



Guide

10 WARNING SIGNS YOUR AP TEAM IS READY FOR AUTOMATION



Introduction

The Accounts Payable department is no longer “just” a back-office function for an organisation. Today, the role of an AP team is moving from data entry to data analysis, identifying opportunities to save costs, increase cash or improve procurement.

While the shift from reactive to proactive AP functions sounds like a no-brainer, how do you know when your AP team and the ways that they are expected to work are starting to creak?

This guide aims to help you identify and understand some of the key clues that suggest it's time to start thinking about AP automation in your organisation.



Did you know?

The term automation was coined in the automobile industry in 1946 to describe the increased use of automatic devices and controls in mechanized production lines.

1. A GROWING BUSINESS

Every fast growing business presents challenges around the need to streamline business processes to accommodate the increased workload. Bottlenecks in manual processing have a detrimental effect in an organisation's ability to meet demand at scale.

You need to proactively introduce the necessary infrastructure to support growth ahead of time otherwise you end up with an overworked team and quite simply an inability to scale.

Is there a correlation between an increase in invoice volume and an increase in invoice days overdue?

2. MARGIN PRESSURE

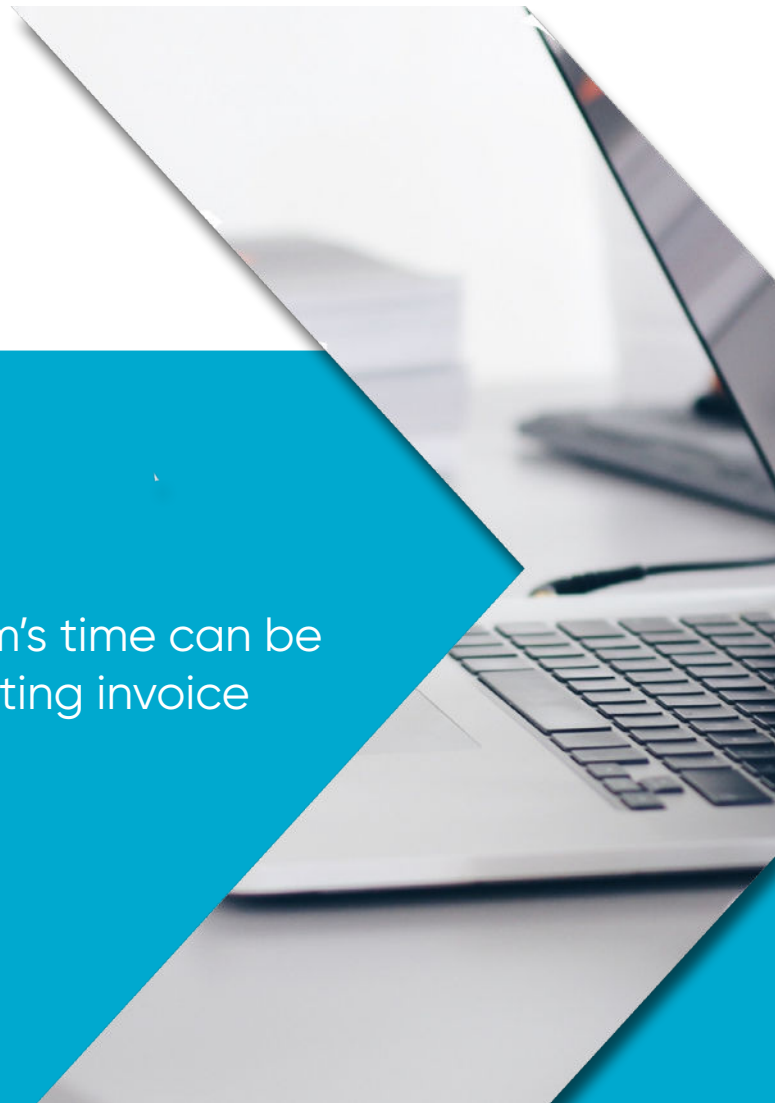
Long term, sustainable profitability is obviously the number one goal of just about every business and maintaining margin in a competitive environment is key. Internal inefficiencies caused by slow, cumbersome manual processes certainly don't help.

Manual inefficiencies are ripe for change; applying automation can help reduce overhead or allow you to give more time back to the business.

Are AP costs increasing while profit margins remain stagnant?



of your AP Team's time can be saved by adopting invoice automation





3. HIGH INVOICE PROCESSING COSTS

According to research firm Gartner, the average cost of processing an individual invoice in the UK is between £4-£25, with some costing as high as £50 per invoice.

The time spent processing invoices manually is now an unnecessary cost for most companies. Automation eliminates the manual processes that make invoice processing one of the most expensive finance and administrative functions.

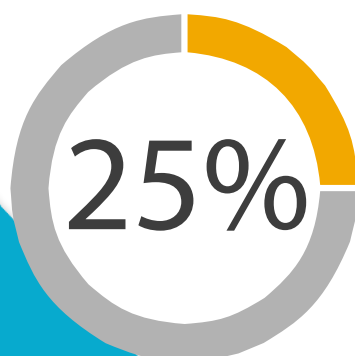
Do you spend more than £4 processing a single invoice?

