

Accounts Payable Automation: Exploring Its Implications To Your Business

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Goby
Ryan Nelson
Co-Founder & COO



IOFM
Jess Scheer
Executive Editor



Know

Accounts Payable Automation: Exploring Its Implications To Your Business

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Accounts Payable Automation: Exploring Its Implications To Your Business

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Accounts Payable Automation: Exploring Its Implications To Your Business

Goby is an Accounts Payable and ESG Solutions platform. Its users save time, mitigate risks, and increase ROI with powerful invoice automation, workflows, and analytics. Founded in 2008, Goby has 50 employees and hundreds of clients across the globe. To learn more, visit Goby at www.gobyinc.com.



Organization:



Accounts Payable Automation: Exploring Its Implications To Your Business

IOFM (the Institute of Finance and Management) is proud to be recognized as the leading organization in providing training, education and certification programs specifically for professionals in accounts payable, procure-to-pay, accounts receivable/credit and collection, and order-to-cash. Learn more at IOFM.com



Accounts Payable Automation: Exploring Its Implications To Your Business

Goby empowers accounts payable teams to do more, better. By digitizing invoices and fully capturing their data, Goby enables teams to streamline approval workflows, increase productivity and eliminate mistakes while driving rapid ROI. Goby's growing cross-industry presence in mid-market organizations inspires companies to rethink what AP can be by creating delightful results out of ordinary data.

IOFM's Executive Editor **Jess Scheer** is an award-winning business reporter, focused on the intersection of accounting, finance and management. He is responsible for all content delivered through IOFM's:

- AP and AR certifications, which has been utilized by more than 30,000 professionals;
- Membership, which provides practitioners access to the world's largest database of AP and AR best practices and benchmarks;
- Two annual APP2P Conferences, the world's largest gathering of AP professionals.

He is a frequent speaker: keynoting events and hosting more than 25 webinars per year. Immediately before joining IOFM, Jess spent five years as a process consultant, helping organizations more effectively and efficiently manage end-to-end processes, including Procure-to-Pay and Order-to-Cash.



Brief Speaker Bios:



Goby
Ryan Nelson
Co-Founder & COO



IOFM
Jess Scheer
Executive Editor

A background image showing several business professionals in a meeting. In the foreground, a man in a blue suit is looking towards a woman who is pointing at a screen. Other people are visible in the background, some looking at a laptop. The image is dimmed and serves as a backdrop for the text.

Know

Accounts Payable Automation: Exploring Its Implications To Your Business

Data encoding errors, missing invoices and slow processing are just some of the many accounts payable (AP) issues every company faces. Companies of all sizes and in various fields have always been looking for innovative ways to address the problems concerning their AP department.

One of the technological means, which businesses can take advantage of, is AP automation. Aside from financial benefits, AP automation can also improve transparency, utilization of talent, and business relationships. It can also deter fraud and minimize risks of non-compliance to financial industry regulations.

The Knowledge Group has assembled a panel of key thought leaders to help the audience understand the important aspects of this significant topic. They will also provide an in-depth analysis of AP automation as a rising business trend and will also offer best practices on its implementation.

In this LIVE Webcast, the speakers will discuss:

- Accounts Payable (AP) Automation: Statistics and Overview
- Latest AP Automation Trends
- Automation and Regulatory Compliance
- Weighing the Effects on Businesses
- Best Practices

Accounts Payable Automation: Exploring Its Implications To Your Business



SEGMENT 1:
Jess Scheer
Executive Editor
IOFM



SEGMENT 2:
Ryan Nelson
Co-Founder & COO
Goby



Incremental vs. Transformational Change

Three Components to All AP Issues

Technology

Automate:
invoice
receipt,
routing,
approval,
processing,
payment,
etc.

Process

Internal
changes

External
changes

People

Onboard new staff
faster

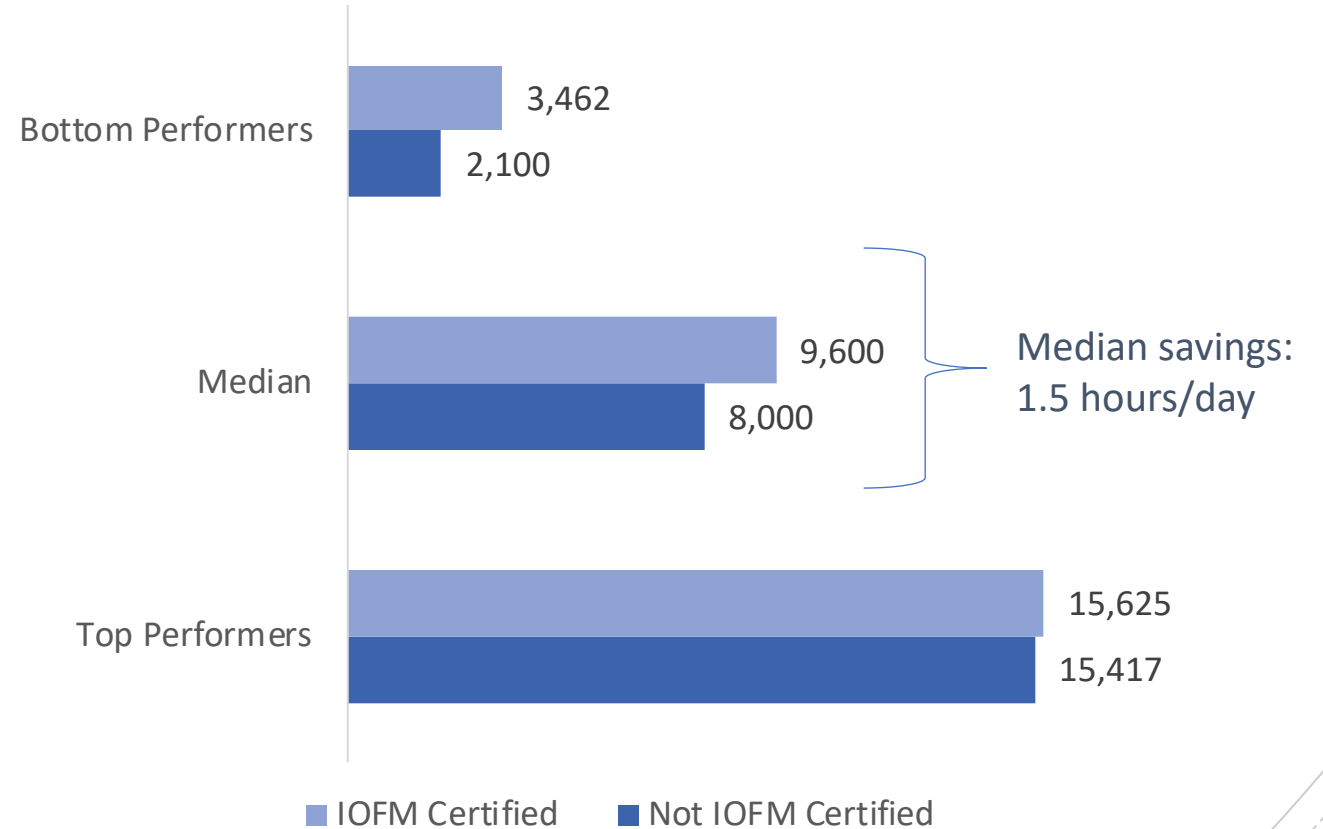
Expose veterans to
best practice

Incremental Change

Boosting Efficiency...

