Whitepaper

THE BUSINESS CASE FOR AP AUTOMATION

Accounts Payable in the Digital Age

In a world where the rate of automation is increasing and methods of conducting business are ever-evolving, companies are continuously looking for ways to streamline their key business functions. In an effort to stay competitive, organisations recognise the need to cut costs and improve efficiency at all levels throughout the business.

While many departments and functions of the business are quite contemprorary in terms of automation, Accounts Payable (AP) departments are often forgotten during these times of technological advancements and their teams are left manually processing invoices the same way they have for the last number of years.

While teams will have their tried-and-tested processes in place, they can often be costly and time-consuming. Even then, you may not gain an accurate report of your AP status at any given time due to the lack of visibility, duplicates in the system and human error.

AP Automation has played a major role in digital transformation, so much so it is no longer just a trend for finance teams, it is now the norm. Companies who fail to embrace this change will soon find themselves trailing in the wake of their competitors who recognised the benefits of AP Automation long ago.

DID YOU KNOW?

4 hours per week - the average time an office worker wastes on searching for files.

The lack of investment in the AP department can be attributed to three issues:

#1

Accounts Payable has traditionally been viewed as a 'back office' function – a minor role of the overall Finance department that brings very little added value to the overall business. The AP team's role is to deal with suppliers' invoices, no more, no less. Managers decide it is not worth spending the budget in this area.

#2

Management will often have the viewpoint of "If it's not broken, why fix it?" when it comes to their AP function. If the AP team is successfully processing their invoices by hand, then why change anything?

#3

Inevitably there is a fear amongst managers when it comes to introducing technology to processes involving invoicing. The information held within an AP department can be some of the most sensitive in an organisation. Invoice, account and client data are all critical to a business and it is crucial that they are managed properly to ensure creditors are paid on time, information is kept secure and to give management clear visibility of their financial position. So, for companies of all sizes, the fear of a 'glitch' is not rooted in the inconvenience it might cause, but in the possible financial consequences.

While these viewpoints are somewhat understandable, they are unprogressive and outdated. This then prevents any serious consideration of the AP department's potential to be a source of competitive advantage.

The AP department is no longer 'just' about data processing. It has become the hub of creditor management, reporting, and forecasting, playing a pivotal role in shaping company strategy.

Once considered a secondary support role, AP has transformed into a value-added business function, crucial to financial success.

Making the Switch to AP Automation - The Benefits

Time savings is one of the most compelling benefits of AP Automation. Research shows that automating accounts payable processes can reduce time spent on manual tasks by up to 85%—and in some cases, over 90%—freeing staff to focus on higher-value responsibilities. While speed and processing efficiency are major attractions, there are many additional benefits to adopting a cloud-based AP automation system that can transform the way your AP department operates.

REDUCES MANUAL INPUT

The automatic extraction and upload of invoice data from scanned documents or PDFs **can eliminate up to 90% of manual data entry.** By removing this time-consuming and error-prone task from your AP process, staff are freed to focus on more strategic, value-adding activities that enhance productivity and support broader business goals.

TIME & COST SAVINGS

Time savings go beyond eliminating manual data entry. AP Automation reduces manual tasks such invoice validation, PO matching and the coding of non-PO invoices. It also streamlines the time-consuming process of searching for and retrieving invoices, which can otherwise create bottlenecks.

In addition, it simplifies approval processes by sending reminders to approvers, who can approve invoices directly from mobile devices.

These efficiencies can **cut AP processing costs by over 70%,** freeing resources to focus on more strategic, value-added activities.

INCREASES ACCURACY

Automating data capture reduces manual intervention, significantly lowering the risk of errors associated with bulk data entry. Advanced solutions leverage technologies such as AI, machine learning and OCR to ensure near-perfect data accuracy. These systems also validate PO invoices against corresponding POs and cross-check non-PO invoices with supplier data and GL codes directly sourced from the finance system.

This kind of automation **eliminates unnecessary human touch-points,** improving both data accuracy and overall operational efficiency.

REDUCES FRAUD

Effective user permissions enable AP managers to enforce a clear segregation of duties, a key measure in fraud prevention. By reducing human touchpoints and adhering to strict, predefined business rules, AP Automation **minimises opportunities for fraudulent activities** while strengthening compliance within the Accounts Payable process.

