How P2P Automation Solutions Solve 6 Key Manufacturing Pain Points

New survey reveals why manufacturers are turning to cutting-edge systems for enormous cost savings and operational streamlining

For today's manufacturers facing rising operational costs, supply chain disruptions and a generally volatile market, digital automation has quickly become the key to staying competitive.

But many may be forgetting to focus on a key aspect of digital automation that holds enormous potential for cost savings and operational streamlining — P2P automation solutions.

"Many forward-thinking manufacturing companies have already integrated P2P automation to streamline their procurement processes," said Chris Good, principal consultant for Quisitive, a technology solutions service. "This integration helps in reducing manual entry errors, speeding up procurement cycles and improving accuracy in financial reporting."

The most powerful P2P automation solutions process high volumes of invoices, integrating technology for a streamlined, intelligent invoice and payment process. This integration not only simplifies managing routine tasks, but also offers benefits including optimizing cash flow, ensuring timely payments and strengthening vendor relationships — along with addressing multiple other operational challenges.

In fact, nearly 40% of firms recognize that P2P automation promises to increase productivity and improve data accuracy. But nearly half of all firms have yet to automate their P2P systems, according to Yooz's annual State of Automation in Finance survey.

As the half who have adopted AP automation can attest, P2P automation can solve common pain points plaguing manufacturers that have yet to automate.

6 Manufacturing Use Cases for P2P Automation

Here are six of those pain points — and how P2P automation can help alleviate each one.

1 Paper-based, manual and repetitive tasks.

"Many manufacturing companies still rely on manual, paperbased processes for procurement and payment, leading to inefficiencies, errors, and delays," Good said. Tasks like data entry, invoice matching and approval workflows are timeconsuming and prone to human error.

In fact, nearly 40% of manufacturers say their manual AP processing system is too slow, while another 36% say it's caused invoicing errors, according to the Yooz survey.

Financial process automation solves both problems. Automated systems can capture and process data from invoices, purchase orders and receipts without manual intervention. Smart Data Extraction technology can read scanned documents to extract the data and fill in the necessary fields and coding for invoice processing and approval.

"Automated workflows route documents for approval, reducing bottlenecks and ensuring timely processing. This not only improves efficiency but also frees up employees to focus on more strategic activities," Good said.

Laurent Charpentier, CEO of Yooz, a best-in-class supplier of P2P automation, also shared his insights, noting moving away from paper also improves accuracy and organization. "Paperheavy processes often lead to error because it's harder to keep track when you have physical papers floating around," said Charpentier, "With cloud-based AP automation, everything is scanned into the system and stored in the cloud, so it's easily located and more manageable."

2 Strained supply chain relationships.

Managing your supplier relationships can be challenging, to say the least. Manual processes often lead to delays in communication, late payments and strained relationships.

“Supply chain disruptions can exacerbate these issues, affecting production schedules and profitability,” Good noted.

Indeed, 35% of manufacturers surveyed by Yooz cite delayed invoicing as the most difficult aspect of manual AP management, while 32% experienced late payments, resulting in extra costs or missed discount opportunities.

Financial process automation enhances supplier relationships by providing a transparent and efficient platform for communication and transactions. Automated systems ensure timely and accurate payments, improving supplier satisfaction and trust. Real-time data and analytics offer insights into supplier performance, helping manufacturers proactively manage and mitigate supply chain disruptions.

“Automation can also streamline procurement processes, ensuring that critical supplies are ordered and received on time,” Good said.

Charpentier added that the latest systems hold users accountable with regular notifications and visibility into where invoices are stuck in the process. These faster processes help to mitigate late payments to vendors.

“When the trust from the vendors is strengthened, you’re going to have a better relationship, opening the door for better terms,” he said.

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>
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> **Principal consultant for Quisitive**

3 Rising operational costs.

Manufacturing unit labor costs increased 4.3% from the same quarter a year ago, according to the Bureau of Labor Statistics. These rising operational costs, including labor, materials and overhead, put pressure on manufacturing's already thin margins. Inefficient financial processes can exacerbate these costs and prevent manufacturers from investing in better systems, Good said.

"Many manufacturing companies operate on tight budgets and may find it challenging to allocate funds for new technology, especially if they are already working with thin margins," he said.

In fact, nearly one-third of manufacturers said cost reduction is a key business objective of adopting P2P automation, according to the Yooz survey.

P2P automation reduces operational costs by streamlining financial processes and eliminating inefficiencies. Automated invoice processing and payment workflows minimize manual labor and associated costs.