**Educate Staff
on Process**

Number of Invoices Processed, Per FTE



Source: IOFM's 2019 Benchmarking Study,
N=388

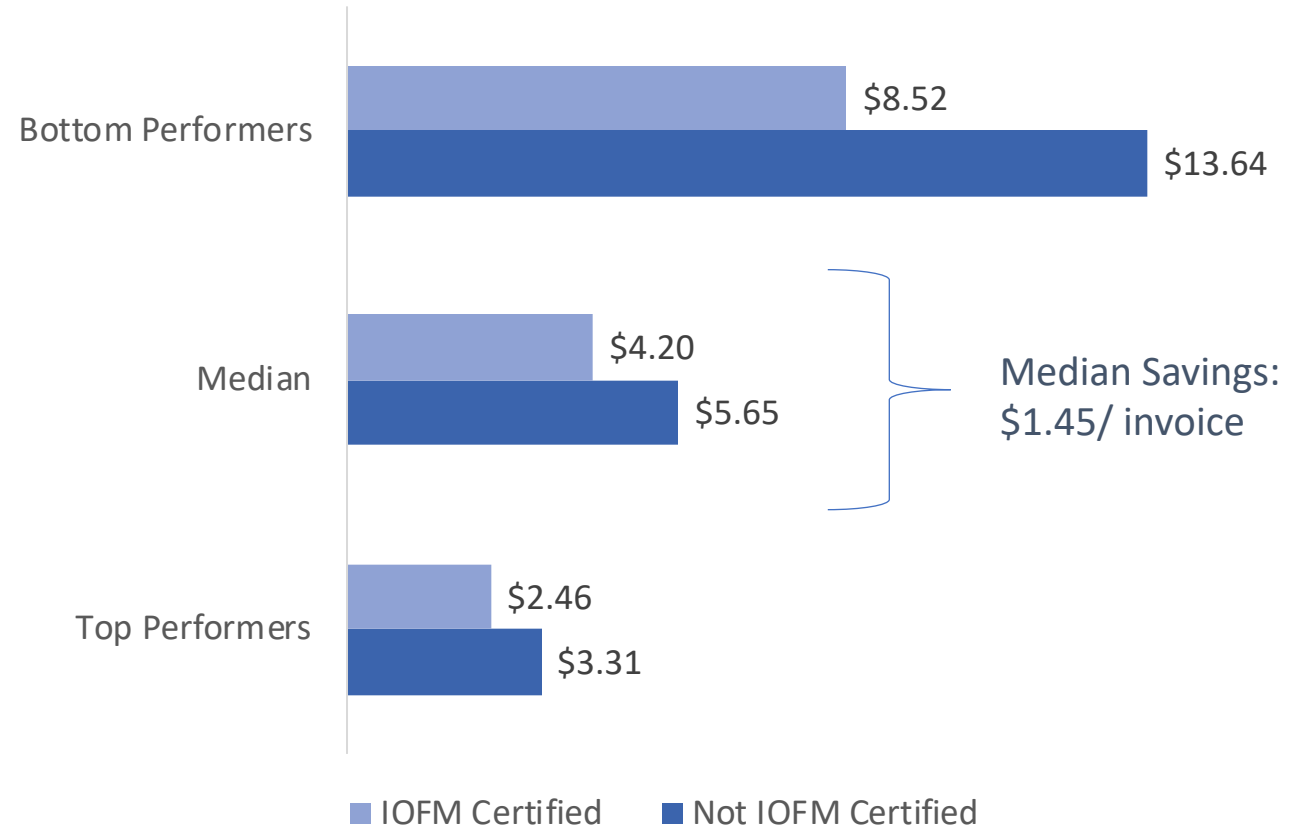


Incremental Change

...Drives Cost Savings

Training Staff on Process

Cost Per Invoice



Source: IOFM's 2019 Benchmarking Study,
N=388



Transformational Change

**Automation
Drives
Efficiency &
Cost Savings**

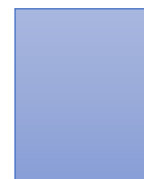
Cost Per Invoice

\$13.09



**Savings:
>\$9 per invoice**

\$4.02



- Low Automation
- High Automation

Invoices Per FTE

**Savings:
>6 hours/day**

10,763



19,403



- Low Automation
- High Automation

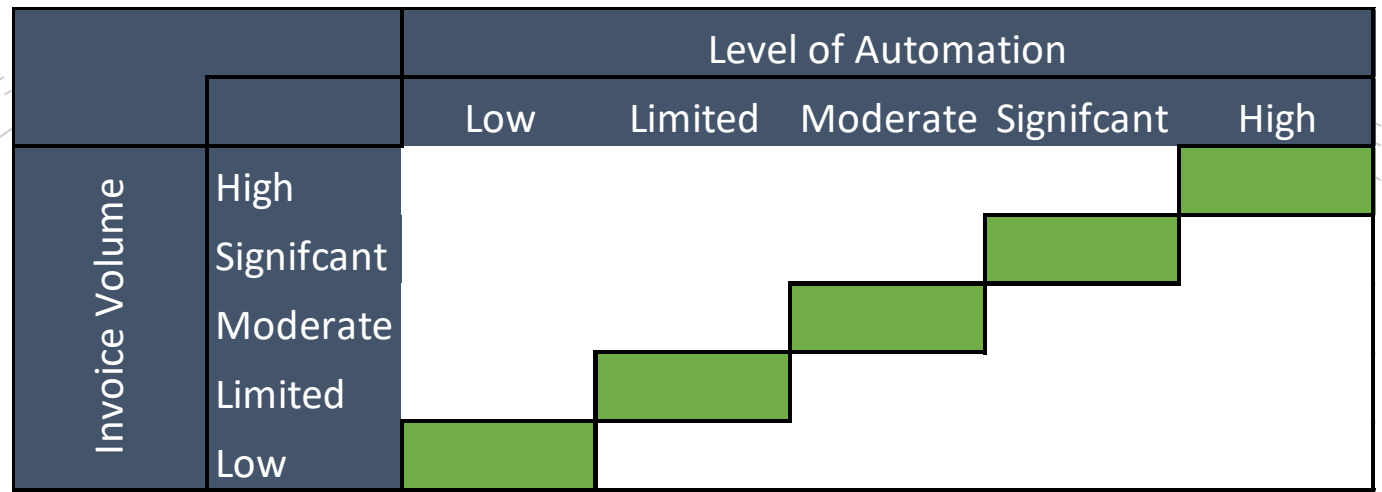


Source: IOFM's 2019 Benchmarking Study,
N=388



When to Invest in Automation

Correlation: Invoice Volume & Automation



Share of Respondents

Invoice Volume

Number of invoices processed annually

Low: <10,000
 Limited: 10,000-49,999
 Moderate: 50,000-99,999
 Significant: 100,000-1,000,000
 High: >1,000,000

Level of Automation

Share of E-Invoices Received Requiring No Manual Intervention

Low: <10%
 Limited: 10%-29%
 Moderate: 30%-49%
 Significant: 50%-80%
 High: >80%

When to Invest in Automation

Correlation: Invoice Volume & Automation

		Level of Automation				
		Low	Limited	Moderate	Significant	High
Invoice Volume	High	10%	0%	0%	80%	10%
	Significant	14%	90%	14%	26%	31%
	Moderate	33%	7%	13%	25%	13%
	Limited	19%	17%	11%	36%	22%
	Low	26%	6%	16%	13%	39%

