NEXT-GEN
AP AUTOMATION TRACKER®

NOVEMBER 2019

Bottomline | PYMNTS.com

NEXT-GEN
AP AUTOMATION TRACKER®

WHAT'S INSIDE

Automating traditionally manual and paper-based accounts payable (AP) practices can be a significant game changer for firms looking to quickly and more efficiently collect and process invoice data. Many companies are still wavering over whether to invest in these solutions, despite the advantages that they can provide. Businesses need to understand whether introducing automation in their AP departments will generate tangible returns on investment (ROIs).

The most immediate ROI for firms that invest in AP automation comes from identifying new cost-saving and rebate opportunities. Recent data found the average cost to process a single invoice is $10.08 and takes approximately 8.3 days to complete. AP automation can also unlock fast

and efficient invoice processing, enabling firms to improve their cash flows.

News from the AP automation space

Several recently launched solutions are utilizing artificial intelligence (AI) and machine learning (ML) tools to help firms more seamlessly capture data and improve the speed of their invoice processing operations.

One such solution from Bottomline Technologies is helping businesses in North America and Europe with round-the-clock AI-powered assistance. The company recently partnered with conversational marketing platform Drift to offer chat features through its Paymode-X and PTX solutions. Such capabilities enable Bottomline's customers to enroll in new payment services, including virtual cards and automated clearing house (ACH) as well as access support resources during off-hours.

Cloud-based AP solution provider Medius has looked to use AI- and ML-powered solutions to enhance the pace of invoice processing. The firm recently introduced invoice data capture capabilities to its MediusFlow AP invoice automation solution, which automatically reviews transaction records and applies settings. The offering reduces firms' dependency on manual data input processes and allows AP departments to pinpoint cost-saving opportunities.

A new solution from Aavenir is helping businesses improve their supplier relationships. The new solution uses AI to reduce the time spent on invoice processing by automatically capturing and validating invoice data and collecting it in a central digital platform. The new capabilities are designed to provide firms with greater understanding of their transaction activities and improve on-time payment rates.

Read the Tracker's News and Trends section (p. 11) for more on the latest AP automation developments.

Automation's ROI promise for logistics providers

The logistics market has been heavily dependent on paper processes, but new automated AP solutions promise to deliver carriers several benefits, including cost savings, improved visibility and more seamless data flows. The shift to digital payments and the potential ROIs that it offers are not always easy to make, however. For this Tracker's Feature Story (p. 8), Rich Wessels, treasurer for transportation management and logistics technology company Transplace, discusses the "chicken-and-egg" problem that logistics firms face when considering AP automation's potential ROI.

Deep Dive: Understanding AP's ROI

Paper still dominates the AP ecosystem, with 72.4 percent of today's AP professionals receiving invoices by mail and 43.8 percent by fax machines. There appear to be signs that many firms are ready to abandon paper-based invoices, however. A significant share of firms believe that automated AP solutions can reduce the rate of errors in invoice processing, the costs and the strain on employee resources. These benefits are not the only potential ROIs for firms that implement automation. The Tracker's Deep Dive (p. 16) outlines how automated solutions can reorient AP departments into revenue generators and support firms in their efforts to attract and recruit top talent.

FIVE FAST FACTS

48%

Share of AP departments that identified improving AP reporting and data analytics as their top priorities

42.6%

Share of AP professionals that recieve invoices through eInvoice solutions

$2.18

Average cost to process a single invoice among efficient AP organizations

66%

Share of millennial-aged, decision-level banking employees who would consider switching to different banks with better services

84%

Share of financial decision-makers who believe B2B automation can reduce error rates

Payables

ECOSYSTEM
From Payables To Payments
Innovating The Next Decade Of AP Automation

Innovating the invoice

Automatic, AI-based invoice data capture
Digitize paper-based invoices
Reduce error from manual input

Streamlining approval workflow

Faster workflow processes
Match invoices, POs
Expedite invoice review, approvals

Integrating ERPs, internal systems

Faster invoice tracking
Locate related documents
Enhance visibility and a single system of record

