

HOW COVID-19 IS AFFECTING ACCOUNTS PAYABLE: SURVEY REPORT

Abstract

iPayables, Inc. surveyed accounts payable departments across the country trying to determine what sort of impact the coronavirus pandemic has had on business.



2020 COVID-19 Survey Report

Accounts payable is one of many departments that has felt the effects of the coronavirus pandemic. While the severity of the impact varies across company and location, few departments haven't felt the effects in some way or another. iPayables reached out to AP departments across the country to determine what some of those effects have been and how different departments have responded and continue to respond.

Up front, we learned that over 74% of those surveyed have had to shift a majority of their workload (80% or more) to remote work. This is a particularly difficult shift given that 61.9% of those surveyed rely mostly on paper for their invoice processing. This report will focus on the effects on controls and payments, the biggest challenges departments say they're facing, and the role automation has played throughout the pandemic.

How have payments and internal controls been affected?

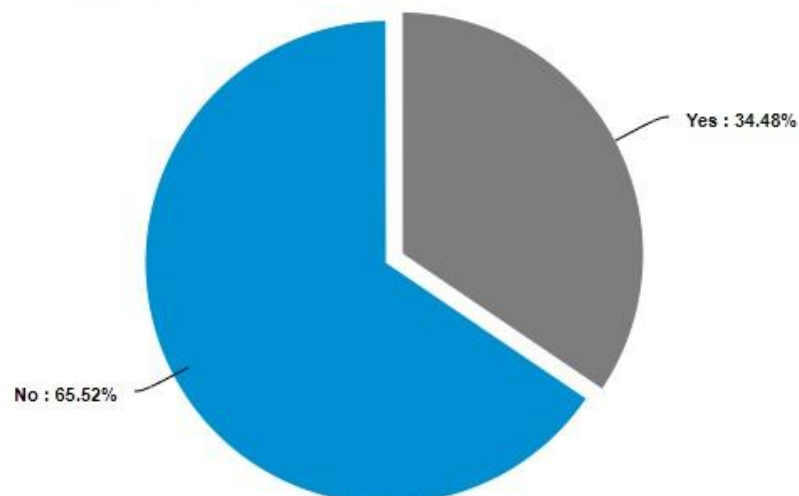
What are some of the biggest challenges departments are facing?

What role has automation played during this pandemic?

How have payments and internal controls been affected?

Payments may be affected for various reasons, the first of which is just the ability to pay. Business slowed exponentially for many companies, so some payments were put on hold. Of the departments we surveyed, just under 35% said they had received some mandate to slow payments. Some were told to hold on all payments, some were asked to prioritize, and others have simply managed it on a case-by-case basis with suppliers. Additionally, paper checks have taken longer to send in some cases or have been unable to be sent due to slowed mailing times and people working from locations outside their normal mailing address.

Have you received a mandate to slow payments?



Of those we surveyed, 41.38% have changed payment methods since the start of the pandemic. Of those, 27.6% have switched to more ACH, while about 7% have specifically implemented virtual card or fully automated systems. Overall, most companies have been able to continue with their normal payment schedules, though there have been challenges adjusting to doing so from a remote place of work.

Fortunately, only around 10% of companies surveyed have had their internal controls affected by the current pandemic. Of those, approximately one third have simply allowed for fewer approvals, one third have changed who has approval permissions, and one third have adjusted vendor qualifications. Like payments, companies that rely on electronic approvals were less affected by the need to work remotely.

What are some of the biggest challenges departments are facing?

As was mentioned earlier, many businesses and departments are struggling in different ways, especially within accounts payable. Different departments have different processes, workflows, and means to accomplish their tasks, not to mention being involved in different industries, working with different suppliers, and different sizes of teams and organizations. However, there are three challenges that seem more widespread than others: keeping up with paper, technology, and staying connected as a team.

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Many of those surveyed made comments about how keeping up with paper has affected their ability to keep the invoice process moving. One respondent commented, “we are still very much paper-driven, which has been difficult remotely.” Another remarked that “handling paper, scanning, and production and distribution of checks has been difficult to navigate with the different restrictions we’ve been given to work with.” Overall, departments that are working with paper invoices and sending paper checks have experienced a more difficult transition trying to keep track of everything being sent and received, without being able to go to the office as often as they’re used to, if at all.