Share of Respondents

Invoice Volume

Number of invoices processed annually

Low: <10,000
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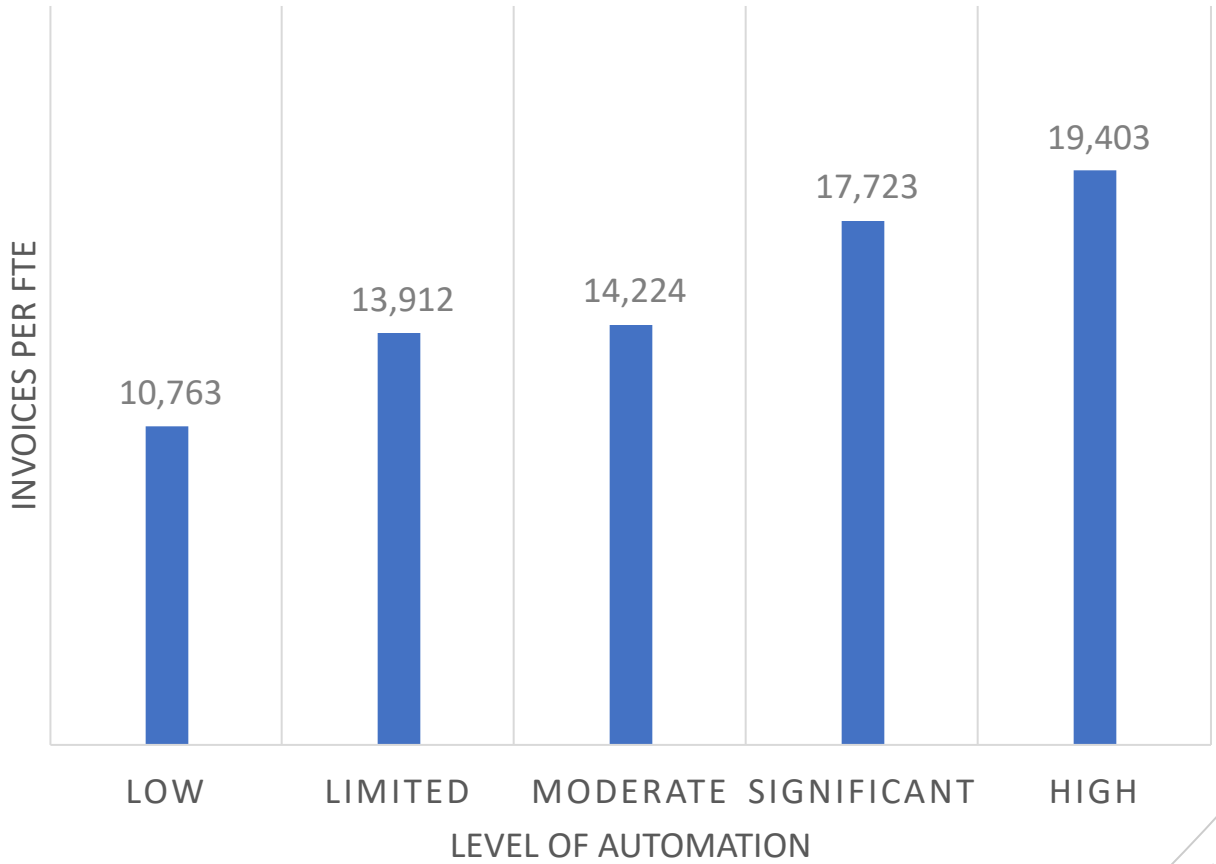
Share of E-Invoices Received Requiring No Manual Intervention

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Building the Business Case

Invoices Per FTE

Automation Enables Significant Efficiency



Source: IOFM's 2019 Benchmarking Study, N=388



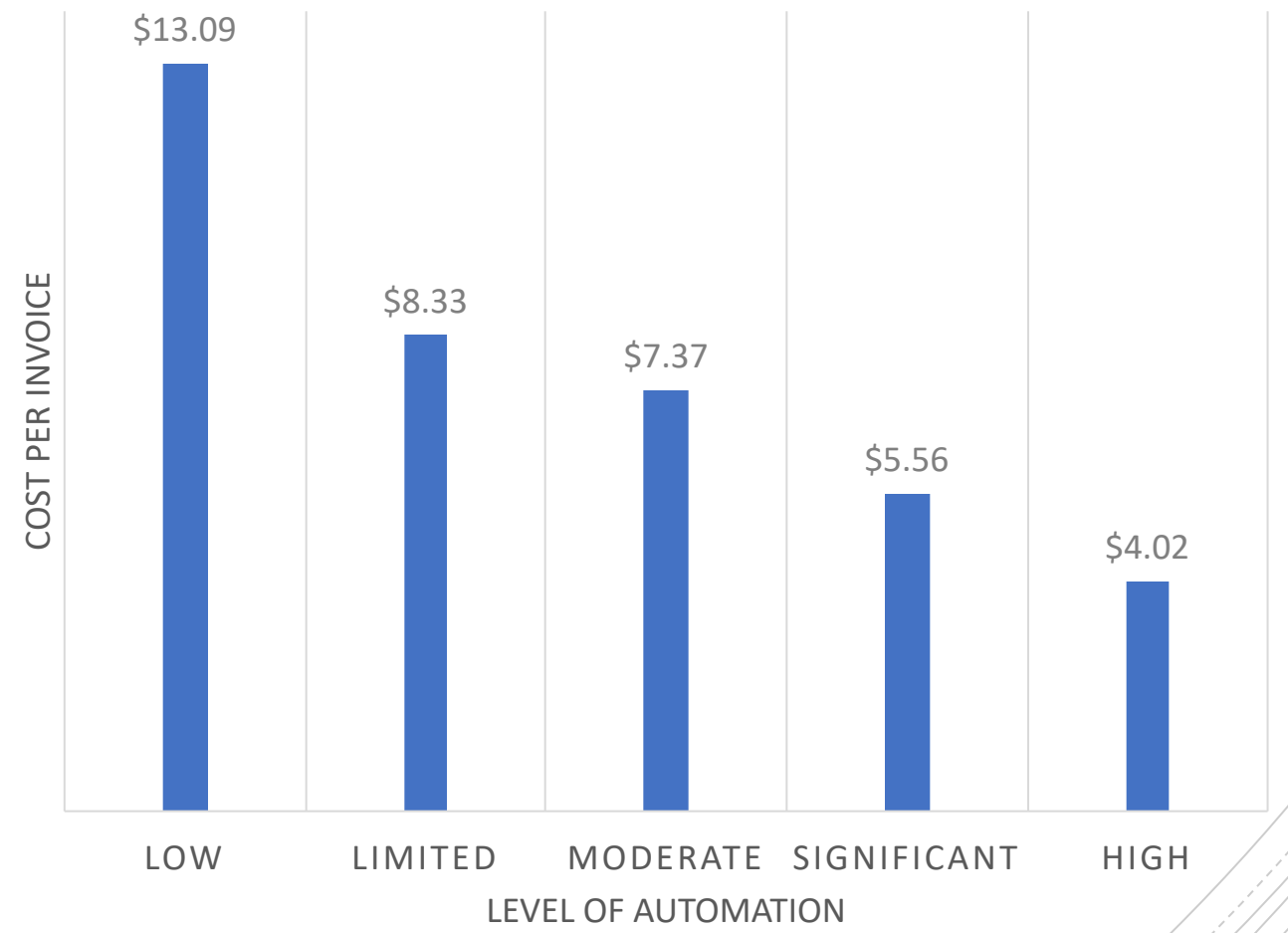
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Building the Business Case