Transforming payment processes

Reduce dependency on paper checks
Adopt more secure electronic alternatives, including ACH and virtual card solutions
Increase transparency

Expediting onboarding

Reduce onboarding errors due to manual input
Collect preferred payment methods for suppliers

Optimizing working capital

Increase spending oversight
Greater cash flow visibility
Reduce costs and earn rebates
Increase collaboration opportunities with AP teams and treasurers
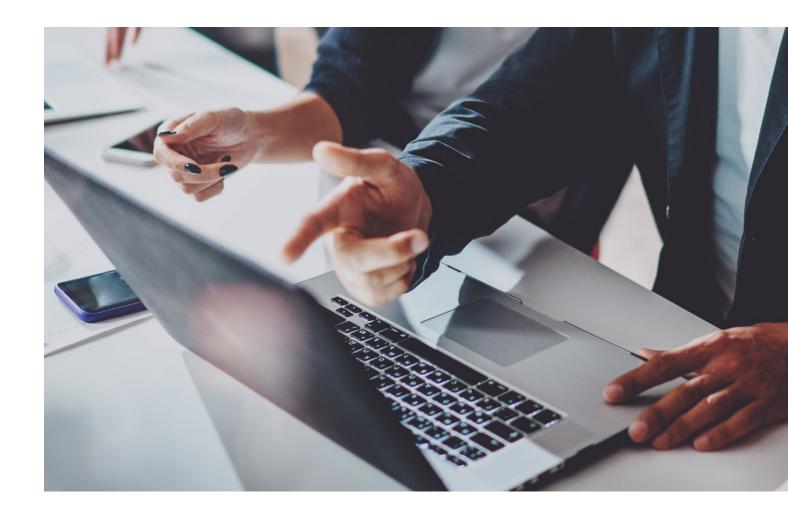
Payments

FEATURE STORY

AP Automation's ROI For Businesses And Suppliers

Organizations evaluating the ROI of AP automation find obvious benefits from cost savings, early payment discounts and rebate-earning opportunities. It is important that these entities also consider improved payment experiences for key suppliers and partners — another critical ROI.

Transportation management and logistics technology solutions provider Transplace, which works with a growing base of more than 32,000 carriers either directly or on behalf of shippers, recently improved its payment processing operations.

The new offering will provide its carriers with cost savings, increased control and improved visibility, ultimately driving operational efficiencies and cash flows. Moves such as this are not easy to make, however. Businesses can face challenges when making the shift to digital payments when their business partners still rely on legacy infrastructures.

"It's a bit of a chicken and egg [situation]," Rich Wessels, Transplace's treasurer said in a recent interview with PYMNTS. He further explained how

such a B2B innovation gap can impact the logistics industry.

"The carriers have struggled to adopt electronic payments on a widespread basis," he said, "but there's also historically been a lack of initiative and follow-through both from banks and from intermediaries."

That can lead to a lack of cohesion within the payment supply chains for AP or accounts receivable (AR) operations, Wessels said. Keeping up with business partners is not the only challenge B2B companies face, however, as firms must also handle transactions' data and documentation before processing. Much of this process is already automated, but any data discrepancy can bring the supply chain to a screeching halt. Most carriers are still using manual processes to address such discrepancies or exceptions, complicating digital or paperless shifts.

"Visibility is a big part of the value prospect and plays into carriers being able to make invoice-level, quick-pay decisions," he explained.

The hurdles stifling AP, AR efficiency

B2B payment processes on either the AP or AR ends often come with a lot more documentation and potential risk than the average retail transaction, so ensuring data accuracy can be a significant source of friction for the invoicing process.

Take the freight bill audit pay process for carrier invoices, for example. Wessels explained that many companies automate this process, but any potential discrepancies in the data still need to be dealt with manually. That can cause payment delays from one party to another that both carriers and shippers find unacceptable.