SAVES SPACE

Traditional Accounts Payable processing also uses a lot of paper. Each four-drawer filing cabinet holds an average of 10,000 documents and can take up nine square feet of floor space.*

By adopting an automated AP solution, invoices are digitised and securely stored, **eliminating the need for physical storage**. This ensures that only a single, accessible version of each invoice is retained, freeing up valuable office space for more productive uses.

IMPROVES VISIBILITY & CONTROL

An AP Automation solution provides complete and instant visibility of the process to anyone authorised to view it. With a detailed audit trail, every user action is recorded, enhancing accountability and providing better control over the AP process.

Invoices are captured and stored immediately upon receipt, **ensuring end-to-end access to all data** within the system. This centralised approach eliminates gaps in information and allows for seamless monitoring at every stage of the workflow.

A good AP system enables management to obtain reports on all captured data including the volumes and values of invoices at every stage in the process allowing **more accurate cash flow management**. Non-PO invoices can be more easily accrued for and their data is securely recorded in the system.

IMPROVES SUPPLIER RELATIONSHIPS

Automated Accounts Payable solutions provide full visibility into invoice processing, tracking the time taken at each stage. This transparency helps identify and resolve bottlenecks in the approval workflow, ensuring smoother operations.

By streamlining processes and maintaining better control, businesses can **consistently achieve on-time payments,** strengthening relationships with key suppliers and fostering strategic partnerships that support long-term success.

COMPLIANCE

In the UK, regulations made under section 3 of the Small Business, Enterprise and Employment Act 2015 have introduced a duty on the UK's largest companies to report, on a half-yearly basis, their payment practices, policies and performance for financial years beginning on or after 6 April 2017. This means companies of a certain size (+£36m annual turnover or £18m balance sheet total or +250 employees) have a duty to report key statistics such as the number of payments made within terms, the average time to make payments and the proportion of payments not paid within the agreed payment period.

Automated AP systems simplify compliance by providing **instant access to payment performance statistics,** enabling businesses to generate required reports effortlessly and accurately.

ACCESSIBILITY

Using a cloud-based Accounts Payable Automation solution means that authorised users can access the invoice at any point, and from anywhere, in the invoicing process often from a range of devices, including laptops and mobiles. Unlimited access to the system means that the Accounts Payable department can query where the invoice is in the process at a given time. They can also review the overall history of events for a particular invoice and help provide the vendor with up-to-date information on the status and when they can expect payment.

Further efficiency in managing supplier queries can be achieved through the use of a Supplier Portal. Suppliers can log-in to view progress on their specific outstanding invoices, log or answer queries and **avoid having to make calls or email.**

NO MORE MISSING FILES

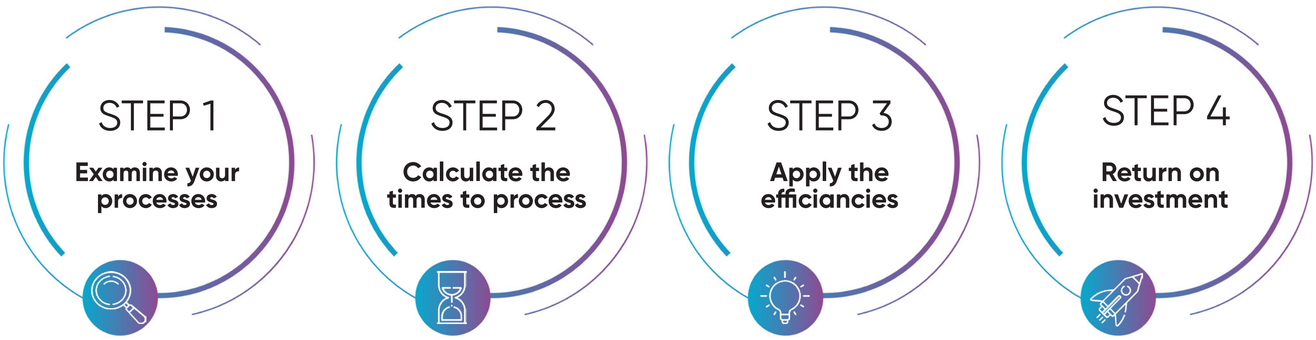
A number of issues can arise when dealing with documents. Where was the file saved? Who edited it last? Have copies been made? This problem would be a thing of the past with an Automated Accounts Payable solution as each file would be easily retrievable from the system. A good AP Automation solution will eliminate duplicates completely.