Cost Per Invoice

Automation Enables Significant Cost Savings



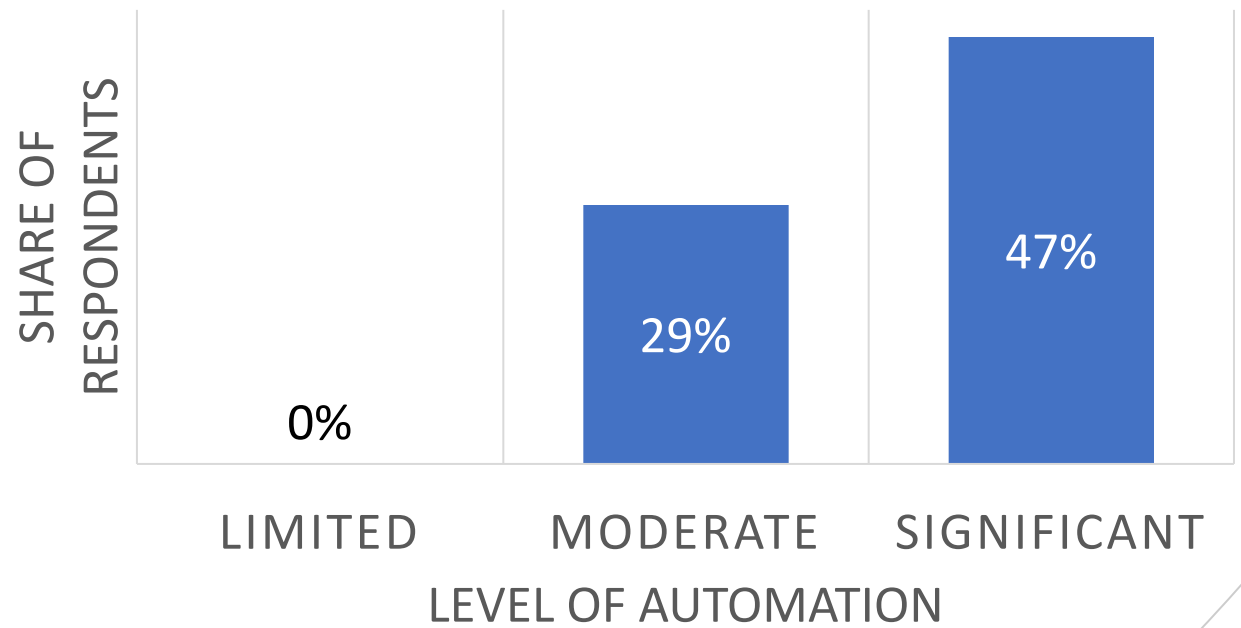
Source: IOFM's 2019 Benchmarking Study, N=388



Building the Business Case

Paid on Time Rates

Frequency With Which >90% of POs Are Paid on Time



Source: IOFM's 2019 Benchmarking Study, N=388



Building the Business Case

Quantify the Value of Efficiency

How Much is AP Inefficiency Costing Your Organization?

	Best Practice
Potential	20% of total PO volume
Opportunity	2% of Invoice amount
Results	98% of potential opportunity

Annual PO Spend (\$)

x .80

x .02

x .98



Annual Early Pay Discount (\$)



Source: IOFM's 2019 Benchmarking Study,
N=388



Building the Business Case

**Quantify the
Value of
Efficiency**



Financial Penalties are on the Rise

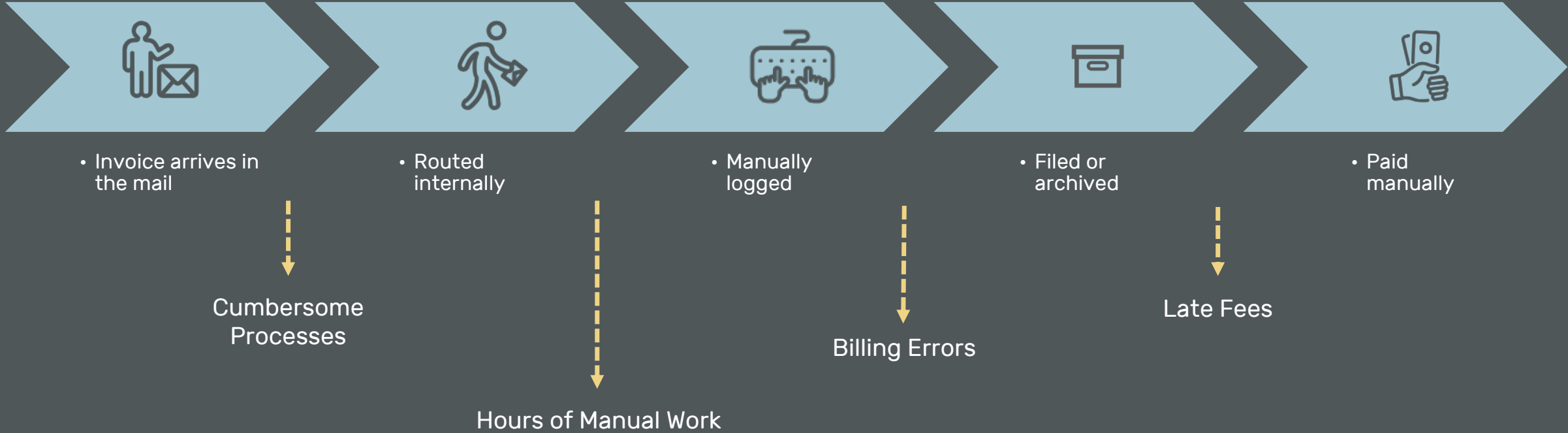
- **IRS Penalties Increased This Year**
Up to a max of \$3.2 million per organization
- **OFAC Fines Rising**
Penalties totaled \$71.5 million in 2018
- **Unclaimed Property Audits**
Average of \$36,000 per penalty, per year
Typical lookback period is 5-15 years






**THE STATE
OF AP**

Today the accounts payable process at most businesses is a hands-on affair





**Controllers rank AP as
the most labor and
time-intensive finance
function**



34%

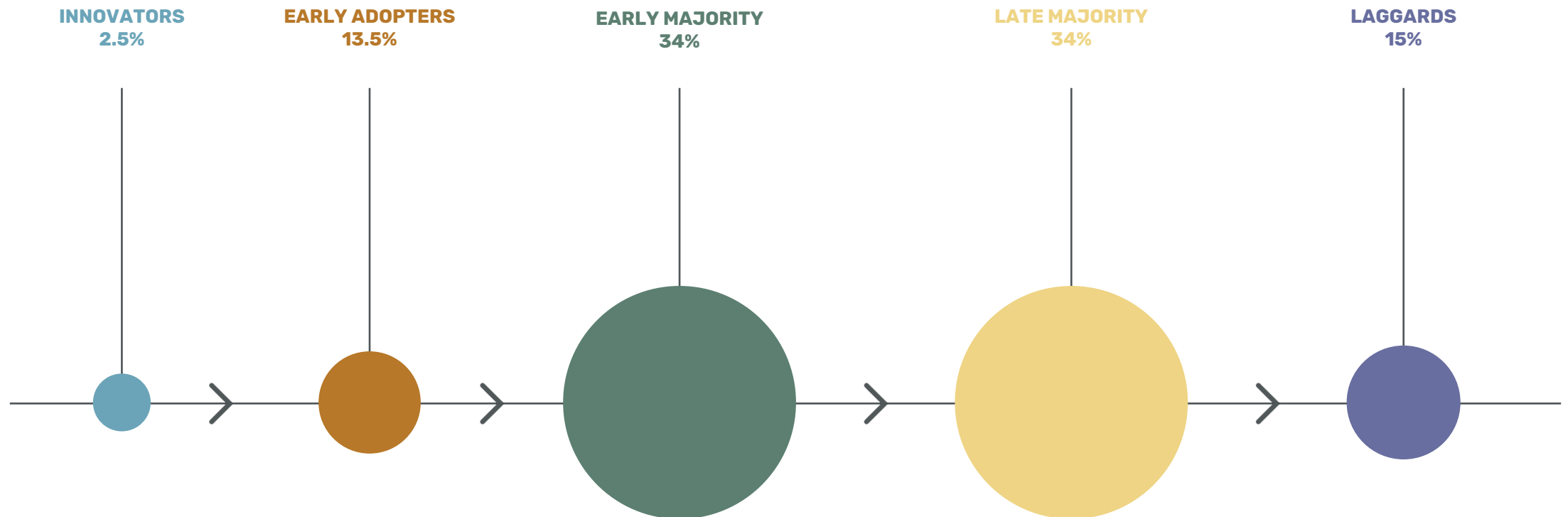
of AP leaders believe AP will become more strategic and an agile business function

