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How to Automate Accounts Payable Faster and Smarter

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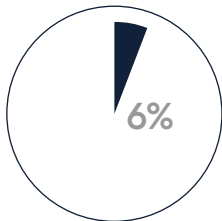
How to Automate Accounts Payable Faster and Smarter

In today's fast-paced financial landscape, organisations are increasingly turning to automation to enhance efficiency, accuracy, and cost-effectiveness in their Accounts Payable (AP) processes.

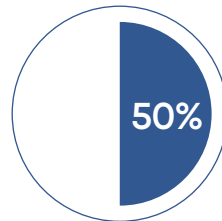
Automation can transform the way your finance team operates, freeing up resources, reducing errors, and providing real-time insights into financial performance. However, to reap these benefits, it is crucial to implement AP automation in a strategic and methodical way.

IFOL Insights

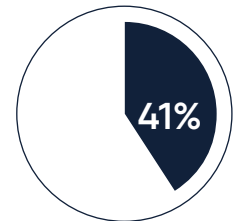
The Current State of Accounts Payable Automation



Of AP teams are fully automated



Spend more than 10 hours a week processing invoices and administering supplier payments



Plan to automate their AP process in the next 12 months.

This step-by-step guide will provide you with practical advice on how to automate your AP processes faster and smarter, ensuring a seamless transition that delivers maximum return on investment (ROI).

Step 1:

Evaluate Your Current Accounts Payable Process

Before implementing any automation tools, it's essential to evaluate your existing AP workflow. Map out each step, from invoice receipt to payment processing, and identify bottlenecks and inefficiencies. Key questions to consider during this stage include:



Are your invoices received via paper or email?



How long does it take to approve an invoice?



How many touchpoints does an invoice go through before payment?



What are the most common errors in your process?

A detailed understanding of your current system allows you to pinpoint areas where automation can have the biggest impact. Often, manual invoice entry, approval routing, and payment processing are prime candidates for automation.



Pro Tip: Survey your AP team and other stakeholders to gather firsthand insight into pain points and opportunities for improvement.

Step 2:

Set Clear Objectives

Setting clear, measurable objectives ensures that your AP automation project stays on track and delivers tangible benefits. Consider objectives such as:



Reduce Processing Time: How much quicker should invoice approvals and payments become after automation?



Improve Accuracy: How much reduction in manual errors or duplicate payments are you aiming for?



Increase Efficiency: How many invoices per employee do you want to process after automation compared to now?



Enhance Visibility: Will automation provide real-time insights into outstanding payables and cash flow?

Having clear goals will help guide the selection and implementation of your AP automation software and set benchmarks for measuring success.

Step 3:

Choose the Right Automation Tool

Selecting the right AP automation software is critical. The tool you choose should align with your business needs, goals, and existing infrastructure. When evaluating solutions, consider the following features:



OCR (Optical Character Recognition):

OCR technology scans and converts paper or PDF invoices into digital formats, eliminating manual data entry.



Invoice Matching: The software should automatically match purchase orders, receipts, and invoices to ensure accuracy and flag discrepancies.



Approval Workflows: Look for customisable workflows that automatically route invoices to the appropriate approvers based on pre-set rules.



Integration Capabilities: The system should integrate with your existing ERP (Enterprise Resource Planning) or accounting software to ensure a seamless data flow.



Reporting and Analytics: Choose software that provides real-time reporting on key AP metrics such as invoice processing time, payment status, and supplier performance.

Pro Tip: Consider cloud-based solutions for greater flexibility and scalability, especially if you're working with a remote or global team.



Step 4:

Engage Key Stakeholders

Automating accounts payable affects multiple departments beyond finance, including procurement, IT, and suppliers. Involving these stakeholders early in the process ensures that everyone's needs are considered, and potential roadblocks are addressed upfront.



Procurement: Work with procurement teams to ensure purchase orders are correctly issued and tracked.



IT Department: Coordinate with IT to ensure smooth integration with existing systems and address any cybersecurity concerns.



Suppliers: Engage your suppliers and communicate the benefits of automation, such as faster payments and easier invoice submission. Encourage them to transition to electronic invoicing if they haven't already.

By building a coalition of stakeholders, you'll foster buy-in and increase the likelihood of a successful implementation.