"I think the biggest pain point is visibility into exactly when payments are going to be received — being able to see when the scheduled payment will hit and exposing that data in a clean way," he said.

Smaller carriers are obviously more vulnerable to these types of delays than bigger competitors as their more limited cash flows makes predictability essential. Fewer resources mean less can be spared to upgrade their own process automation systems, creating dependence upon the innovations of their third-party partners or banks.

Transplace is attempting to address this problem by integrating the TriumphPay platform and Bank of America's Paymode-X® Connect solution into its logistics platform, strengthening payment speed, reliability and security. These solutions will provide their carriers with improved visibility and access to data, notification of payments to help forecast cash flow and cost-saving benefits, such as a reduction in the labor and risk involved with receiving payments.

Data's critical importance to payables automation ROI

The key aspect of solution partnerships' abilities to make B2B payments more paperless involves data, Wessels said, as both businesses involved in transactions must access necessary data to move such transactions forward. The industry is luckily seeing more banks and other third parties innovate or implement solutions like payment networks, which also allow for accompanying transaction data to be sent more quickly.

Such moves will make transactions — and any potential related discrepancies — more visible to all of the players involved. They will also help streamline any potential documentation that needs to be sent for these payments to move — the main challenge larger carriers face in this space, according to Wessels.

"For [larger carriers], it's not so much about payment timing or the payment itself as it is about the supporting documentation that goes with it," he said, noting that such firms have more resources to wait out unexpected payment delays.

Both larger and smaller carriers are dependent on data reliability, however. Efforts to upgrade B2B payment processes at any level will need to take this dependence into account. Not having transparent data throughout the process will just transfer B2B firms' friction points from legacy paper solutions to the digital world and prevent the cost savings and efficiencies that AP and AR departments desire.

NEWS & TRENDS

Enhancing AP with AI

Bottomline launches AI-powered chat support

Automated AP solution provider Bottomline Technologies recently added AI-powered chat features to two of its payment solutions. The company collaborated with conversational marketing platform Drift to bring the capabilities to its Paymode-X and PTX solutions. Paymode-X customers in North America will be able to use the chat tool to get live support that walks them through signing up for ACH and virtual card payments. Bottomline's PTX users in Europe will have access to live support from within the solution, including during off-hours.

This announcement follows last month's Bottomline news about its incorporation of AI-driven data as well as image capture and validation into its Paymode-X AP automation solution, which helps middle-market and large organizations digitize the invoice-to-pay process. Customers using Microsoft D365 for Finance and Operations, NetSuite and Sage Intacct can now benefit from plug-and-play connectivity, which builds on Bottomline's established application

programming interface (API) library and capability to integrate with hundreds of ERPs.

Medius launches new AI, ML-powered data capture tools

AI is essential to keeping AP automation running effectively, so cloud-based AP solutions provider Medius is turning to the technology to deliver streamlined, paperless invoice processes. It recently launched new data capture capabilities for its MediusFlow AP invoice automation solution, which relies on AI and ML to automatically review invoice management transaction records and apply settings based on historic data. The solution depends on image data capture and workflow automation functionalities to provide users with more seamless financial reporting experiences.

Medius' service aims to reduce manual data input dependency and improve AP operation efficiencies, providing access to end-to-end financial reporting and efficiency while also gauging key performance indicators (KPIs). The service provides a single user interface to keep those involved in the AP process updated. The news comes as 48 percent of AP departments want to make data analytics a top priority.

Realizing automation's ROI

Hyland targets AP data with upgraded SAP integration

Content and process management software provider Hyland Software is helping its clients grasp automated AP processes' potential ROI, recently announcing upgrades to its AP Automation product, which can integrate with enterprise resource planning (ERP) systems, financial management tools and other invoicing, procurement and AP offerings. The improvements fuse with software and technology solutions provider SAP's Hyland OnBase ERP platform, enabling customers to use SAP's business application programming interface (BAPI) and access services from Brainware, a Hyland product that provides intelligent capture solutions that collect, transfer and validate invoice data into customers' own ERP systems, according to a press release.

