ACCOUNTS PAYABLE

Automation Trends 2022: The Speed of Change





REPORT OVERVIEW

In partnership with our sponsor Tipalti, our latest automation trends survey sought to uncover the current state of automation in Accounts Payable teams worldwide.

The survey was conducted over a 2-month period in Q4 2021, with IFOL members.

We have been able to draw comparisons between our latest survey results and those from 2019 when we last explored this topic, pre-pandemic.

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KEY FINDINGS

1: A growing number of AP teams are fully automated

The data shows an increase in the number of AP teams who are fully automated, with the percentage of fully automated teams nearly doubling since 2019. However, this figure still represents the smallest proportion of the teams within the sample, with the majority still remaining only partially automated.

The results have also highlighted an issue around scalability. A third of respondents reported their teams would not cope well with a sudden increase in invoices. We can see positive change in some of the financial controls used within teams, such as a higher proportion of invoices now going through a Purchase Order process.

2: Known challenges have not gone away

A range of issues still exist within AP teams and these are having a large impact. The time spent processing invoices and supplier payments remains very high, with a large percentage of teams spending over 5 days each month doing this.

Manual processing is a key theme, and the issues caused by poor processes are consistent with 2019 data: damaging relationships with suppliers; delaying delivery of goods/services; and causing stress to the AP teams. The survey has also uncovered an acute awareness amongst respondents of how different their roles could be if processes were improved.

3: The speed of change

The data has shown that more companies (41%) are now planning to automate their AP processes in the next 12 months. In comparison to the 2019 figures, a further 5% of 2021 respondents anticipate their department being fully automated within the next 6-12 months.

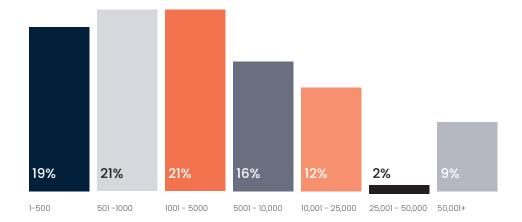
Interestingly, over two fifths (41%) of UK respondents are looking to automate within the next 12 months compared to less than one third (32%) of US respondents. The largest percentage of global respondents (41%) are expecting full automation within their department in 1-3 years, and this remains consistent with the 2019 data (47%).

Summary

Despite the ongoing challenges that are still being experienced, they are still yet to drive quick change within the majority of businesses.

Moving to fully automated processes takes an investment of time but there is plenty of guidance and support for companies looking to take this step.

What volume of invoices does your Accounts Payable team process on a monthly basis?

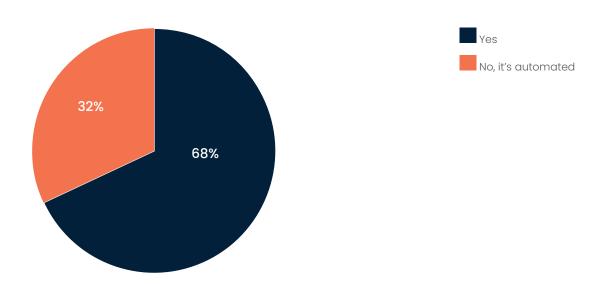


High invoice volumes, big spend

- 60% respondents process more than 1,000 invoices per month.
- Nearly a quarter (23%) process over 10,000 invoices monthly.

Question 2

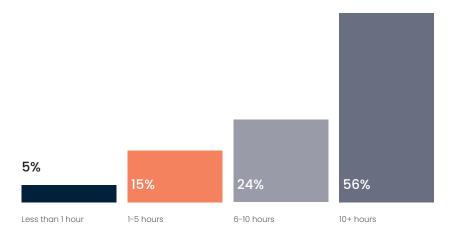
Do you (or a member of your team) manually type in invoices into your ERP/accounting software?



Prevalence of manual processing

- Over two thirds (68%) of respondents manually key invoices into the ERP/accounting software.
- Less than one third (32%) of respondents have an automated process.

How many hours a week does your finance team spend processing invoices and administering supplier payments?

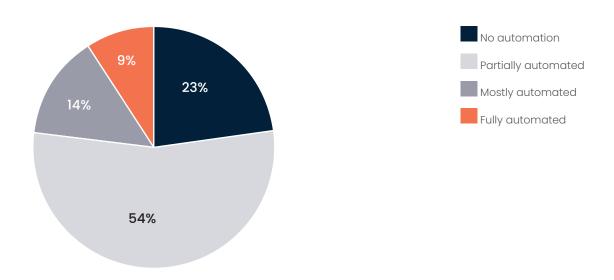


Lengthy processing times

- 56% of respondents spend more than 10 hours per week processing invoices and administering supplier payments.
- Only 5% of respondents spend less than I hour each week. Of these respondents, all stated they have an automated process for this work.