4. END USER DEMANDS

It's a long held belief that fear of technology can present a significant barrier to change. However, with the proliferation of technology in our personal and work lives, this really is no longer the case. Employees now expect that 'there really is an app for that!'

This expectation is echoed in the office as more and more staff are seeking to move away from the demotivating, manual aspects of clerical work to higher value tasks. Aligned with an increasingly competitive recruitment market, business leaders are looking to maintain and attract AP staff by offering attractive roles that focus on cash flow management, performance analysis and cross-functional collaboration to increase an organisation's competitiveness.

Is staff turnover in a calendar year >30%?



reduction in cost with automation vs manual processes



6. TOO MANY ERRONEOUS OR DUPLICATE PAYMENTS

Erroneous payments are caused by flaws in an accounts payable process that relies on the manual keying of data. Duplicate invoices result when irate suppliers get fed-up with delays and send the same invoice again 'just in case' the first one didn't make it.

With an automated solution, data is automatically extracted from both paper and digital invoices thus eliminating manual data entry. Also, duplicate invoices are automatically picked up and removed from the process.

Your payment performance could be a key indicator of underlying problems in your AP processes.

**Do >1% of duplicates
result in spend leakage?**

5. LONG INVOICE APPROVAL CYCLE

One of the biggest problems caused by a manual invoice approval process is the time it takes to get an invoice approved. This can be particularly lengthy if multiple or group approvals are required. It's very often the cause of late payments, disgruntled suppliers, extra-high processing costs and missed discounts.

Automation expedites approving and posting of invoices as the time-consuming tasks associated with the approval process are digitised.

**Does it take more
than 20 days to
process an invoice
end-to-end?**





7. LIMITED VISIBILITY

If you feel that month-end closing is taking too long, your team is under too much stress to close on time or that you are having to do too much digging to get a full picture of supplier liabilities then there's probably a fair chance that you need an AP system.

AP automation solutions come with dashboards of analytics to provide clear, real-time insights into outstanding liabilities at every stage in the process. Good systems also provide data on the processes themselves so you can optimise the work for your AP Team.

**Does it take more than
3 days to close month
end?**

8. SUPPLIER QUERIES INCREASING

Suppliers without visibility into the status and progress of their invoices are very likely to call or email demanding updates. Handling these enquiries put AP departments under extra pressure and consequently create additional work and stress on the team.

An AP automation solution with a Supplier Portal allows suppliers stay up to date without having to request and await confirmation. They can even upload new invoices themselves, freeing up your personnel to focus on more pressing tasks.

**Do you spend more
than 10% of your time
managing supplier
queries?**

9. CONSISTENT LATE PAYMENTS

Businesses have a responsibility to make due payments on time. Failure to do so can cause considerable upheaval for suppliers, putting pressure on their ability to provide the service levels you expect and disrupt relations.

Manual processes can cause unnecessary delays as invoices are received, printed, copied and distributed around the business for approval. How many times has a missing invoice been found on an approver's desk?

AP automation provides a digitised approval process, automated reminder notifications and full tracking of every invoice from start to finish.

Does more than 3% of invoices not meet payment terms?

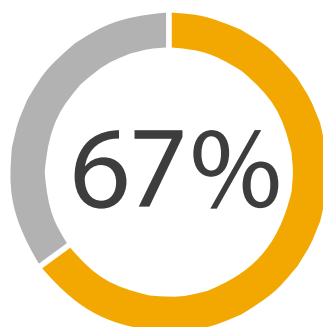


10. STAFF STRESS

Ultimately, all the pressures of a manual AP process come home to roost and it's the AP Team who suffer most. Stress and anxiety caused by the constant struggle to manage a sub-standard process, to cope with an ever increasing work-load, and to close month-end on time means staff welfare suffers.

Stress is manifested in personnel behavioural issues such as a decline in workplace harmony, less teamworking and more frequent absences. Keep an eye on how your staff are managing and make sure you're open to the signs of employee stress.

Does your Finance Team take more sick days than the company average?



reduction in invoice approval time can be achieved by automating your AP process

Conclusion

If your AP team is experiencing more than one of these warning signs, your organisation can benefit from AP Automation.

Take the next step in your digital transformation and email info@kefron.com to learn how much your organisation can save in the first year.



The Kefron logo is located in the top right corner. It features a stylized 'K' icon composed of three overlapping triangles in red, yellow, and green, followed by the word 'kefron' in a white, lowercase, sans-serif font.

kefron

The background of the slide is a photograph of a modern, multi-story office building with a light-colored facade and large windows. The building is partially obscured by a large, dark grey diagonal shape on the left and a large, bright blue diagonal shape at the bottom left. The word 'kefron' is mounted on the building's facade in large, grey, three-dimensional letters. The sky is visible above the building, and some green foliage is visible in the bottom right corner.

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The background of the entire page is a photograph of an office environment. It shows several people working at desks with laptops. A woman in the foreground is focused on her work, wearing glasses and a plaid shirt. In the background, another woman is talking on a mobile phone. The image is overlaid with large, dark grey and teal geometric shapes that create a modern, abstract design.

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