SAP's capabilities help companies enhance document processing and realize automation's ROI of automation as early as possible. Recent data from Ardent Partners indicates that it costs an average of $12.60 to process a single invoice and takes an average of 10.8 days. This is far below the regular performance of more efficient organizations — designated as "best-in-class" AP industry organizations — that spend an average of $2.18 and 2.9 days.

Metafile enhances AP solution with Microsoft integration

Paperless document management software provider Metafile Information Systems recently unveiled its own insight-offering upgrades to strengthen clients'

bottom lines. Its MetaViewer Paperless Automation document management solution now works with the Microsoft Dynamics 365 Business Central planning system to improve small and medium-sized businesses' (SMBs') AP processing, allowing them to use ERP integrations to access paperless automation solutions, Dynamics 365 services and robotic process automation (RPA) through cloud-based environments. Microsoft Dynamics 365 Business Central provides SMBs with solutions to increase spending visibility, provide real-time data and offer more comprehensive supply chain overviews. These insights help clients realize the ROI that Metafile's automated solution can provide.

Mastercard introduces new payment capabilities to Mastercard Track

Financial services provider Mastercard recently added Business Payment Service features to its Mastercard Track solution. The service can integrate with businesses' existing procure-to-pay processes, centralize multiple payment types and optimize both buyers' and suppliers' B2B transactions. This enables companies to improve their third-party risk management, gain greater insight into cash flow and reduce reliance on — and the costs of — manual AP and accounts receivable (AR) tasks. Mastercard clients are testing the new payment tool, and the company expects to expand availability in the first half of 2020.

India's automation advancements

Aavenir launches AI-powered AP automation tool for ServiceNow

A new solution recently released by digital platform Aavenir intends to strengthen Indian businesses' supplier relationships and improve their payment terms. Aavenir's AP Automation Solution is designed for its ServiceNow App Store and uses AI to reduce AP cycle time and improve accuracy with automated invoice capture and validation. It also centralizes thousands of invoices from different channels into one digital platform.

The AP Automation Solution utilizes ML to understand varied invoice templates and payment terms, automatically transferring relevant data — including invoice numbers, item codes, order quantities, taxes and applicable discounts — to help customers improve spending transparency, boost on-time payments rates and reduce processing costs. Aavenir's CEO Jesal Mehta claimed the firm's AP automation solution can help firms increase invoice processing by 70 percent and save $1.60 per invoice.

FSS, Oracle partner to improve digital payments for FIs

Another Indian company is partnering to improve its payment capabilities. Payment processor FSS recently collaborated with cloud-based solutions provider Oracle Financial Services on a new digital payment offering for banks. The former will work to provide integration and hosting services for the latter, resulting in a product that can be used with Oracle's Virtual Account Management to automate

reconciliation for smoother payables and receivables operations.

FSS currently offers technology to more than 130 Indian FIs and will customize solutions to address the nation's corporate and retail payment needs. The collaboration aims to give banks a standardized payment system that supports real-time and straight-through processing for cross-border transactions.

New eInvoicing solutions

Really Simple Systems debuts eInvoice automation tool

A recently released eInvoice solution helps businesses streamline their invoice generation capabilities and sales efforts. Customer relationship management (CRM) software provider Really Simple Systems has launched an eInvoice product that uses a template

from app interconnectivity solutions company Zapier to integrate with invoicing software firm QuickBooks Online. The offering automatically generates electronic invoices for QuickBooks Online and Really Simple Systems' joint customers and will streamline the sales-to-invoice process for eInvoicing businesses, reducing the risks associated with manual data inputs, saving processing time and boosting payment efficiencies. The solution aids SMBs in analyzing their invoice processing operations and helps users quickly view created invoices and track payments.

This is not QuickBooks' only recent automation integration, as payroll firm ADP integrated with QuickBooks Online in May to provide a payroll platform for SMBs, while logistics payment company RoadSync also joined the company for accounting reconciliation in July.

