Z, “they’ve got their swagger back!” While the Best-in-Class continue to “Regulate,” the majority of AP leaders managing their teams without a strategic plan need to “Bust a Move” and start making “Changes” to become “Stronger” and stop their self- “Sabotage” before it “All Falls Down” and they are left dealing with more than “99 Problems.”

Figure 1: Is There a Strategic Multi-Year Plan for AP in Place?



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The messaging here is incredibly clear: to be a strategic internal function that provides exponential value to the greater enterprise, AP must act like it belongs in the pantheon of impactful corporate functions. Those AP functions that wish to become viable strategic partners within their business must:





- Develop a roadmap for automation and innovation, including standardized invoice- and payment-processing automation, as well as a clear picture of how extended FinTech solutions will be integrated when the time is right.
- Collaborate with key stakeholders as a means of developing the best-fit coordination with other critical internal functions, such as treasury, accounting, and procurement, as well as the strategic suppliers who are extremely valuable in the grand scheme.
- Account for progressions in the global workforce, such as how extended, gig, and contingent workers will contribute to the strategic initiatives that AP wants to achieve in the months and years ahead.
- Integrate payments and payment-related approaches into how AP plans to evolve, as these areas will be important in helping AP achieve its strategic goals.

## Operating in the New Normal

To say that 2020 was a historic year is a vast understatement. A once-in-a-century global health crisis eviscerated many organization's main goals and objectives and caused undue havoc on both personal and professional lives. While the pandemic continues to rage on in certain regions, the current state of the pandemic and the progression of vaccine campaigns in other regions offers some

hope. Inevitably, businesses will start to look ahead and use 2020 as an extreme lesson in how to conduct operations in the most agile and intelligent of ways.

For the accounts payable ("AP") function of 2021, there is a clear pathway to not only helping the greater business achieve ultimate success, but also positioning itself as a strategic asset. It starts with operational excellence and builds from there. One key is for AP to become an operational engine that quickly processes transactional activity while focusing its resources on providing deep financial intelligence that can be leveraged for critical enterprise decision-making.

Across the full scope of operations, it will be important to focus on developing a proactive and agile operation. The market is likely to become more unpredictable and will experience faster shifts than before; in order to keep up with the necessary transformations (both strategic and tactical) to thrive in this changing world, enterprises must lean on agile operations. The ability to respond in real-time to dynamic business challenges is what will set enterprises up to compete aggressively in an ever-changing marketplace, and AP must actively contribute. Everything from menial and tactical processes to the infusion of intelligence into key decision-making should be executed with agility in mind. Accounts payable leaders must stay focused and work to make the function more collaborative, communicative, and agile.



## Strategies for Success

In 2021, many AP teams will be asked to deliver sizable results in the face of both new and ongoing challenges caused by the pandemic and the uncertainty it has created. To succeed, AP leaders must follow the courage of their convictions as they start to reframe a “New Normal” work environment and how it engages and operates amidst change and uncertainty – bold ideas and approaches will be needed. Ardent Partners recommends the following strategies and approaches for AP leaders and their departments that are seeking to improve their performance and operations throughout this “New Normal” period:

- **Spark AP’s continued rise as the “New Normal” begins.** AP’s momentum has not been thwarted by the global pandemic. Instead, the crisis has provided yet another example of how important the function is to many enterprises, particularly those with tight cash flow. In the “New Normal” business environment, many of an enterprise’s opportunities and priorities play to the strengths and expertise of the AP department and its core activities.
- **Promote AP’s emergence as a true hub of intelligence.** Best-in-Class and forward-thinking AP organizations long ago realized that there is a wealth of valuable data that exists within both the AP and P2P processes to be mined and have been turning the data into intelligence, and ultimately power and value that comes from that knowledge. AP can

plug into different situations by providing on-demand financial intelligence to help business leaders understand enterprise cash and revenue positioning, which in turn can lead to smarter and more timely decisions.

- **Prioritize the mitigation of business payment fraud.** Cyber-criminals have become more brazen (and more technologically advanced) since the pandemic began, resulting in billions of dollars of fraudulent payments and activity over the past sixteen months. Businesses must pump resources, time, and energy into how to not only prevent payment fraud, but also develop a program in which potential issues can be mitigated before they escalate into full-blown fraud crisis. AP can play an important role in leading this conversation.
- **Move beyond standardization as a baseline and begin to focus on more innovative competencies.** Poor-performing AP departments are still mired in a transactional realm, processing thousands of invoices and payments without much time or energy for more strategic activity. As standardized operations and AP automation become second-nature in today’s financial operations, it is important for AP teams to move beyond today’s relatively low baseline and start introducing more innovative capabilities and tools to enhance intelligence, execution, and overall performance.