—Ardent Partners

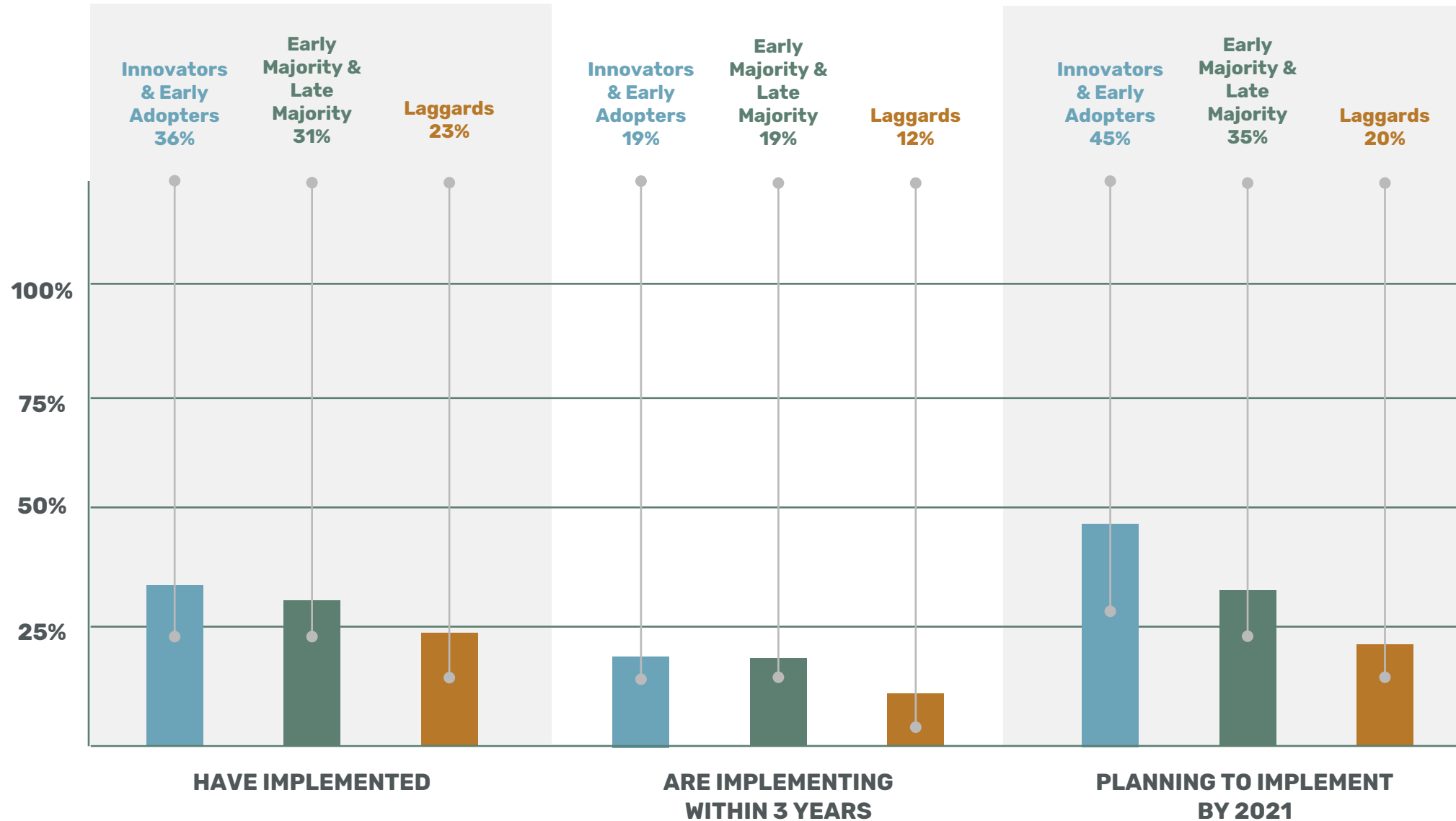
Only 13% of senior leaders believe it's a strategic partner that adds value

—Institute of Financial Operations

The diffusion of innovation



Expectations by companies by level of innovation





**THE
FUTURE**



MORE TECHNOLOGY

Accounts payable practitioners are placing their bets on image capture, intelligent data extraction, mobile, cloud, and artificial intelligence

—IOFM's 2018 *Future of Accounts Payable Study*



THE CHECK WON'T BE IN THE MAIL

Accounts payable departments expect to make less than half as many payments to suppliers via paper check within the next three years