Many solutions also convert the entire invoice so that it is completely text searchable. Not only can users search on indexed fields such as supplier name, invoice number and date etc. but they can **search based on any word contained** in any part of the invoice.

The Steps to Building a Business Case for AP Automation

The overall approach to building a Business Case for an AP Automation solution is to consider the time and therefore cost savings that can be achieved at each stage in the process and to aggregate these to provide an overall total.

This can be done by following 4 simple steps:



Step 1 – Examine your processes

As with any good project, research is the first step. Work through the workflows in your current AP process and document the steps that are involved, to give you a clearer idea of where you are currently at.

WORKFLOW
It is essential you know what your current end-to-end process is so that the work involved at each stage can be quantified. Document your workflows from invoice receipt & data entry through coding, to approvals or PO matching and posting to the ledger.

EXCEPTIONS
You will need to document the exceptions in PO and non-PO invoice processing. How many exceptions are there? What are the causes of exceptions? How are they dealt with? Do you have dispute resolution process in place?

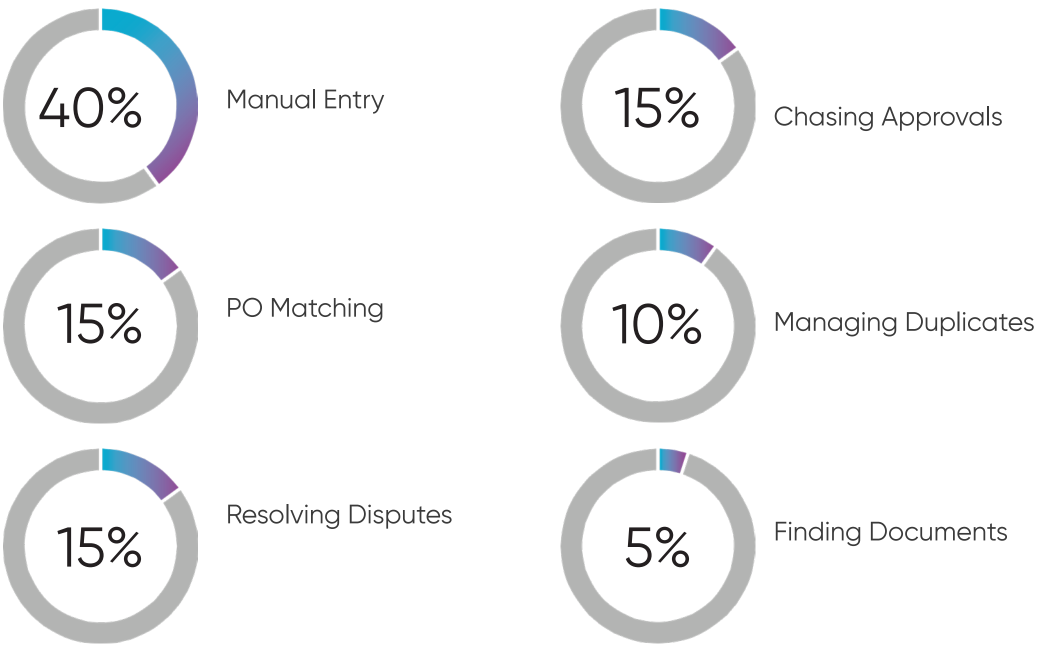
ASK YOUR TEAM
Pain-points, blockages and hurdles can be buried in the detail. Ask your AP team what challenges they face. Do you have volume peaks or troughs? Identify strategic suppliers if you have them. What about problematic suppliers? Don't forget time spent compiling reports!

NUMBERS
It is important that you capture the numbers involved throughout the process – the number of invoices (paper v PDF), how many suppliers, PO vs Non-PO, exceptions, queries managed etc.