- **Invest in the upskilling and reskilling for the AP staff.** The baseline for the current AP staff's total skillsets and expertise is rapidly evolving, especially considering how newer technology (such as blockchain) is transforming the financial industry. There are more nuanced skills required for the next great generation of AP professionals, including a full view of the P2P process, reporting and analytical skills, fraud detection and prevention, understanding the needs of constituents, etc. AP leaders must invest in upskilling and reskilling their staff in order to continue the function's evolution into a strategic asset.
- **Become more customer-service-focused.** AP needs to start thinking of itself as a customer-focused organization and understand the needs and wants of its clients (both internal and external) and those that it supports. If it has not already happened, each AP team should lose its back-office mind-set and add functionality and services that optimize the value and experience it provides to its key constituents. Start measuring customer satisfaction and take steps to continually improve upon it. Internal Net Promotor Scores (NPS) can be a useful and straightforward way for AP to measure the value its stakeholders gain from the department's work.
- **Inject AP's influence into how the extended workforce is managed.** Ardent's research has shown that 46.5% of the average company's total workforce is considered "extended" or "non-permanent," including consultants, contingent, and "gig" workers. Many enterprises utilize this workforce in a way that essentially circumvents corporate payroll, meaning that the AP unit is in well-positioned to help influence and guide how nearly half of the overall workforce is managed. Also, since the "talent experience" is becoming more critical, meaning that contingent workers, freelancers, and independent contractors are more likely to re-engage with a business if they are treated properly, quick facilitation of payments for work completed is increasingly valuable.
- **Develop a flexible disaster readiness plan.** While nearly every business faced some sort of disruption beginning in the first quarter of 2020, enterprises that fail to prepare now for the next emergency are more likely doomed to repeat their disorganized responses. As more businesses revert back to in-person operations, AP leaders must be ready for the next time that AP staffers are needed to work remotely for an undetermined period of time. AP leaders that have automated the function since the pandemic began will have a simpler time developing a disaster readiness plan, but the plan should extend beyond technology.



- **Track the ePayables Solutions market.** The emergence of innovative AP technologies in recent years has the potential to radically alter the way business is done. As enterprises intensify their focus on optimizing internal processes, modern accounts payable teams are now better positioned to advance beyond their transactional past and showcase their strategic value. New technologies are entering the marketplace at a pace never before seen. Today, AP teams, which used to only provide their primary value based on increasing efficiencies, are now well-positioned to help expand their impact and transform into a more strategic function. These leading AP teams must now strive to become strategic partners that can showcase their importance and make an impact at the highest level of business operations. For most, smart investments in AP automation (or “ePayables”) will be critical to their success. To do this successfully, it will be important for AP and finance leaders to keep an eye towards the future and be aware of the latest innovations in the market.

## Conclusion

The COVID-19 pandemic left many disruptions in its wake on both a personal and professional level. In the moment, AP leaders were forced to make difficult decisions, while their staffs battled with personal and professional uncertainties. The organizations that thrived in the toughest times of 2020 were the ones that had high levels of automation and high levels of stakeholder engagement, which combined to enable more fluid and agile responses to new challenges. In doing so, these leaders have begun to define how the AP function of tomorrow should ideally operate.

Accounts payable has many strategic pathways for success that all have one common thread: pushing AP to be a multi-faceted source of value to stakeholders beyond the finance team. By shoring up transactional inefficiencies, developing repeatable and scalable processes, and providing deep and actionable intelligence to key executives, AP can finally fulfill its destiny as a group that is called upon to deliver value as the business world around them continues to evolve and change and the “New Normal” takes shape.

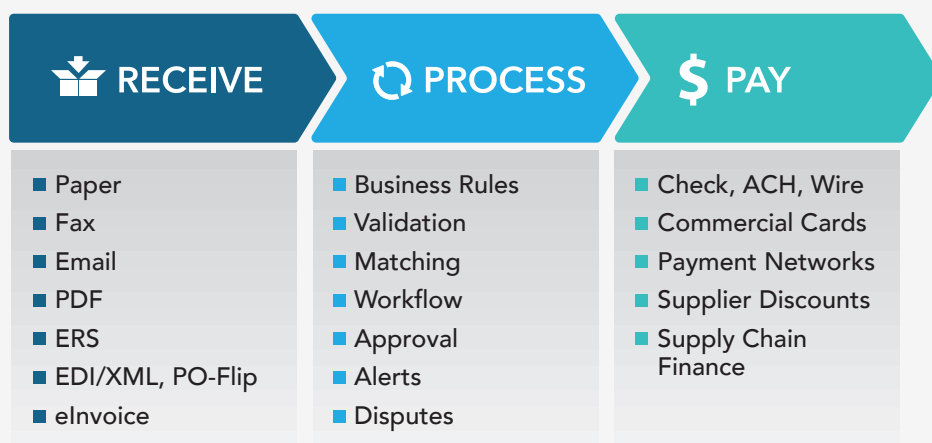




## Ardent Partners' ePayables Framework™

To help simplify AP's operations and its associated processes, technologies, and overall impact, Ardent Partners developed its ePayables Framework in early 2010. Ardent Partners defines "ePayables" as the solutions and services that automate all or part of the three phases of the AP process – invoice receipt, invoice processing, and B2B payments. The ePayables Framework was designed with the goal of helping AP departments of any size improve their processes by segmenting them into smaller, more manageable pieces, which ideally makes it easier for AP teams to establish an unfettered perspective on the current state of their operations and then improve upon it.