—IOFM's *2018 Future of Accounts Payable Study*

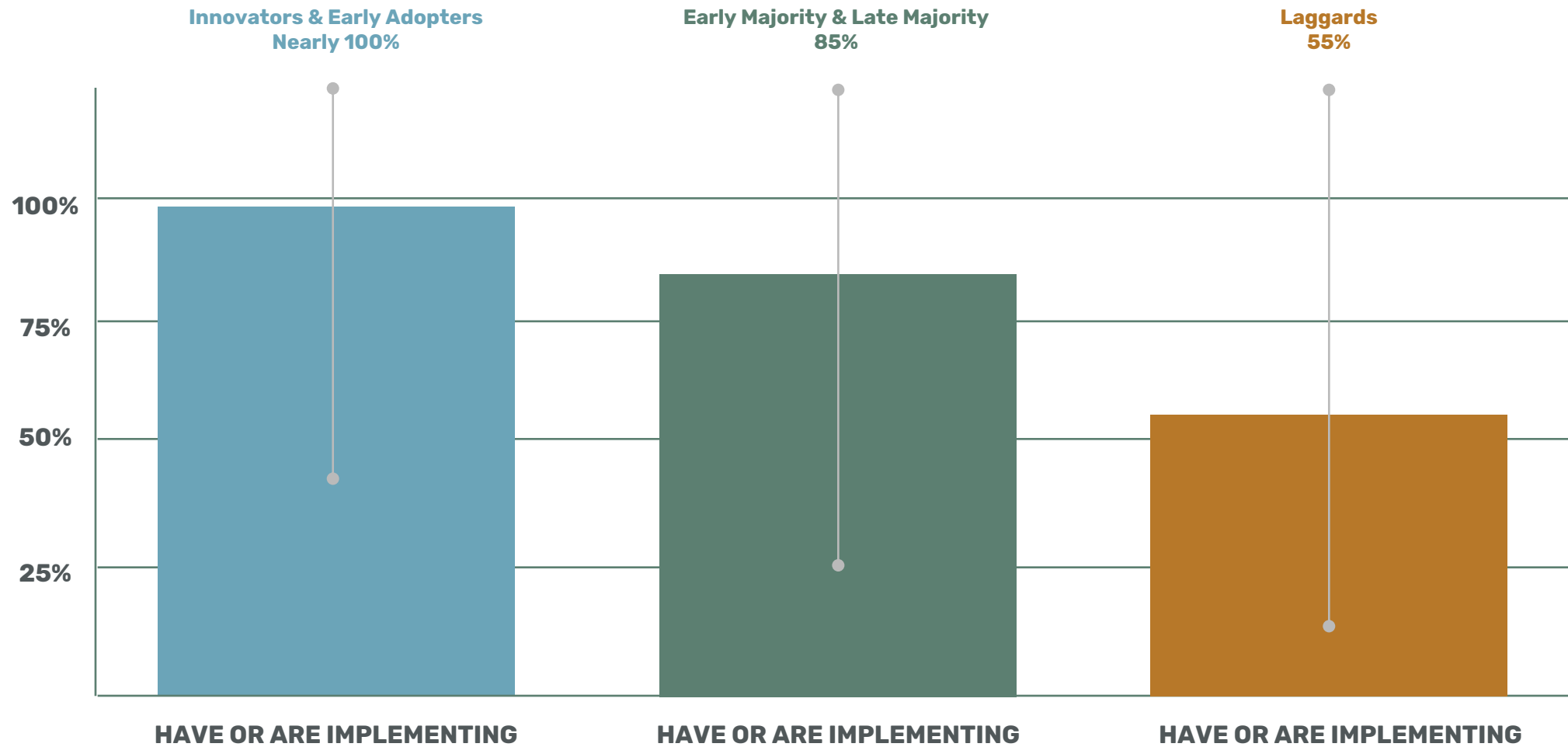
LESS KEYING AND PAPER PUSHING

51%

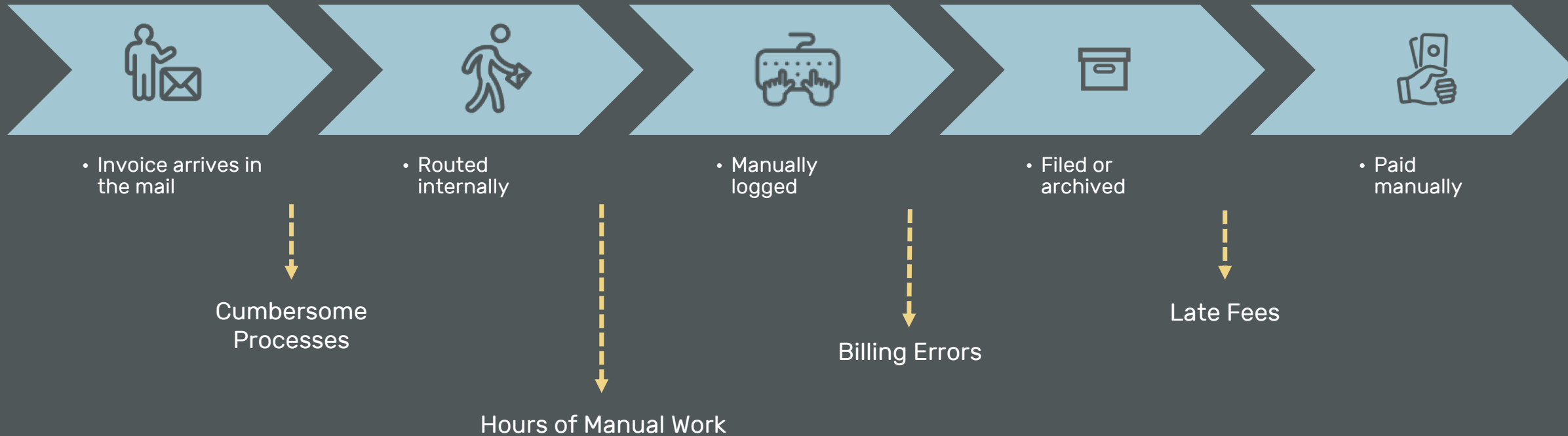
of accounts payable departments anticipate that their departments will eliminate most of the paper invoices it receives from suppliers by 2021

—IOFM's 2018 Future of Accounts Payable Study

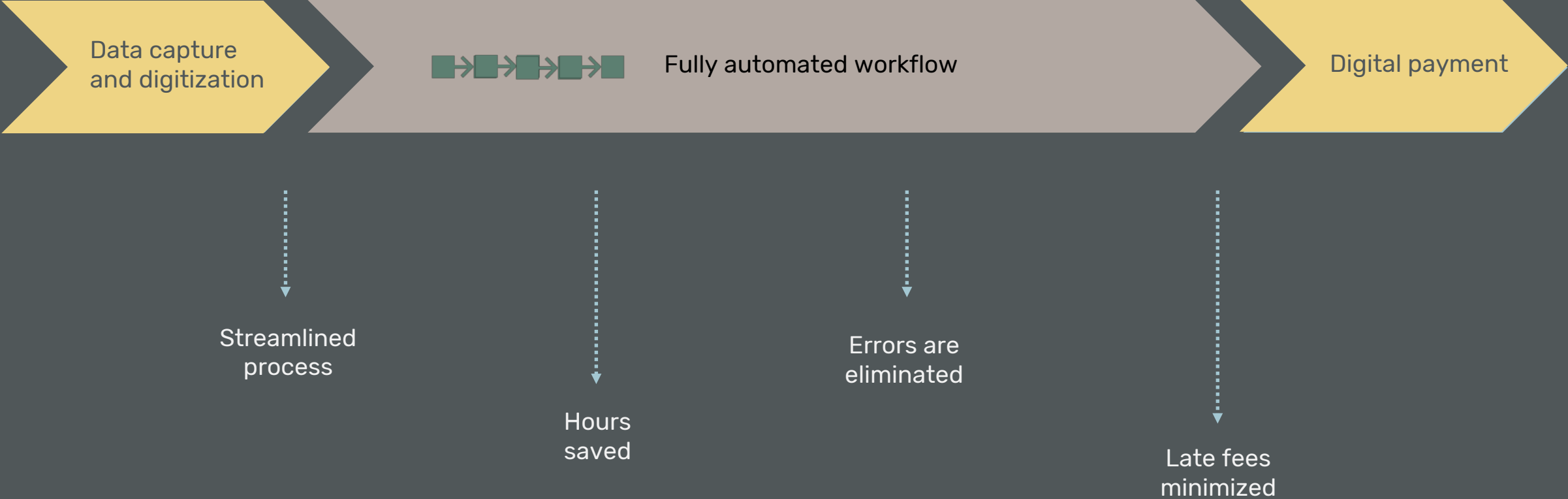
It's Now 2021



This becomes 100% hands-off



This becomes 100% hands-off





BETTER STAFF UTILIZATION

In the future, accounts payable staff will spend less time on transactional tasks and more time on value-add activities such as data analysis and relationship building



**MAKE AP
THE HERO**



DATA DRIVEN

63%

percent of accounts payable practitioners expect that the use of their department's data across the enterprise will increase "slightly" or "significantly" over the next three years

—IOFM's 2018 Future of Accounts Payable Study

Show me the money

57%

of accounts payable practitioners expect to capture higher card rebates as a total percentage of spend within the next three years

