

Digital transformation is transforming the way companies conduct business. According to IDG, 89% of organizations have adopted, or plan to adopt, a “digital-first” business strategy. While many of these early initiatives are focused on improving customer experience and engagement, greater efficiency and improved decision making are driving back office transformation initiatives. Finance is no exception, where manual-intensive operations are commonplace. AP automation is a prime example, and the business case for transformation is compelling. Here are our “Top 10 Reasons for Implementing AP Automation in 2019.”

10. AP automation scales with your business. Up to now, the manual nature of AP processing meant adding staff as the business grew. Not so with AP automation solutions. As the business grows, simply add more servers to keep up with the increasing number of invoices. More likely than not, the underlying OCR software will become smarter and the servers will become even more efficient, outstripping the growth of your business. In fact, if you’re running in a tier 1 cloud environment, you’ll probably find your cost per invoice falling, not rising, over time. That’s one of the hidden benefits of digital transformation: You inherit the collective gains of every other transformation initiative.

9. AP automation reduces errors. OCR engines have become increasingly more powerful over the past decade. Better algorithms, more processing power and advanced machine learning methods have all contributed to the improvements, eliminating most scanning errors and freeing up staff to focus on more problematic invoices and higher value business issues.

8. AP automation improves morale. Outside of work, employees are exposed to digital transformation initiatives every day, especially when shopping online. They know what is possible...and they expect their company to embrace solutions that will make their jobs more rewarding. Jobs with a high number of repetitive tasks give rise to boredom, poor on-the-job performance, and eventually turnover. AP automation allows employees to focus their efforts on problem solving and more challenging assignments, not rote data entry.

7. AP automation formalizes the approval process. It’s difficult to formalize and implement a robust approval process in manual-based systems, especially in distributed environments where approvers are in different locations. The situation is further complicated when approvers are on vacation or simply out of the office. Delays in processing lead to the loss of early payment discounts. Lost paperwork can lead to missed payments and delays in shipment, ultimately undermining relationships with both suppliers and customers. Advanced AP automation solutions have an embedded workflow process that automatically routes invoices for approval based on thresholds set by the AP staff. Many are configurable and re-route approvals when individuals are out of the office or on vacation. The very best solutions provide mobile applications so that approvers can review and approve invoices from a smartphone.

People will do more human work,

including exception-based and insight driven activities—work that is investigative in nature—as organizations realize the potential of automation and blockchain. Gone are the days of copying and pasting special values from a contract, invoice, or other document into an ERP system. Leading finance organizations are designing automation tools to do this work.

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6. AP automation frees up valuable time, allowing staff to take advantage of prompt payment discounts.

Prompt payment discounts offer an implicit high rate of return. For example, 2%/10 translates to a 37% annualized return. In fact, AP automation solutions can often be fully funded by taking better advantage of prompt payment discounts. Where else can you get that rate of return with absolutely no risk!

5. AP automation also helps staff ferret out fraud and duplicate payments.

The typical organization loses 5% of annual revenue to fraud, according to the Association of Certified Fraud Examiners. Freed from rote data entry tasks, staff can focus on examining dubious and duplicate charges and automatically route them to staff trained in forensic accounting. In addition, new machine learning algorithms promise to deliver even better protection as they come online and begin to interrogate the payable processing stream.

4. AP automation enables more flexible work environments.

Digital transformations redefine both the way business is conducted and where it is conducted. AP staff can work whenever and wherever, subject to management approval. All that is needed is a computer and a browser. Some automation solutions even provide support for smartphone applications, allowing users to scan, upload and approve invoices when out of the office.

3. AP automation accelerates the monthly close and builds confidence in accruals and financial statements.

Users of AP automation regularly mention their ability to process payables faster and more accurately, freeing up time to accurately project accruals and close the books with greater confidence.

2. AP automation delivers an exceptional ROI.

Every organization has a hurdle rate, or required rate of return, for digital transformation initiatives. And while the hurdle rate may vary from company to company, it is rarely greater than 50%. We conduct ROI assessments for many customers and prospects, and in almost every instance, the ROI for AP automation has been in excess of 1000%! Some of the savings comes from staff realignment and some from reductions in fraudulent and improper payments. Still more savings comes from taking better advantage of prompt payment discounts and by replacing checks with virtual cards and ACH transactions. These are all hard, quantifiable metrics. But there are softer benefits every bit as significant, like improvement in supplier relationships due to timely payments. Healthy relationships with suppliers translate into real competitive advantage, reducing cost, improving service, and creating opportunities for innovative customer solutions.

1. AP automation meets your MBO for digital transformation.

Almost every company has identified a list of digital transformation initiatives for the coming year. Why not you, and why not AP automation, especially given the ROI's mentioned above? Moreover, the right AP automation solution is easy to implement and support. Select a vendor that is natively integrated with your underlying ERP system. This eliminates the need to pass files back and forth to keep the two systems in sync. Don't stop with AP automation. Automate the entire supply chain and replace expensive checks with virtual cards and ACH transactions. Both provide lucrative rebates to offset the cost of an AP automation solution.

Here's the bottom line.

The business leaders that Finance support are people first. They see how technology is making their personal lives better and easier. That's what they want for Finance, too. The needs of the business are growing. The pace of innovation is accelerating. CFOs can either plan for change, or plan to retire.

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