Figure 2: The Ardent Partners ePayables Framework



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The Ardent Partners ePayables Framework is organized into three major phases:

- Receive – How invoices are received.
- Process – How invoices are validated and approved.
- Pay – How invoices are scheduled for payment.

### "Receive" and "Process" Phases

The first two segments of the AP process – "Receive" and "Process" – include the solutions and methods that AP (or buying) organizations use to receive, validate, match, approve, and process invoice information before scheduling payment. While these phases are functionally similar in every enterprise, the sub-steps across them can vary depending on factors such as company size, industry, and geography; the steps can also be different based on organizational maturity and level of automation in place.

### The "Pay" Phase

Invoices that have been validated, matched, and approved move into the final phase of the ePayables framework – the "Pay" phase - which includes both the scheduling and execution of the vendor payment. During this phase, the AP team can work most closely with treasury and finance to develop and execute supplier payment strategies that can assist with working capital optimization. As more enterprises recognize the strategic importance of the AP team, and AP expands its level of process automation and access to its financial data, AP will shift into a position to better influence and augment cash management activities.



# Appendix

## About the Authors



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

With 22 years in the industry and 12 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 500 times in nine different countries. Under his leadership, Ardent has benchmarked thousands of enterprises across all facets of their sourcing, procurement, supply management, and accounts payable operations and has developed research that is currently part of the Supply Chain/Management curriculum at several US universities. Andrew 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 (Ariba & Commerce One). 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 career 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 for four years. He welcomes your comments at [abartolini@ardentpartners.com](mailto:abartolini@ardentpartners.com) and 617.752.1620 as well as your [LinkedIn invitations](#).

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

A seasoned professional with almost 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, he 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 as a major player in the AP automation and Procure-to-Pay spaces. He has also worked at American Express where he enabled the commercial card giant better align 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.



## 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 187 AP and finance leaders captured between March and May, 2021 and includes direct interviews with several survey respondents. These 187 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 187 respondents representing the following demographics:

**Job Function:** 41% accounts payable; 23% P2P; 18% finance; 12% procurement; 6% IT

**Job Role:** 20% VP-level or higher; 31% director-level; 23% manager-level; 26% staff-level

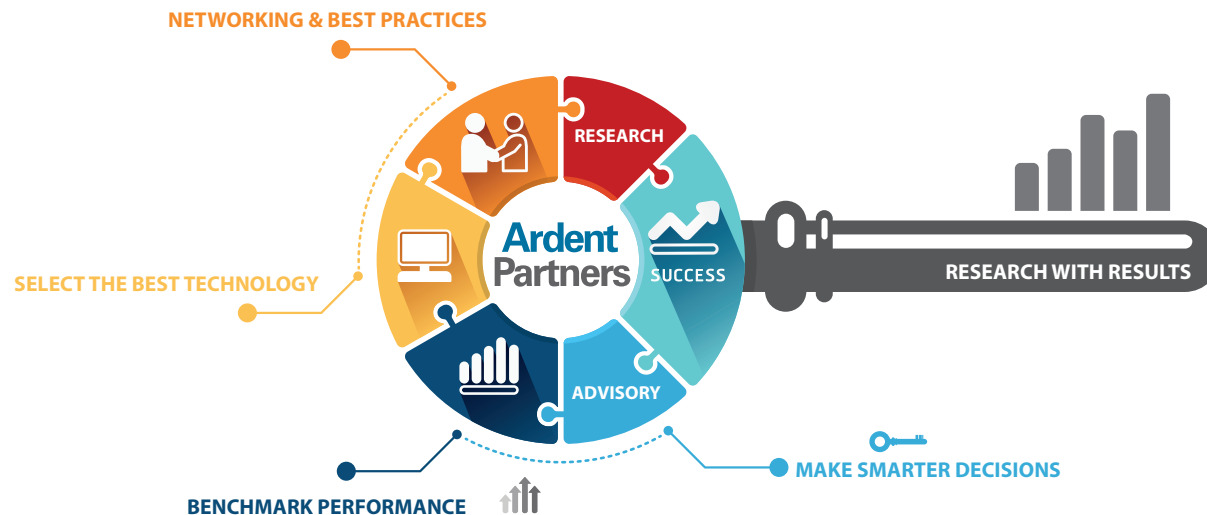
**Company Revenue:** 53% Large (revenue > \$1 billion); 26% Mid-market (revenue between \$250 million - \$1 billion); 21% Small (revenue < \$250 million)

**Region:** 73% North America; 27% EMEA

**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.

# Ardent Partners

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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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