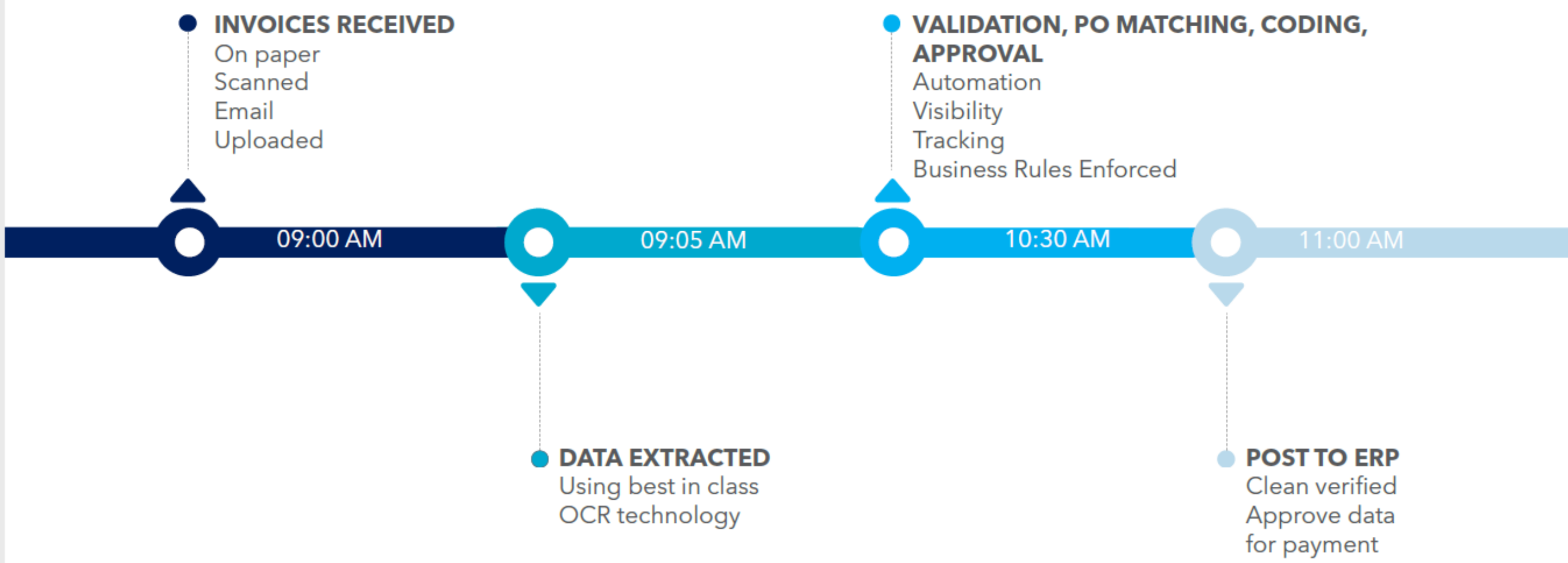
Step 2 – Calculate the times to process

Once you have a breakdown of the tasks and the size of each task you will need to work out the average time required to perform them. This will highlight which activities are taking up most of your team's time, time which could be spent on more valuable tasks for the company.

Let's assume that your team spend the following percentages of the time on average on the following tasks in the AP process:



Using an AP Automation solution, if your invoices arrive at 9am, whatever its format, it will typically beprocessed and posted to your ERP system within a couple of hours. That's the kind of streamlined processthat can be achieved through AP Automation.



Step 3 – Apply the efficiencies

Now that you understand how much time your team spends on specific AP tasks, the next step is to explore how automation can significantly reduce manual effort and streamline workflows.

The following describes the percentage savings that are possible using a system such as Kefron AP.

MANUAL ENTRY

Whereas manual entry is traditionally the most time-consuming task when processing invoices, this doesn't have to be the case. AP Automation eliminates this by leveraging advanced technologies such as AI-driven data capture and machine learning. By automating data extraction, **businesses can achieve touch-free processing for up to 85% of invoices,** freeing staff to focus on higher-value tasks.