AvidXchange deepens AP integration into NetSuite

Integrations appear to be popular in the B2B FinTech payment space, as automated AP solutions provider AvidXchange recently added new features to its AvidXchange for NetSuite (AFN) SuiteApp service. The features — Payments Log, Payments Dashboard and Cleared Check Images — grant additional control and awareness of firms' spending patterns. The first tracks both outstanding and fulfilled transactions, allowing AP professionals to search by payment method, category, suppliers or accounts. Payments Dashboard shows AP managers insights and potential savings opportunities via a rebates calculator, which they can use to review how funds are disbursed through the AvidPay Network. Cleared Check Images helps customers with reconciliation by providing pictures of all checks sent on the AvidPay Network and illustrating payment statuses. NetSuite customers can also access the AvidPay Network, which has more than 500,000 suppliers built to make payments more efficient by providing multiple payment methods based on vendors' specific needs.

AppZen's expense audit technology attracts $50M round

Automated AP solutions are also highly popular with financial investors, illustrated by expense management and reporting technology firm AppZen,

which recently announced it had raised $50 million in Series C funding to invest in AI-based solutions. The funding largely came from Coatue Management, and both Redpoint Ventures and Lightspeed Venture Partners participated in the round. AppZen's AI solutions provide sophisticated analytics and automated expense report audits to lower companies' costs, and the firm, which integrates with Concur, Coupa, Oracle and Workday systems, raised $35 million last year. Its partnered business customers can access the AppZen Behavioral Index, a proprietary score that measures risk based on a business trip's data.

The company released another AI-powered feature earlier this year that automates businesses' AP spend analysis and invoice auditing, promoting compliance and managing performance metrics.

Shifting supplier payments

B2B's summer of faster integrated payments

The B2B payments landscape saw several major technological advancements over the summer as the Federal Reserve announced plans to create an instant payment system. PYMNTS' research found both buyers and suppliers are looking forward to adopting solutions that can address their top AP and AR concerns. Progress is happening, with research from PYMNTS' Payables Friction Playbook finding that 42.6 percent of AP professionals already use eInvoice solutions. Of the AP professionals surveyed, 11.1 percent said they pay their suppliers using digital wallets, and 44.5 percent said they are satisfied

with using virtual cards to settle invoices. Findings outlined in the PYMNTS B2B Payments Automation Innovation Playbook echoed that AP automation demand is climbing. The report did find that most surveyed businesses had not yet adopted automated AP solutions, however.

AP innovations begin targeting supplier acceptance

The AP solutions landscape is shifting further as many FIs are preparing to provide businesses with corporate card products. The latest PYMNTS Innovation Readiness Playbook found that 74 percent of FIs offer corporate credit card services to their clients and that 94 percent plan to release new products next year. Corporate cards do come with challenges as buyers would like to use them to make payments and earn rewards, but vendors must contend with interchange fees and infrastructure adoption costs.

Spend management software solutions provider Vroozi is looking to ease these frictions with the release of Vroozi Pay, an AP product created in collaboration with payment solutions firm Nvoicepay. Vroozi Pay will enable automated invoice payments from within the former's platform using suppliers' preferred payment processes. A new Jaggaer and Discover partnership has similar goals, enabling businesses to pay suppliers with virtual cards. The companies hope to enable payment with additional methods in the future.

DEEP DIVE

Realizing AP Automation's ROI

Consumers' payments have increasingly shifted toward digital methods, but AP departments and B2B payment processes have remained dependent on cumbersome, paper-based practices. This could shift as more AP professionals and business leaders realize automation's potential ROI, however.

Solutions that quickly deliver digital invoice data and enable electronic workflows and payments are available, but a surprisingly large share of the industry relies on legacy practices. PYMNTS' research found that 72.4 percent of AP professionals receive their invoices via postal mail, while 43.8 percent receive them via fax. A notable 80.8 percent of firms still make payments using paper checks.