Additionally, automation enables better spend management and cost control by providing real-time visibility into expenditures and identifying cost-saving opportunities. By optimizing procurement and payment processes, manufacturers can reduce waste, improve resource utilization and enhance overall cost efficiency.

"With rising operational costs, anywhere you can optimize and save money is going to create value," Charpentier said. "You can do more with what you already have through AP automation and scale your business more quickly."

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4 High volumes of complex invoices.

Handling high invoice volumes can be overwhelming, especially those with multiple line items, varying terms and different currencies. Manual processing of such invoices is incredibly tedious, requiring extensive time and often resulting in errors that ultimately require even more attention.

A full 37% of manufacturers who responded to the Yooz survey said manual processes create bottlenecks in the process due to complex validation processes.

Financial process automation handles high volumes of complex invoices with ease. Automated systems can accurately capture and process invoice data, regardless of complexity. Machine learning algorithms can match invoices with purchase orders and receipts, flagging discrepancies for review.

“Automated workflows ensure that invoices are routed to the appropriate personnel for approval, reducing processing times and minimizing errors. This leads to more efficient handling of complex invoices and improves overall financial accuracy,” Good said.

Charpentier said customizable systems allow for more efficient and structured processes. “You can set as many complex workflows as you need and invoices are automatically routed to the right person based on your predetermined rules and criteria,” he said.

5 Fraud prevention.

Fraud is a significant risk in financial processes, with the potential for unauthorized payments, duplicate invoices and other fraudulent activities. Manual processes are particularly vulnerable to these risks due to a lack of controls and oversight, Good said.

Manufacturers know the risks all too well, with nearly 40% of Yooz survey respondents naming cybersecurity and fraud risks as top reasons to increase the level of automation in the finance department.

P2P automation enhances fraud prevention by implementing robust controls and real-time monitoring. Automated systems can detect anomalies, flag suspicious transactions and enforce approval hierarchies.

“Machine learning algorithms can identify patterns indicative of fraud, allowing for proactive measures,” Good said.
“Automation also provides audit trails and compliance reports, ensuring transparency and accountability. By reducing the reliance on manual processes, manufacturers can significantly lower the risk of fraud.”

Charpentier added that automation prevents fraud by providing more visibility into the invoicing process and keeping detailed audit trails. But that’s just the beginning.

“As technology like AI is used more and more in these technologies, the fraud protection is only growing and getting stronger,” he said.

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6 Cash flow management.

Effective cash flow management is critical for manufacturing companies, especially in lean manufacturing environments. Balancing the need to hold onto cash for operational flexibility with the necessity of timely payments can be challenging, Good said.

Only 31% of manufacturers said they are confident their AP system can provide real-time data insight to make payment and cash flow decisions during the month, as opposed to the end of the month, the Yooz survey revealed.

Financial process automation provides real-time visibility into cash flow and working capital. Automated systems can prioritize payments based on due dates, early payment discounts and cash flow projections.

This insight allows manufacturers to optimize their cash flow by holding onto cash when necessary and taking advantage of early payment discounts. Automation also improves forecasting and planning, ensuring that cash flow is aligned with production schedules and business needs.

“By improving cash flow management, manufacturers can enhance financial stability and support growth initiatives,” Good said.

For example, automated systems allow firms to hold on to their cash until bills are due, avoiding late payments and optimizing cash flow, Charpentier said. Automation systems enable another way to maximize money through virtual credit cards that offer cash back on purchases, providing another revenue stream.

“Overall, P2P automation opens the door to more strategy, allowing you to control your cash flow rather than just paying bills as you can or as they come in,” he said.

Gaining a Strategic Advantage

Overall, it’s clear that P2P automation addresses immediate pain points and offers numerous competitive benefits. From improving accuracy and compliance to enhancing supplier relationships and enabling growth, manufacturers who adopt P2P automation can build more resilient, efficient and competitive operations in an ever-evolving industry landscape.

While the upfront cost can be daunting, the ROI from efficiencies gained quickly adds up.

“If you find the right solution provider, the cost can be completely offset by the money saved in optimizing the processes and cutting down on overhead costs and time spent by employees,” Charpentier said.

And while giving up traditional methods can feel scary, automation ultimately provides more stability and security.

“Those who are old school like to touch the paper and physically sign off on invoices and feel digitizing takes away that control,” Charpentier said. “In reality, by automating and digitizing, you gain much more control over your processes.”

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