10 ACCOUNTS PAYABLE INVOICE AUTOMATION BENEFITS

Introduction

Accounts payable invoice automation (APIA) takes basic invoice management and AP operations to the next level. The main difference: APIA technology doesn't simply automate — it's smart, intelligent and capable of learning over time. The result is better financial outcomes, simpler processes, increased control and hyper-efficiency.

Now, demand for APIA is rising. Gartner reports APIA spending will more than double over the next five years to reach $1.9 Billion. This big increase follows years of corporates under-investing in AP, which has left teams strained and businesses susceptible to fraud.

There are several broader catalysts driving the growth of APIA, including:

- Increased demands on resource-strapped procurement and finance teams, especially those that lack enabling technology.
- The errors and inefficiencies associated with manual accounts payable processes.
- Increased risk of fraud and financial error.
- The proven ROI of procurement and AP automation. (Learn more: The Power of Procurement and AP Digitization)
- Hiring and retention challenges.
- The sheer volume of invoices a growing business must process.
- Pressure to accurately close the books in a timely manner.

Adoption is also driven by the common goals every finance team shares — cost savings, working capital management, financial risk and operational performance.

The benefits of APIA extend broadly across the organization. The right deployment and technology can solve every pain point highlighted above. Here are 10 reasons to jump on the APIA train right away.
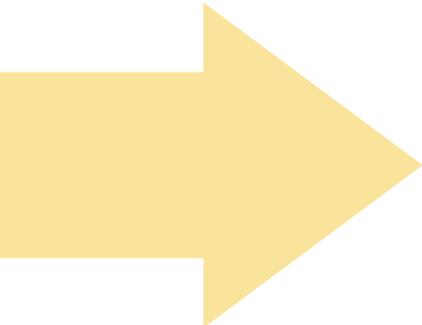
01   APIA Eliminates Non-PO Invoice Pain

While having a policy like "No PO, No Payment" sounds great for pre-approval, visibility and control, it's not always realistic for many spend categories. Today's invoice management processes must be designed to accommodate both PO and non-PO invoicing (where appropriate).

That said, invoices that come into AP without a PO create problems. They increase the risk of fraud, budget overages, rogue purchasing and payment mistakes, and create more work for your team.

Smart APIA solutions, like Vroozi, eliminate these issues by automatically capturing non-PO invoices, accurately extracting and mapping the invoice data, and then intelligently analyzing, coding and routing the invoices as appropriate. APIA solutions learn over time and automatically fix issues, like assigning a non-PO invoice to the right spend category, catching duplicates, and proactively identifying fraud.
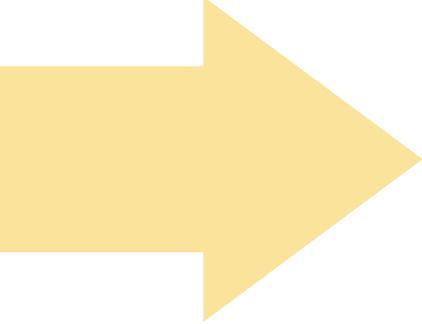
02   APIA Doubles Accounts Payable Productivity and Speeds Cycle Times

Yes, you read that correctly, but how? APIA decreases (and in many cases, eliminates) the workload for your AP team.

Ardent Partners reports that the number one challenge holding AP teams back in 2021 is the amount of time required for invoice and payment approvals. A lot of this pain comes from wasted time chasing down the right person to approve the transaction. The research firm also says that the average time to process an invoice is eight days, but invoices are processed in eight seconds with APIA.

APIA solutions automate the entire process — invoice scanning and processing (including different formats, such as paper, email, mailroom and more), coding, routing and approvals – all with zero (or very little) human intervention on processing or exceptions. The best part: they learn over time and constantly identify opportunities to save more time through automation and smart coding.
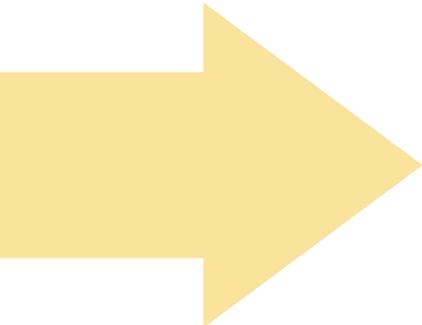
03   APIA Equips you to Scale Faster

The Institute of Finance & Management reports the average employee can process around 8,000 invoices per year. That means a business that typically processes 40,000 invoices per year requires five full-time employees (FTE). Based on our experience, companies can process up to 23,000 invoices per FTE on average, with best-in-class teams processing up to 40,000 per FTE with automation. That's a 5X performance improvement.

Finding talent right now is tough for everyone. APIA enables you to scale faster by reducing the amount of FTEs you need to manage invoice processing and positioning you to take on more as you build and develop your team.