Question 4

How would you best describe the current state of the automation of processes in your Accounts Payable department?



Fully automated teams are on the rise

- The number of AP teams who are fully automated has nearly doubled in the last two years: 9% are fully automated in 2021 compared with 5% in 2019.
- The largest proportion remains in the partially automated phase, and this is consistent with the 2019 results.

Are you planning on automating your payables processes?

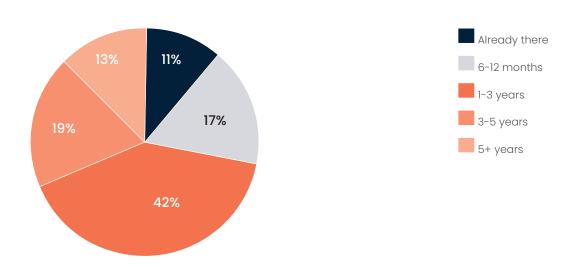


Planning for change

• Positive move towards automation with one fifth (20%) of teams stating they are already automated, and over two fifths (41%) planning to automate their processes within 12 months.

Question 6

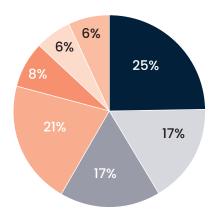
When do you anticipate your AP department reaching a fully automated state?



Fully automated teams are on the rise

- 17% of respondents anticipate their department being fully automated within 6-12 months, compared to 12% in 2019. Regional breakdown: 41% of UK respondents and 32% of US respondents.
- Consistently, the largest percentage of respondents are expecting full automation in 1-3 years: 42% in 2021 and 47% in 2019.

Which of the following financial processes have you already automated?



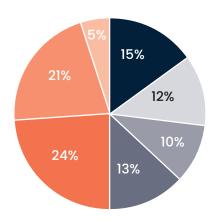


Finance process automation

- The top two financial processes (globally) that are already automated are invoice management and supplier payments.
- In the US the highest percentage of respondents (58%) had automated expense management, compared to only 15% of UK respondents.

Question 8

What would be the top two reasons for automating the AP process for your business?

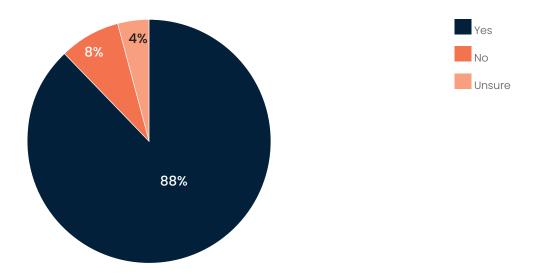




Why do teams want to automate?

- Multiple reasons noted for automation showing the range of areas that can be addressed. The top two reasons across global respondents are:
 - 1. Speed up the payable process
 - 2. Increase controls and reduce risk.
- In comparison to the 2019 responses, the top two reasons were:
 - 1. Reducing FTEs / headcount
 - 2. Increase visibility across the invoice process.

Do you believe that improving invoice management and supplier payments would free up your finance team to focus on more strategic initiatives?

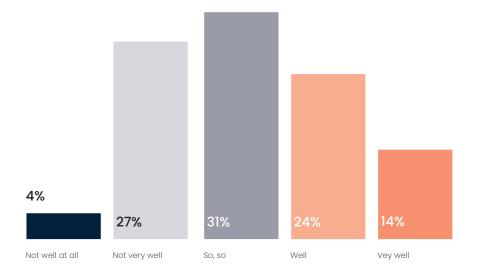


Acute awareness within AP teams

• Nearly nine out of ten respondents (88%) felt finance roles could be different if invoice management and supplier payments processes were improved.

Question 10

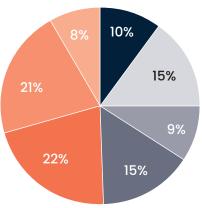
How well equipped would you describe your AP team to handle a sudden increase in invoice volume?



Managing increases in volume

- Just under one third of respondents (31%) state their team is not equipped to manage a sudden increase in invoice volumes, identifying a real issue around process scalability.
- Over one third of respondents (38%) felt their team could handle a sudden increase well or very well.