Step 5:

Streamline and Standardise Processes Before Automation

Automation amplifies the efficiency of processes, but if your current AP workflow is disorganised or inconsistent, automation might exacerbate existing issues. Before going live, take the time to streamline and standardise your processes.



Standardise Invoice Formats: Ensure all invoices, regardless of the supplier, follow a consistent format to make automation easier.



Simplify Approval Workflows: Eliminate unnecessary approval steps or individuals, ensuring that only the right people are involved.



Clean Up Data: Remove duplicate supplier records and ensure all vendor information is up to date before automating vendor management.

Taking these steps will help ensure that the transition to automation is smooth and that errors are minimised.

Step 6:

Test and Train Your Team

Before fully rolling out your AP automation system, conduct thorough testing to ensure the software works as expected. Test with a small batch of invoices across different scenarios (e.g., different invoice amounts, approval hierarchies, and payment terms). Validate the accuracy of OCR, invoice matching, and payment processing functions.

In parallel, invest in training your finance team and any other relevant employees. Proper training ensures that your team can navigate the new system with confidence, troubleshoot minor issues, and maximise the benefits of automation.



Pro Tip: Develop a training manual or video tutorials for new team members or anyone who needs a refresher.


Step 7:

Monitor and Optimise Post-Implementation

Once your AP automation system is live, it's essential to monitor its performance and continuously optimise your processes. Track key performance indicators (KPIs) such as:


Invoice Processing Time


Approval Cycle Time


Percentage of Manual Errors


Percentage of Early Payment Discounts Captured

Use this data to identify areas for further improvement. Automation is not a one-time project; it requires ongoing refinement to keep up with changes in the business environment, supplier preferences, and technology advancements.

Regularly review your system's performance and update workflows, approval hierarchies, or system settings as needed.

Step 8:

Leverage Analytics for Strategic Decision-Making

The data generated by your automated AP system is a goldmine for strategic financial decision-making.

Leverage real-time insights to:



Improve cash flow management by gaining better visibility into payment schedules and outstanding invoices.



Negotiate better terms with suppliers based on historical payment trends and performance.



Ensure compliance with regulatory requirements by tracking invoice audit trails and approval workflows.

With the right analytics in place, AP automation can go beyond simply processing invoices faster—it can serve as a powerful tool for financial planning and analysis.

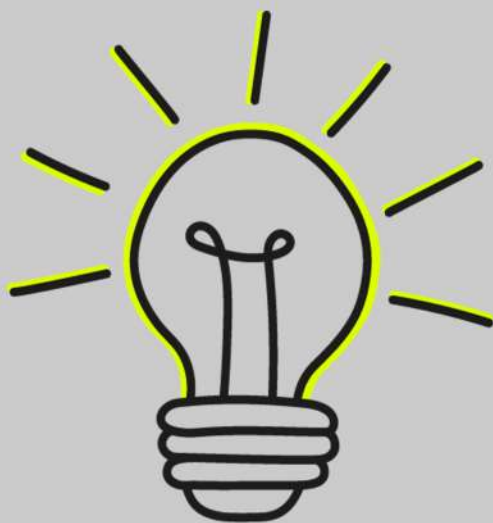
Conclusion

Automating accounts payable faster and smarter requires a structured approach, from understanding your current process and setting clear objectives to selecting the right tool and engaging key stakeholders. By following these steps, your organisation can streamline operations, reduce costs, and improve overall financial health. Keep in mind that automation is a continuous process, and periodic optimisation will ensure you stay ahead of the curve in an evolving financial landscape.



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easy invoice smart



easy

Digitalise your invoice process and experience the seamless evolution of your invoicing journey, from data entry and extraction to streamlined workflows and approvals.

Why should you consider easy invoice smart?

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- 🔑 fast approval process
- 💡 smart workflows
- 🔍 automatic recognition of invoice data
- 🔒 absolute process security

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journey
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What we do

We provide training, [certification](#) and skills development to individuals and teams so they can grow as professionals, improve their performance and advance their careers in finance operations.

Our members

With over 30,000 active members and 7,000 students from over 14 countries who study with us each and every year, we offer over 15 courses and qualifications and help our students achieve a 99.8% first time pass rate.

Our community

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Our events

We run a [global conference program](#) for our community and beyond, with annual events in the UK, US and Canada, designed for Finance Change Makers.

Our promise

“In an ever-changing environment, IFOL helps driven and dynamic finance operations professionals be more effective through industry-leading education, research, and training and development.

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