—IOFM's 2018 Future of Accounts Payable Study

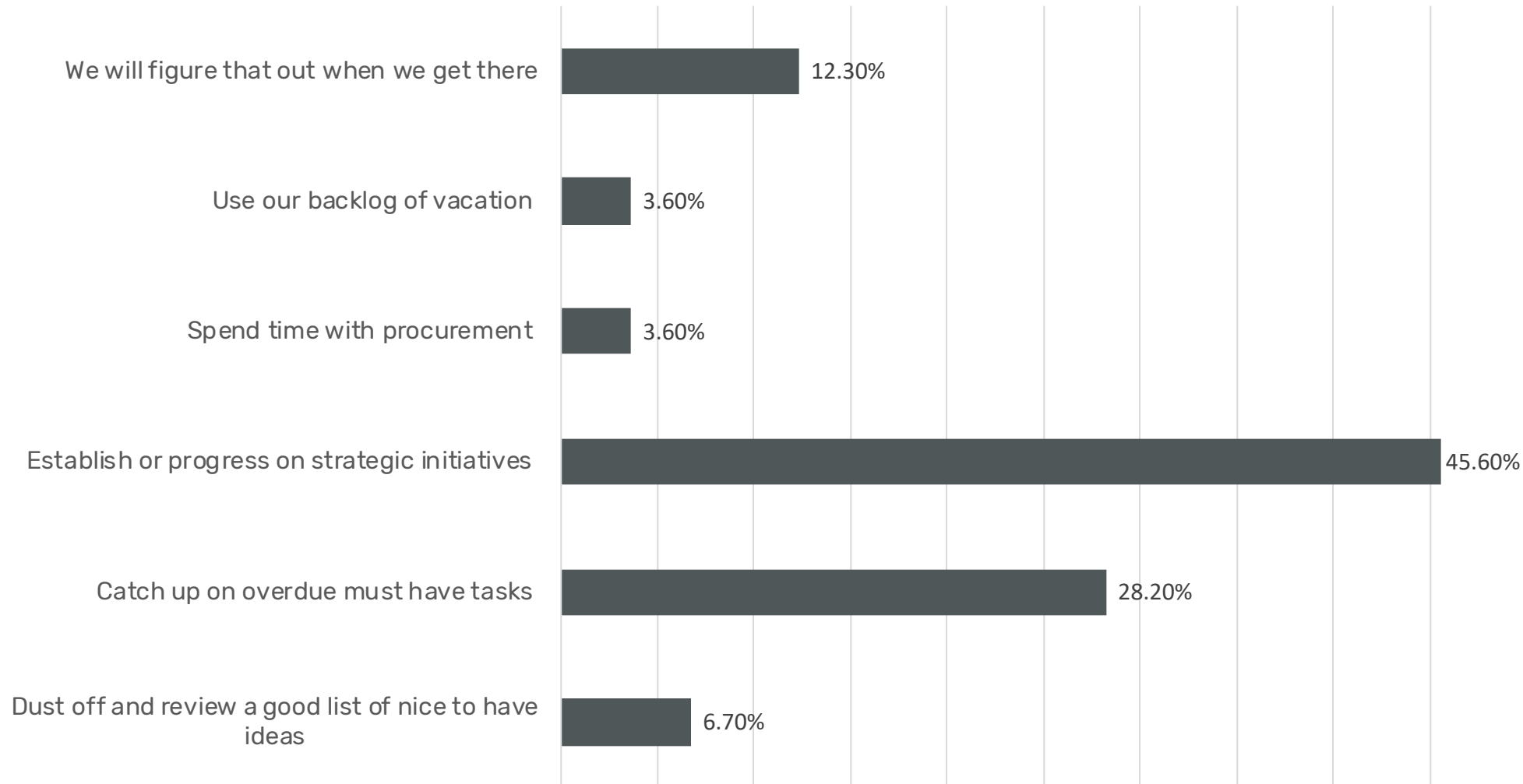
Show me the money

54%

of practitioners expect their organization to capture more early-payment discounts

—IOFM's 2018 Future of Accounts Payable Study

What will you do with the newfound time?





**MAKING THE
BUSINESS CASE**



Value Prop

- 1. Governance**
- 2. Strategic**
- 3. ROI**

Save Money & Time

+

Avoid Costs

+

Make Money

ROI

How will we save time & money?

Fix this



Invoices do not get into the process as quickly as possible



Errors in keying the invoice data



Lost or misplaced invoices



Long approval and exception resolution cycles



Coding errors



High paper storage and retrieval costs



Delays uploading data on approved invoices to downstream systems



Difficulty implementing operational best practices

How will we avoid costs?



Stop paying late fees



Don't be defrauded



Stop over-paying



Hire less people per invoice as you grow



Stop double-paying

How will we make money?



Capture
early-pay discounts



Celebrate
cash-back rebates



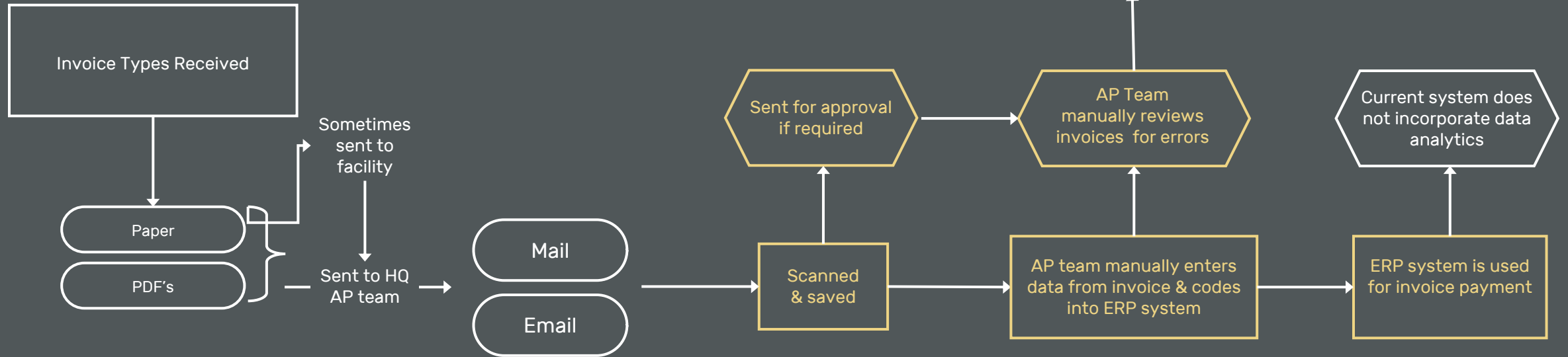
Negotiate
favorable terms

STEP 1

Diagram an overview of your
current process



As-is process...



Challenges: Significant manual processing and data coding, manual integrations, dark data, keeping up with the growth of the company. Manual comparison review for quality.

Document known challenges

Quantify issues such as

- Lost invoices and duplicate copies
- Manual data entry
- Matching errors and other invoice exceptions
- Supplier inquiries and escalations
- Duplicate payments
- Late payments
- Missed discounts





STEP 2

Measure your performance



Annual invoice volume	?
Total accounts payable cost	?
Value of time & effort of other departments	?
Cost per invoice	?

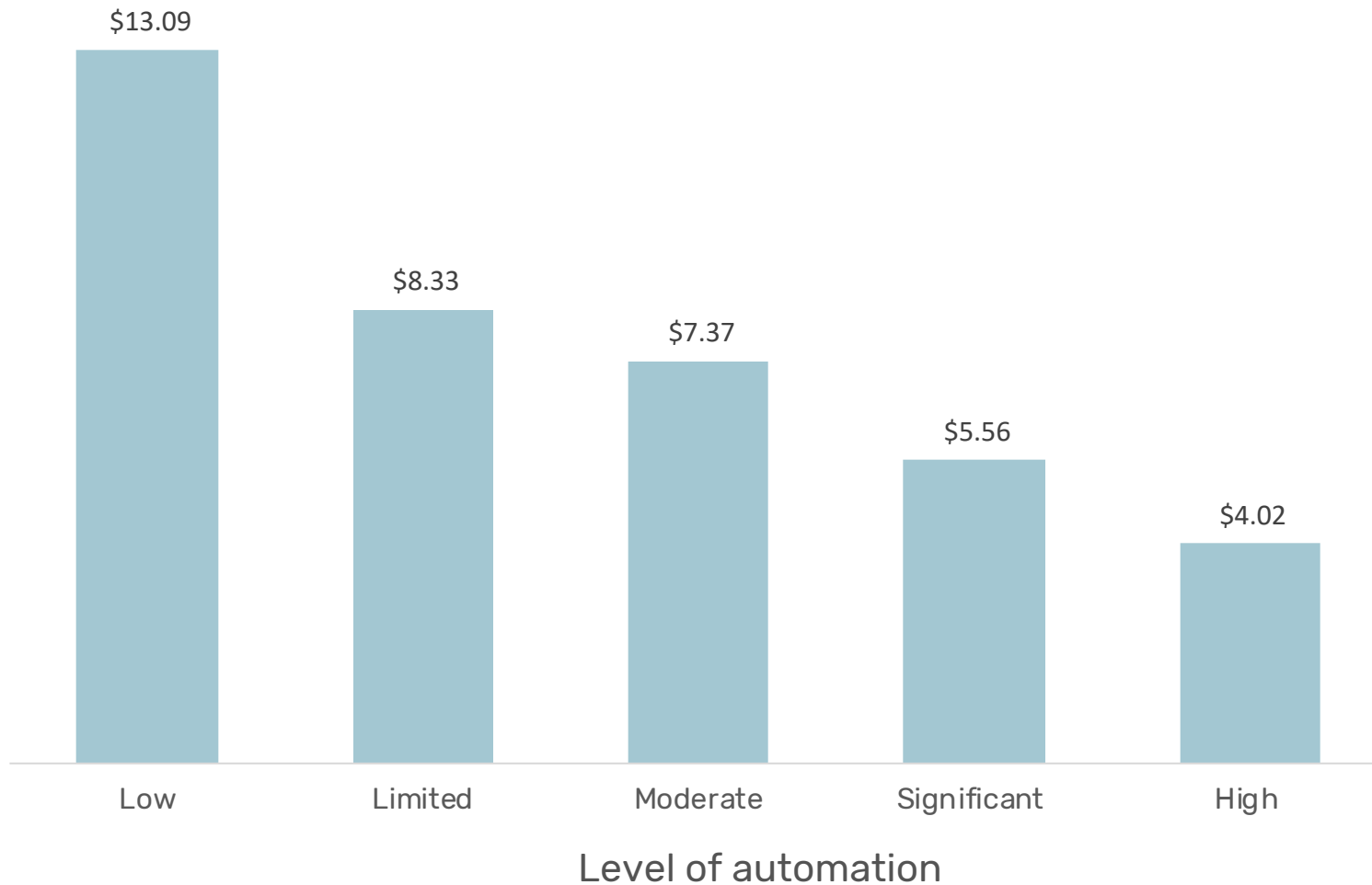
Annual invoice volume	?
Number of FTEs (full-time equivalents)	?
Invoices per FTE	?

