

CUTTING COSTS IN ACCOUNTS PAYABLE WITH AUTOMATED WORKFLOWS



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Automate your AP workflows to eliminate costly, time-consuming manual processes.



In this White Paper we address Financial Directors, Accounts Payable Managers and Controllers who are interested in exploring and adopting new methods for the capturing of paper invoices and the automation of paper-based workflow processes.

AP digitisation is now a necessity

We are living in a very uncertain economic climate – if cost reduction is not already at the peak of your business agenda, it is likely to have overtaken the majority of your company's other day-to-day priorities.

In an ongoing bid to improve productivity levels while cutting costs, companies are seeking new ways to automate outdated paper based records - which can be extremely labour intensive and generate error-prone processes.

Over recent years we have seen a barrage of new legislation and compliance mandates – and these, coupled with a greater need to lower the inherent risks linked to Accounts Payable and Receivable, have made digitisation a necessity, rather than a luxury.

A Business Case for the Automation of AP Workflows

The concept of a paper-free office is certainly not a new one. We all heard rumours of complete digitisation many decades ago – and the notion sounded extremely promising.

In recent years, new legislation has placed even more emphasis on the need for digital processes – while also re-focussing attention towards financial departments around the world.

Improvements in efficiency rates, risk reduction and cost-cutting exercises have exposed the inadequacies of paper-based processes across many departments, primarily (but not exclusive to) Accounts and HR.

Major drawbacks of manual workflows

Manual workflows are inefficient and costly - they create the need for the following ongoing processes;

- Manual sorting (indexing/filing) of documents
- Physical retrieving and re-filing of documents
- Locating lost or misfiled invoices
- Making multiple copies of invoices
- Manual cross-checking of line item and invoice totals
- Physically sending documents throughout an organisation for approval
- Keying in data manually to one or more back-end systems

This can naturally lead to;

Miss-keying of invoice data

Missing out on early-pay discounts

Paying the same invoice more than once

The loss of important, irreplaceable documents

Here are a few surprising (and perhaps alarming) facts about manual AP workflows;

The average cost to process an invoice is £5. (Source: International Accounts Payables Professionals). 70% of this cost is due to manual document handling and data entry.

An average employee

(Source: Pricewaterhouse Coopers)

- Makes 19 copies of an average document
- spends £10 (in labour costs) to file each document
- spends £60 (in labour costs) searching for each mis-filed document
- Loses 1 out of every 20 documents
- Spends 25 hours recreating each lost document at a cost of £250

Additionally, an average employee will spend around 400 hours per week searching for paper documents (Source: Datapro / Gartner Group)

Clearly, there are many compelling reasons as to why digital solutions should be considered. So, the question has to be asked...

"Why aren't all companies adopting Automated Workflow AP solutions?"

- especially when we take into account the current economic climate.

One of the fundamental reasons behind this appears to be a lack of awareness/an incomplete understanding of the capabilities of digital systems. This can lead to apprehension and reluctance to find out more about the solutions available to a company.

Organisations that have already made the leap by adopting automated workflow systems for AP are seeing a multitude of benefits – and we can use their findings as a guide for others seeking to change.



Digitise AP workflows to cut costs and streamline your processes

Benefits of adopting digital AP workflow systems

Historical Document Capture & Archiving

- Vastly reduced storage costs and vital office space is freed up.
- Invoices/other data can be accessed much more quickly and easily
- Audits and supplier queries are an easier task – no manual searching
- Digital invoices are more secure than their paper counterparts
- The occurrence of lost/misplaced invoices is eliminated

Ongoing Document & Information Capture

- The need for paper originals is removed
- Halts the growth of ongoing storage requirements

- Operations are streamlined, saving time and money
- Approval processing is enabled
- Approval queues can be created quickly and easily

Data Capture & Automated Workflow

- Approval processing times are accelerated
- Digitisation aids in SOX and other regulatory compliance requirements
- Compliance of approval processing is ensured
- The requirement for internal paper movements is removed
- A more productive workflow process is established

The time and cost savings gained are significant; leading to vastly-improved efficiency rates, reduced risks and much lower costs, in addition to;

- Speedy approval via automated workflows
- Improved document retention and archival policies
- Accurate audit trails, leading to a) regulatory compliance being easily met and b) streamlined business processes

Return on Investment

Naturally, companies will need to take into consideration ROI when they embark upon the adoption of an automated workflow solution for Accounts Payable.

A justification when balancing cost against benefits is required – and, in this case, companies can charter the total time it takes to process different steps of their current Accounts Payable workflow – and compare this against the

time it will take when using an automated electronic solution.

By doing so, a good indication of ROI can be obtained and the benefits of implementing an automated AP solution will become clear.

Go digital today

If your company is ready to take its first steps towards AP automation, please speak to Dajon – we can arrange an initial consultation to discuss a tailored solution to fit the exact requirements of your organisation. We look forward to speaking to you soon!