General technology has also been difficult for many departments. Several people we surveyed have had problems connecting with companies or people they work with outside the country, be it for outsourcing or other business. Some are lacking technology in general, with one respondent stating that “VPN's, Connectivity, Outlook, and Skype have all been huge challenges.” Most survey respondents felt that without the right technology, it can be difficult to stay on top of tasks and projects that need to be moving forward.

Finally, many people and departments are struggling being able to stay connected as a team. Trying to schedule time on a coworker’s calendar rather than being able to pass by their office slows communication and can make asking a clarifying question on a project more difficult.

Additionally, one respondent mentioned that “maintaining our values of teamwork is a big challenge since it can feel like everyone is on an island versus being in the office and able to work through issues side-by-side.” Many teams are working through more than just backed-up paper and delayed payments trying to navigate the different challenges that have been presented with the outbreak of this pandemic.

What role has automation played during this pandemic?

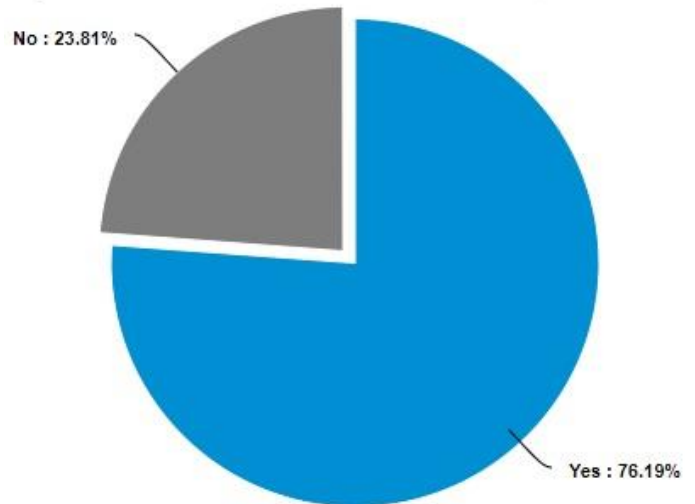
As mentioned earlier, 61.9% of the people surveyed said a majority of their invoices and processing still happened with paper. Additionally, over 76% said they believe making the switch to remote work would have been easier if they’d had a higher level of automation. The survey defined both “high” and “very high” automation as follows:

High: Most invoices are received electronically from EDI/file or supplier portal, with remaining paper or email invoices paired with inhouse or outsourced OCR or digitization. Automated matching issues can be resolved by payables, an automated workflow is in place for approvals, there is an imaged or electronic archive, and most payments are ACH/card or virtual card. Each clerk can process 2,500 invoices each month.

Very High: Suppliers are required to send electronic invoices via EDI/file or supplier portal with the few remaining paper or email invoices paired with inhouse or outsourced OCR or digitization. Automated matching issues are resolved by the supplier or purchaser via supplier portal, an automated workflow is in place for approvals, there is an imaged or electronic archive, and most payments are ACH/card or virtual card. Each clerk can process 5,000+ invoices each month.

Accounts payable departments with higher levels of automation said making the switch has been a smooth transition, “Automation made it so employees could work from home and be safe. Without it, the transition to remote work would have been a nightmare.” Rather than having to figure out how to reroute paper or when to send which employees into the office, automation allowed these departments to simply take the work equipment they needed, mainly laptops, home. Because the process is automated start to finish, the employees are getting the same work done and staying on top of approvals and payments that were already being done electronically.

Would this situation have been easier if you had a higher level of automation (or harder if you had a lower level of automation)?



Conclusion

While accounts payable departments are no exceptions to the many changes necessary due to the pandemic, they have continued to work through them. While some processes have had to change more drastically than others, employees continue to work with the resources they have available to keep the invoice process flowing. Some are adjusting to new payment methods or schedules, while others have shifted how internal controls are handled. Although individual challenges may vary, the more connected departments are able to stay, the easier they're able to get their work done.

No one was expecting a pandemic to spread this year and alter the way we do business and live our lives. Most businesses did not anticipate that, coming into this new decade, we'd be asked to work remotely and change how we do business. Different AP departments have had different experiences with the changes, but those with a higher level of automation were less affected in the short-run, as well as the long-run. Companies are painfully aware of the shortcomings related to paper processing, and of those surveyed, 62.9% said their company is more likely to adopt a higher level of automation in the future. Many companies may not have been completely prepared for this situation, but can take steps now to make sure they are prepared in the future for whatever new changes may come.

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

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

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