A black and white photograph of a city skyline at night, with numerous skyscrapers illuminated and their lights reflected in a body of water. A large, semi-transparent grey circle is overlaid on the left side of the image, containing the text.

STEP 3

Benchmark your performance

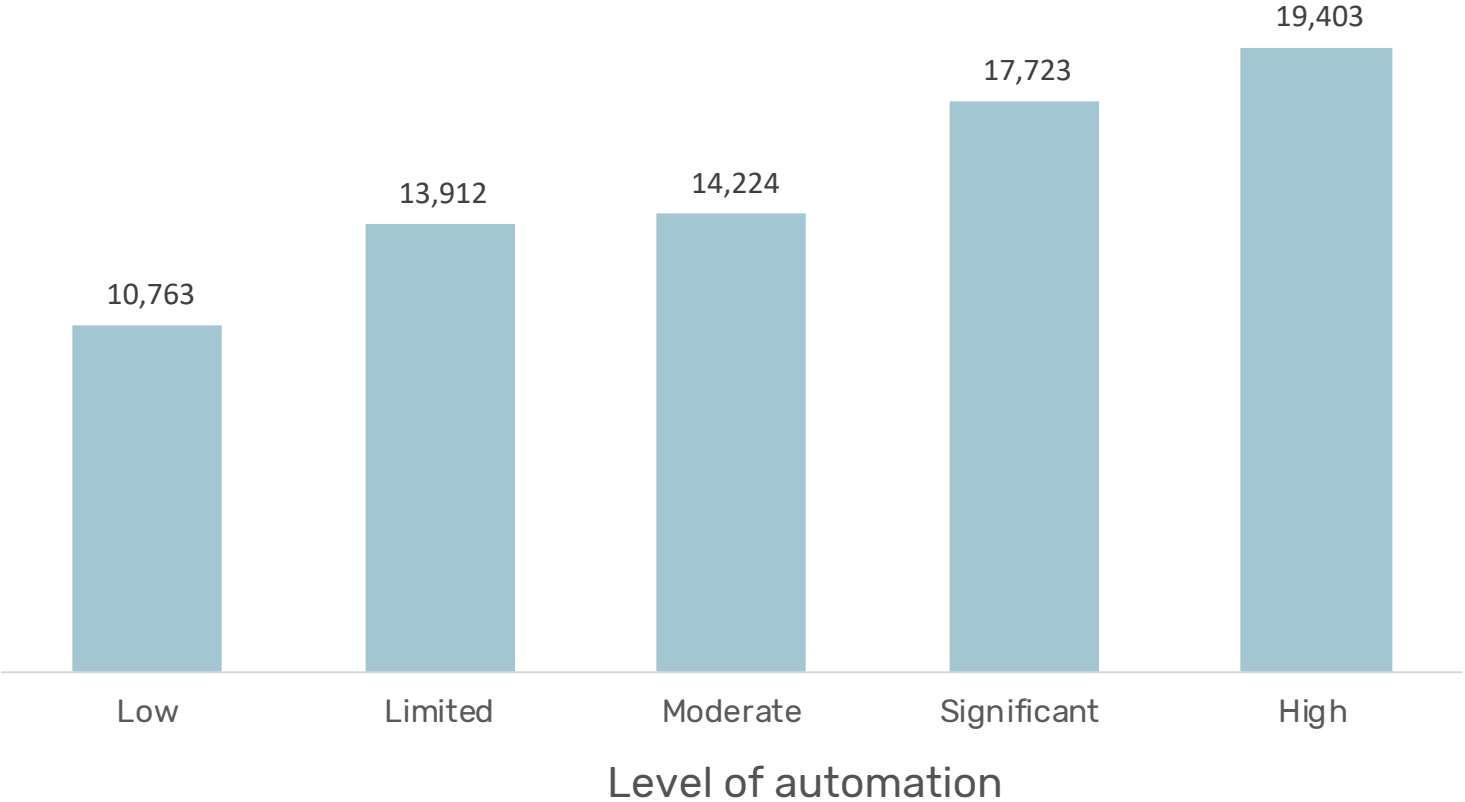
Cost per invoice



Share of e-invoices received requiring no manual intervention

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Invoices per FTE



Share of e-invoices received requiring no manual intervention

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*IOFM 2019 Benchmarking study



Believe it and sell it!

**IDENTIFY KEY
STAKEHOLDERS**

AP Team

CFO

Procurement

CIO

Controller

Treasury



Implementation Tips

Establish status
sharing norms and
involvement
expectations for
senior stakeholders

Find a good solution /
implementer

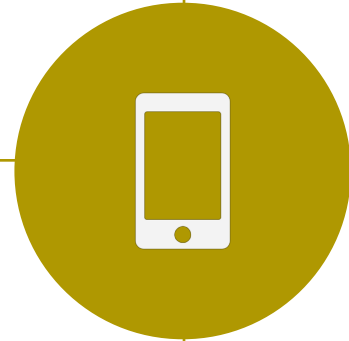
Do not underestimate
change management



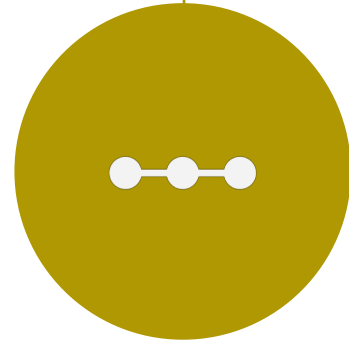
How to identify a good solution?



Cloud based



Mobile ready



CX focused

Project Plan

Change management

Design

Configuration & deployment

Testing

Go Live!

Hyper-care



**EXPECTED
OUTCOME**

Best-in-Class AP Departments



Have **cut invoice processing** times in half



Capture 7 times **more early pay discounts**



Have **reduced per invoice cost** by 50% or more



Increase DPO without changing payment terms



Process **3 times more invoices** per FTE



Make most of their **payments electronically**



Earn some cash-back rebate on 30% of spend

Expect payback period of
9 to 15 months on
AP automation investments

Continuous Improvement

- Maintain easily accessible audit trails
- Improve position in supplier negotiations
- Offer incredible reporting across the company

**Compliance risks
are mitigated**

Strategic

A well designed big data strategy is associated with strong financial performance

* The Economist Intelligence Unit



Success

A best-in-class AP department with inspired people ready for scale and being celebrated for their passionate corporate citizenship and value impact on the company





Ryan Nelson

 <https://www.linkedin.com/in/gobyryannelson/>



**THANK
YOU**

Accounts Payable Automation: Exploring Its Implications To Your Business

Know

Q&A



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Know

Key Points

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Know

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