Additional PYMNTS research found that firms believe implementing automation could significantly improve their operations, particularly their B2B payments. A survey of 400 financial decision-makers showed many expect automation to earn a strong ROI for their organization: 84

percent of respondents believe B2B automation could reduce error rates and 81 percent believe it could reduce costs.

These insights indicate that many AP professionals are ready to embrace automated solutions' potential, with 54.3 percent saying they would like to use these solutions to get access to automated order matching. The following Deep Dive outlines automation's benefits, its potential ROI for implementing organizations and how these solutions can recruit millennial workers.

New working capital optimization opportunities

AP professionals who process invoices manually find the paper-based task to be prone to errors. The process can also be costly: A recent study found the cost to process a single invoice is $10.08, and that processing it takes an average of 8.3 days.

Automation does more than lower costs, however. It helps organizations realize early payment

discounts, avoid unnecessary late fees and earn cash rebates on AP spend through virtual card and premium ACH programs. These rebates signify a new source of cash for businesses and help turn AP departments into profit centers.

Those that process many invoices each year can also save by minimizing the risks of human error or fraud, as both can result in financial and reputational damages while taking significant time and attention to resolve.

Embracing automation can make firms flexible enough to restructure their staff allocations, too. Companies adopting such technologies can reassign workers to revenue-generating tasks instead of needlessly draining their hours on manual data entry, approvals and check printing.

Recent data found that highly efficient AP departments implementing AP automation spend an average of 2.9 days processing invoices at a cost of approximately $2.18 per invoice. This translates to significant savings for those that process thousands of invoices annually. AP automation solutions will help these departments scale to handle additional volume as companies grow organically or through acquisition — and without needing to add to the permanent or temporary in-office head count.

Reinventing the AP wheel

Automated AP solutions offer firms a compelling case for significant ROI, but they also provide a chance to reassess their AP departments' overall missions, transform their internal perceptions and increase top talent recruitment. Realigning the traditional AP department requires a new perspective on

personnel, and companies that implement automated AP tools could gain an advantage in their ability to hire millennial talent.

Recent research indicates that the generational group, those between 22 and 37 years of age, will be reflected by one in three U.S. workers by next year and make up 75 percent of the U.S. workforce by 2025. Millennials are tech-savvy, having grown up in the age of connected technology, and may learn needed modern skills more easily.

The generation also appears ready to spurn business-as-usual practices, as many mission-driven workers are already becoming known as "AP activists" focused on modernizing the departments. Sixty-six percent of millennial financial decision-makers would consider using other commercial banks with better services – a sign that this demographic is more prepared than other age groups to embrace more efficient solutions.

Adopting automation will help organizations transition away from postal mail, fax machines and paper invoices and payments in favor of digital solutions that enable working capital optimization and improved security. A mixture of cost-saving, discount capturing and rebate-generating opportunities make a strong financial case for implementing such solutions. These positives only scratch the surface of potential ROI as firms that choose to pursue the technology experience the true benefit: transforming AP departments into profit-generating centers that attract millennial talent who will innovate for them. AP automation is not just about today's cost savings but tomorrow's organizational transformations.

ABOUT

PYMNTS.com

PYMNTS.com is where the best minds and the best content meet on the web to learn about "What's Next" in payments and commerce. Our interactive platform is reinventing the way companies in payments share relevant information about the initiatives that make news and shape the future of this dynamic sector. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovations at the cutting edge of this new world.

Bottomline

Bottomline Technologies provides automated payment technology solutions for several verticals including education, financial services, government, healthcare, insurance, manufacturing and technology. The company's portfolio of solutions include document automation for invoice processing, financial messaging, legal billing solutions and spend management controls. Learn more at bottomline.com.

We are interested in your feedback on this report. If you have questions, comments or would like to subscribe to this report, please email us at feedback@pymnts.com.

NEXT-GEN
AP AUTOMATION TRACKER®

DISCLAIMER