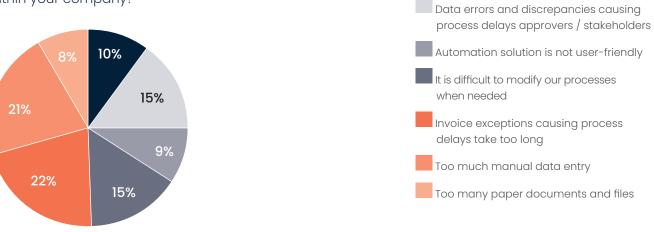
What would you say are the top AP process challenges within your company?





Top two processing challenges identified

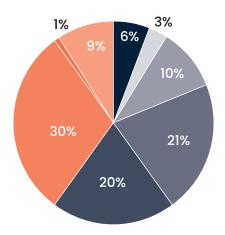
- 2021
 - 1. Invoice exceptions causing process delays taking too long
 - 2. Too much manual data entry.
- •2019
 - 1. Too much manual data entry
 - 2. Too many paper documents and files.
- Despite manual processing still being a challenge, the 2021 data shows a positive shift away from paper documents and files since 2019.



Lack of visibility

Question 12

What are the core issues faced within your team as a result of delayed processes?

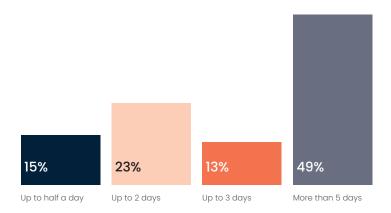




- Top three issues in 2021 are:
 - 1. Damaged vendor/supplier relationship
 - 2. Delayed delivery of goods or services from vendor/supplier
 - 3. Stress on the AP team
- This was identical to the top three issues reported in 2019.



How much time do you spend on a monthly basis processing invoices?

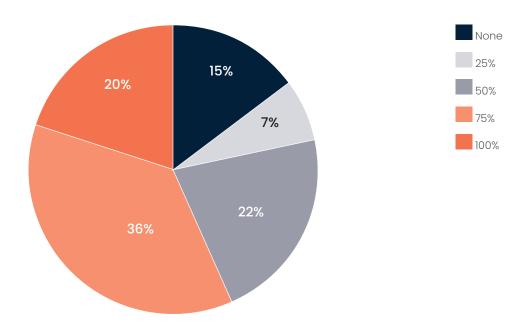


Monthly invoice processing burden

- Nearly half of global respondents (49%) spend more than 5 days per month processing invoices.
- The following regional breakdown shows a greater number of US teams with longer processing times of over 5 days:
 - US 63%
 - UK 26%
- However, globally this has reduced since 2019, when 66% of respondents spent more than 5 days a month processing invoices.

Question 14

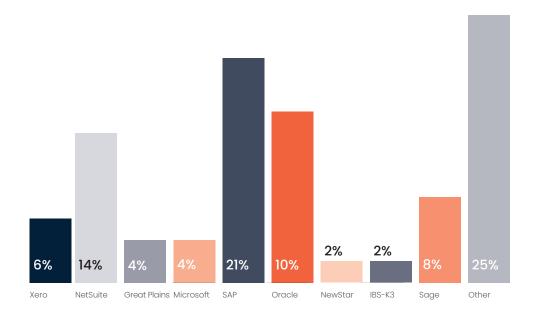
What percentage of your monthly invoices go through a Purchase Order process?



Tighter PO controls

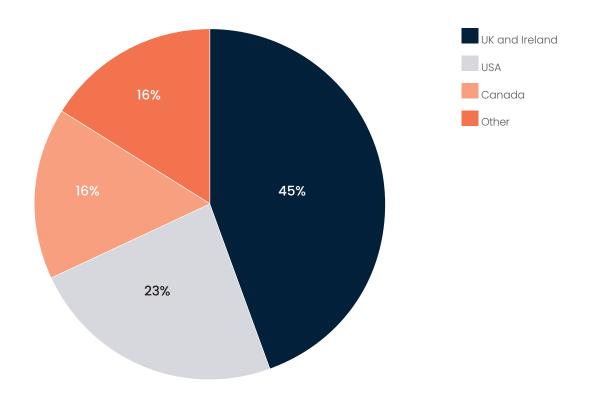
• A larger proportion of invoices are now going through a Purchase Order process: One fifth (20%) in 2021, compared to only 8% in 2019

What is your accounting package?



Question 16

Where are you based?

















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Toni Tornell Controller at United Language Group

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Original research conducted by IFOL (The Institute of Financial Operations and Leadership).

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