Team makeup is also important. APIA creates room for your team to focus on other aspects of your business. It allows you to shift your attention away from the small-dollar, one-line item invoices, and focus on the million-dollar invoices instead. Automating your accounts payable leaves additional resources for higher-value resources, like data-scientists and analysts.
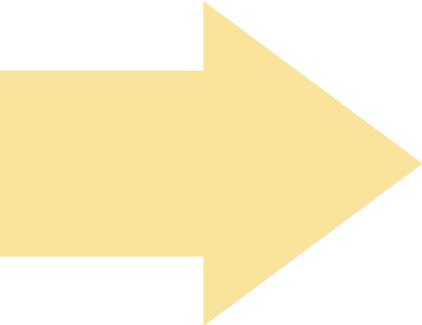
04   APIA Makes Closing the Books Faster and Easier

Automation makes your end-of-month processes smoother and quicker by improving your data quality with digital speed and accuracy.

APIA technology automatically accounts for transactions as they happen, so there's no end-of-month catch-up work. Similarly, it provides real-time visibility into open accounts, pending payments, outstanding liabilities and more, which eliminates end-of-month questions about outstanding transactions.

Finally, data (POs, invoice amounts, payment approvals, etc.) are being validated with code so you can be confident in the data quality for real-time analytics. This helps you close the books more confidently.

05   APIA Reduces Fraud

Spot checking transactions takes time and resources. The practice also creates exposure. On the other hand, APIA technology is capable of auditing all of your transactions in real-time.

This is especially important for non-PO invoices, which on average, can make up around 50% of what you process. With PO invoices, it's easier to detect fraud because you can match the invoice against approvals, orders and what was received. With non-PO invoices, you don't have anything to match against and must rely on trend analysis to detect fraud.

Solutions like Vroozi leverage AI to automatically find, detect and fraud, overbillings, and payment errors. Vroozi's AI, for instance, analyzes trends for excessive or fraudulent spend, ensures the right person reviews and approves and learns from history to uncover errors.

06   APIA Makes Closing the Books Faster and Easier

APIA increases cash flexibility by giving your organization more control over the payment process and visibility into financial commitments. There are three core factors here:

- The ability to process an invoice sooner – for example with early discounts provides an opportunity to improve working capital.

- Make cash forecasting simple by providing visibility into how much money needs to go out and when.

- Control when things get paid.

07   APIA Reduces Your Invoice Processing Costs

Ask yourself: How much time and money do you spend manually processing vendor invoices each month? If you've never calculated it, check out these numbers:

- Ardent Partners reports the average cost to process a single invoice is $10.89

- Let's use the earlier example of the business that processes 40,000 invoices per year

- The total invoicing costs for that business: $435,000-plus annually

> On average, APIA solutions cut invoice processing costs by up to 80%. For this business, that's a potential savings of nearly $350,000.
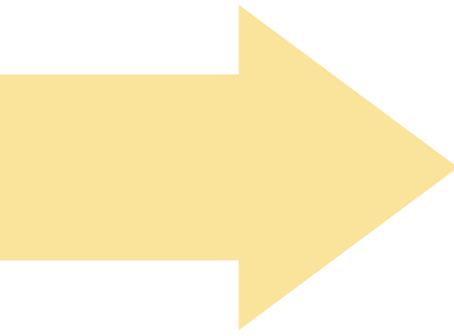
08 APIA Improves Supplier Relationships

Supplier relationships are delicate. Poor communication, order inaccuracies and late payments can cause them to break.

Suppliers that don't get paid on-time will also be the last to co-innovate. This turns a potentially strategic relationship tactical. On the other hand, paying suppliers early is a great way to strengthen the relationship, reduce risk, invest in co-innovation and take advantage of discounts.

Operational efficiency also matters to supplier relationships. Everybody wants everything to be done quickly, easily and as affordably as possible. Everyone also wants to be kept in the know. APIA helps make both a reality. AP automation gives suppliers visibility into the process. Instead of calling and emailing to learn about payment status (this accounts for ~25% of AP's time), suppliers can directly access that information themselves.
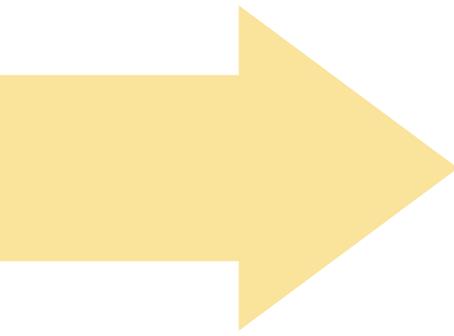
09 APIA Alleviates Global Payment Complexity

Regulations change all the time. Different country-specific invoice templates, currencies, tax and business rules add complexity to the accounts payable process. Few organizations have internal experts to manage these variances or track and implement the changes.

Moving forward, more countries will be adopting real-time clearance (invoices need to be cleared and verified by the buyer through a tax authority) to ensure accurate tax collections. Companies need to be ready for the rapidly evolving changes that impact country-specific requirements.

APIA solutions are built to manage global invoice formats and standards automatically by ensuring country invoices are cleared through tax authorities and verified by the buyers while maintaining the proper rules for archiving, integrity and origin.

APIA Makes Life Easier

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The benefits of APIA are numerous and substantial. But there's another win we haven't touched on yet: APIA makes your life easier! Deploying APIA technology eliminates operational headaches, improves employee satisfaction, reduces workloads and simplifies your day-to-day.

See how here: Procurement and AP Leaders: 4 Ways to Make Your Life Easier

Learn more and schedule a demo at Vroozi.com.