Features of automated Manual Entry include:

- AI powered data capture
- Header and line item
- Auto prompt codes
- Memorised coding
- Multiple analysis codes

PO MATCHING

Accounts Payable Automation software can automate the matching of GRN's and POs to supplier invoices. AI-driven 3-way matching provides faster, more accurate reconciliation, **achieving a touch-free processing rate of up to 85%** in ideal conditions and significantly reducing the time spent on manual tasks.

Features of automated PO Matching include:

- Pre-loaded PO/GRN numbers
- Line-Level match
- Partial matching
- Auto-supplier email
- Business rule validation
- Exception handling

RESOLVING DISPUTES

Your AP team should not have to spend their precious time resolving disputes. By digitally capturing your invoices and allowing your suppliers to access them via a supplier portal, they can get full visibility of the status of their processed invoices, therefore **reducing the number of queries coming into your AP department by up to 65%.**

Features of automated Dispute Resolution include:

- Supplier self-service portal
- Instant search and retrieval
- Visibility of status in process
- Audit trail

CHASING APPROVALS

Invoices requiring approval are routed through custom workflows in the AP system. Approvers, notified by an automatic e-mail, can make approvals regardless of their location, ensuring a faster turnaround which can lead to early payment discounts. **This turnaround can be up to 65% quicker than your manual methods.**

Features of automated Approval include:

- Automated approval workflow
- Approval escalation
- Group approval
- Auto-reminders

MANAGING DUPLICATES

It can be incredibly frustrating for your AP team to deal with duplicates. Processing invoices by hand takes long enough as it is, never mind processing the same invoice more than once! AP Automation software will automatically identify any duplicate invoices received, ensuring your AP team wastes no time in processing the same invoice. The system automatically filters duplicates from your work queue, so you don't have to, **reducing duplicate invoices by 100%.**

Features of automated Duplicate Management include:

- Automatic identification and elimination of duplicates
- Supplier portal

FINDING DOCUMENTS

Did you know the average office worker spends 4 hours a week searching for documents? Physical documents inevitably go missing or are misplaced in an organisation, especially if they are being passed from department to department on a regular basis. Capturing your invoice information digitally means that a soft copy is always readily available for your team and can be easily located from the AP system again **reducing time taken by 95% or more.**

Features of Digitally Capturing your documents include:

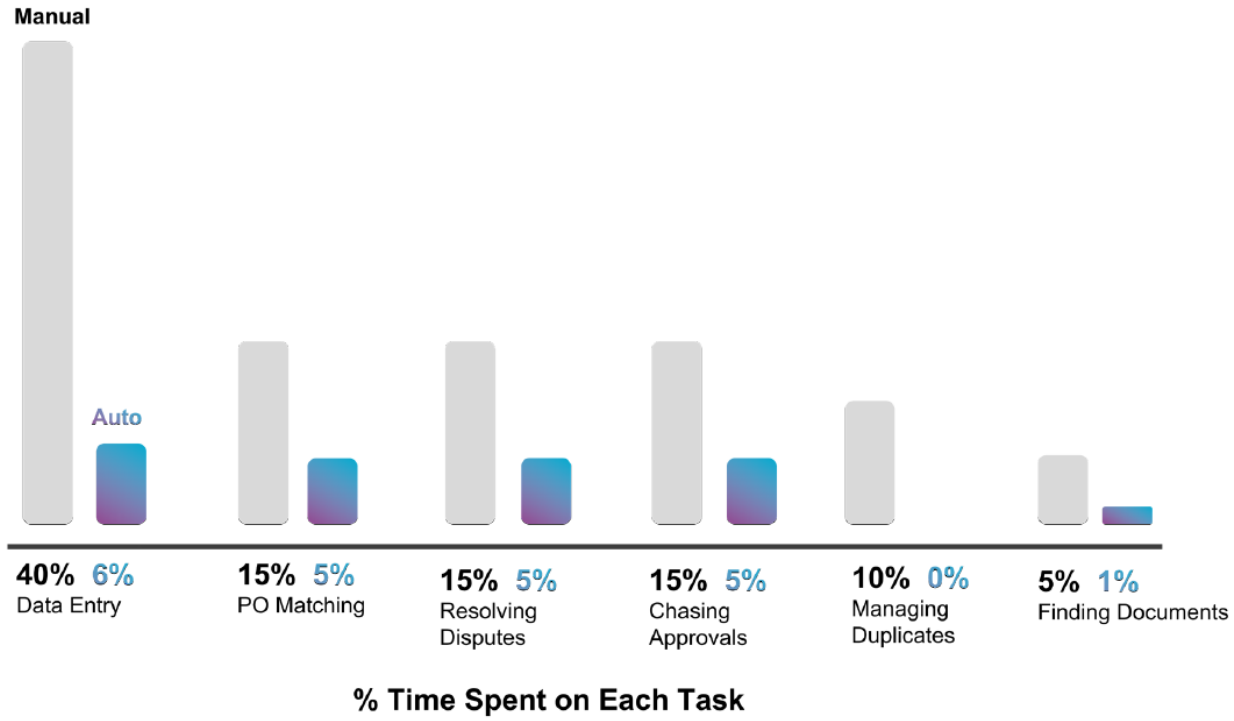
- Text searchable pdfs
- Single cloud hosted location
- Extensive reporting

