Event Notes

- The slides are available under the "Resource List."

- We will send you links via email to the presentation and the recording within 24 hrs.

- For CPE/CE/CPD: Answer three polling questions and remain for the duration. Credits awarded in 24 hours.
  - Questions on credits? Email cpe@proformative.com.

- We want to hear from you! Ask questions for the Q&A session at the end of the event.

- Please take the short survey at the end of the webinar.

MAKING THE CASE FOR AUTOMATING AP

goby

MEET RYAN NELSON

Goby Co-founder & COO

THE STATE OF AP

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

- Invoice arrives in the mail
- Routed internally
- Manually logged
- Filed or archived
- Paid manually

Cumbersome Processes

Hours of Manual Work

Billing Errors

Late Fees

36%

of an AP manager's time is spent on transactional activities rather than managing, planning, and analytics

84%

of AP personnel time is spent on activities considered mundane

78%

of AP departments operate in manual or lightly automated environments

59%

of supplier payments
are initiated electronically

—United States Federal Reserve

27%
of companies have done
some automation already

74%
of the companies
that have done nothing
will start by 2021

58%

of AP practitioners expect compliance
to become a bigger burden
over the next 2 years

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

62%

of AP practitioners expect demand
for real-time visibility into AP to
increase in the next 2 years

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

INNOVATORS
2.5%

EARLY ADOPTERS
13.5%

EARLY MAJORITY
34%

LATE MAJORITY
34%

LAGGARDS
15%

Expectations by companies by level of innovation

HAVE IMPLEMENTED

Innovators & Early Adopters 36%
Early Majority & Late Majority 31%
Laggards 23%

ARE IMPLEMENTING WITHIN 3 YEARS

Innovators & Early Adopters 19%
Early Majority & Late Majority 19%
Laggards 12%

PLANNING TO IMPLEMENT BY 2021

Innovators & Early Adopters 45%
Early Majority & Late Majority 35%
Laggards 20%

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

Innovators & Early Adopters
Nearly 100%

Early Majority & Late Majority
85%

Laggards
55%

100%

75%

50%

25%

HAVE OR ARE IMPLEMENTING

HAVE OR ARE IMPLEMENTING

HAVE OR ARE IMPLEMENTING

This becomes 100% hands-*off*

- Invoice arrives in the mail
- Routed internally
- Manually logged
- Filed or archived
- Paid manually

Cumbersome Processes

Hours of Manual Work

Billing Errors

Late Fees

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

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
- Stop over-paying
- Stop double-paying
- Don't be defrauded
- Hire less people per invoice as you grow

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...

Invoice Types Received

Paper

PDF's

Sometimes sent to facility

Sent to HQ AP team

Mail

Email

Scanned & saved

Sent for approval if required

AP team manually enters data from invoice & codes into ERP system

AP Team manually reviews invoices for errors

AP makes available for department heads

ERP system is used for invoice payment

Current system does not incorporate data analytics

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

Number of FTEs (full-time equivalents)

Cost per invoice & cost per FTE

Value of all other time spent

Total accounts payable cost

STEP 3
Benchmark your performance

Cost per invoice

Share of e-invoices received requiring no manual intervention

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

Chart bars (Level of automation):
- Low: $20.00
- Limited: $12.50
- Moderate: $11.00
- Significant: $8.50
- High: $6.00

Invoices per FTE

Share of e-invoices received requiring no manual intervention

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

Level of automation	Invoices per FTE
Low	10,500
Limited	14,000
Moderate	14,500
Significant	17,500
High	19,500

Believe it and sell it!

Implementation
Tips

Establish status sharing norms and involvement expectations for senior stakeholders

Do not underestimate change management

Find a good solution / implementer

How to identify a good solution?

Cloud based

Mobile ready

CX focused

EXPECTED
OUTCOME

Best-in-Class AP Departments

- Have cut invoice processing times in half

- Have reduced per invoice cost by 50% or more

- Process 3 times more invoices per FTE

- Earn some cash-back rebate on 30% of spend

- Capture 7 times more early pay discounts

- Increase DPO without changing payment terms

- Make most of their payments electronically

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

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THANK YOU

Q & A

A Few Final Items

- Thanks to our speaker

- Join us at www.proformative.com to continue the conversation with your peers in our community

- If you want an introduction to today's speaker or sponsor, tell us on the survey!

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