Automation brings great efficiencies to your AP department and it frees up your staff to focus on becoming a more strategic part of your operation.

Step 4 – Return on Investment (ROI)

Our graphic summarises the improvements that each individual task will gain from streamlining the process. Whereas your team will have spent 40% of their time working on manual entry before, they will now spend just 6%. Similar decreases can be seen throughout the other tasks as well.

Overall, 78% of the time spent operating a manual process is no longer required.



This kind of time saving is not unrealistic and with 78% of your AP staff time made available, think of the process savings as well as the time that could now be spent chasing creditors, improving customer service or expanding your business to handle more suppliers if needed.

Once you have quantified the time your team spends on each task and assessed the potential savings from implementing an AP automation solution, you'll have the foundation to calculate a realistic ROI. This allows you to present a compelling business case for automation that highlights both financial and operational benefits.

Annual Savings vs Cost

The final task is to calculate the annual savings versus the cost of implementation and the annual cost of the software. The latter will include two components:

1. up-front (one-off) costs for implementation and configuration of the software and for integration with your finance system if that's required and

2. the annual costs associated with annual usage whether that's charged by document processed, user licenses or some other form of pricing model.

The annual savings will be made up of wages and expenses saved, potential increases in revenue through redeployment of staff, savings on other software licenses that may no longer be required and of course improved collection of early payment discounts if they apply to your business.

What the ROI could look like for a business processing...

TIME SPENT ON EACH TASK:

	% Staff time on each task	£/€ Cost of each task	% Staff time after Automation	£/€ Revised cost of each task	£/€ Saving
Manual Entry	40%	44,800	6%	6,720	38,080
PO Matching	15%	16,800	5%	5,600	11,200
Resolving Disputes	15%	16,800	5%	5,600	11,200
Chasing Approvals	15%	16,800	5%	5,600	11,200
Managing Duplicates	10%	11,200	0%	0	11,200
Finding Documents	5%	5,600	1%	1,120	4,480
TOTAL		**112,000**		**24,670**	**87,360**

The exact ROI will of course depend on the price and pricing model of the solution you choose.

Typically, solution costs will include an initial set-up cost to cover integration and configuration costs and an annual fee for software usage.

In this case, the annual saving of £/€87,360 means an ROI could be achieved within 12 months with the deployment of Kefron AP.

Conclusion

Congratulations! With your Business Case for Accounts Payable Automation complete, you're ready to take the next step.

While adopting AP Automation might seem like a significant decision for your management team, the benefits far outweigh the challenges. Beyond reducing costs, automation enhances decision-making through greater reporting capabilities and complete visibility of your invoice processes. Your management team will have access to detailed data, including vendor histories, enabling more informed and strategic decisions.

Automation also strengthens fraud prevention, improves accessibility to invoices, and ensures that supplier relationships are maintained. With streamlined processes, your business can take full advantage of vendor discounts and foster stronger partnerships.

No longer does your AP department need to lag behind as the rest of the company embraces digital transformation. With AP Automation, your team can step into the digital workplace, enhancing efficiency and aligning with the company's broader technological goals.

Businesses that have adopted accounts payable automation technology achieve

100%

fewer duplicate invoices and up to

90%

of your documents are processed touch-free.

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