AUTOMATING AP IN 2022:
A STEP-BY-STEP GUIDE

If you're reading this, maybe you already know it's past time to incorporate automation into your accounts payable department.

After all, automating elements of AP has been shown to help process invoices cheaper, faster, and with fewer errors. While it's not for everyone – such as businesses that process few invoices each month – most mid-size or enterprise level companies processing high volumes of invoices by hand can leverage automation to improve AP operations & better control spend.

The part you might be stuck on is how to actually implement an AP automation solution. Or, maybe you're struggling to win over other decision makers within your company.

That's why we created this resource. It's for forward-thinking finance professionals or teams who are ready to make the leap to AP automation, and who could use some helpful pointers to guide them along the way. The following is a tactical guide for ensuring AP automation reaches your company fully in 2022.

WHY AP AUTOMATION MAKES SENSE NOW

AP has been having a moment in recent years, as AP expert Ernie Humphrey noted in a blog post for Stampli.

"No one paid much attention to accounts payable beyond accounts payable professionals for many years, even decades, until just a few years ago," Humphrey wrote. "Then, boom, an explosion of AP automation companies, and webinars, conferences and associations all dedicated to excellence in accounts payable."

But AP automation has been a good idea for years, with cloud-based computing making it so that companies can easily and cost-effectively implement systems to optimize how they process their invoices.

CONTENT

WHERE TO BEGIN?
AP FUNCTIONS THAT CAN BE AUTOMATED

For companies that haven't attempted AP automation or have only automated one or two select functions, knowing where to start on a larger-scale project can feel daunting. However the process itself can be more straightforward than you think – it just takes a bit of education & preparation. Here are several areas to consider:

DATA ENTRY

Whenever an invoice reaches an AP department, whether in paper or email format, it must be entered into an accounting system. Companies without automation often will have their employees enter the invoices by hand, even if it's tedious, employees detest it, and it can lead to errors. One of the most immediate opportunities for AP is to automate this manual data entry.

PRO TIP: Some companies try to upgrade data entry with optical character recognition (OCR) invoice scanning software. While it's an improvement on just having employees 10-key invoices into the system, OCR software is far from foolproof.

The software doesn't read data intuitively and, accordingly, will sometimes transpose letters and numeric figures. It also is format-dependent and can get thrown if a vendor changes a minor detail or two on an invoice, which vendors will often do.

AP automation is a better bet for data entry in that AI and machine learning, such as Stampli's virtual assistant Billy the Bot, can intuitively scan and contextualize data.

THREE-WAY MATCHING

Whenever an invoice is being prepared for approval and payment, it must be verified.

Verification occurs through a process of two or three-way matching, generally grouping invoices together with purchase orders and receipt reports. Doing this by hand can be time-intensive, with the potential for key records to be out of place.

WIth automation, though, invoices, POs, and receipt reports are stored within transaction files and three-way matching can occur seamlessly.

PAYMENTS

Companies like to pay bills all different ways, with a [2021 survey report by Stampli and Treasury Webinars](#) on payment types finding that 30% of businesses preferred to pay bills with checks, 24% with the automated clearing house, 36% with credit cards, and 4% with virtual or ghost cards.

AP automation software can help to arrange and schedule payments regardless of payment type. Having payments integrated as part of an AP platform will also ensure that everything related to an invoice happens in one place, preventing data disconnects or other discrepancies

VENDOR MANAGEMENT

When vendors aren't managed effectively, problems can quickly start to compound for AP. Vendors can swallow inordinate amounts of staff time calling or emailing with questions about the status of their payment. Even ensuring that a vendor properly sends in their invoice can be a debacle.

AP automation software, however, can come equipped with portals where vendors can submit invoices and see the status of their latest payments.

RECONCILIATIONS

Reconciliations are when a company makes sure that there aren't discrepancies between two different sets of accounting books. It's a great thing to do, but also a lot of work, so companies might put it off sometimes.

That said, automation allows reconciliations to be done automatically as often as a company pleases.

SPEND MANAGEMENT

There's been growing awareness in recent years that accounts payable is a treasure trove of data. One of the ways to leverage this data: Making sure that different departments across companies are keeping their spending at least more or less in line.

Trying to do this by hand is no easy feat. But AP automation platforms such as Stampli come with built-in spend management capabilities that will give companies a keen idea of what's working and what isn't among their purchasing teams.

THE CLEAR BENEFITS OF AP AUTOMATION

The more invoices that reach a company each month, the more sophisticated accounts payable work can become and the harder it is to do everything by hand. Companies might want to negotiate early-payment discounts, batch process invoices, and much more. With how important data analysis has become, savvy companies might also try to glean purchasing or vendor trends from large numbers of invoices. Here are some of the benefits automation brings to companies processing higher volumes of invoices.

GREATER OVERSIGHT, CONTROL, AND CONVENIENCE

An AP automation platform provides continuity and end-to-end visibility. When an invoice arrives, it can process smoothly, with the same authorized people watching its journey. Should an issue arise with the transaction, companies can know immediately and be able to take appropriate action.
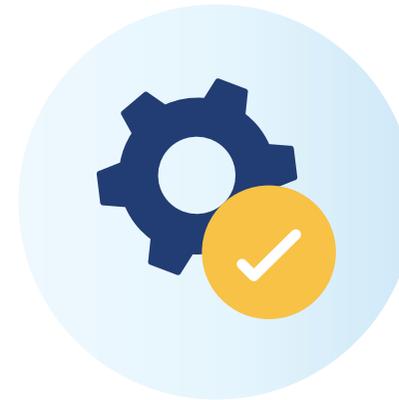
IMPLEMENTATION IS EASIER THAN YOU MIGHT THINK

Implementation of an AP automation platform is by no means instantaneous. As we'll detail a little later, there's a bit of work involved even on a company's end to ensure the system launches smoothly and with broad buy-in among your team.

That said, while the process requires some investment of time, engagement, and a willingness to move beyond longstanding AP practices, it's far less nebulous these days. A tried and true provider such as Stampli can lay out a clear course that its partners can follow to better AP outcomes.
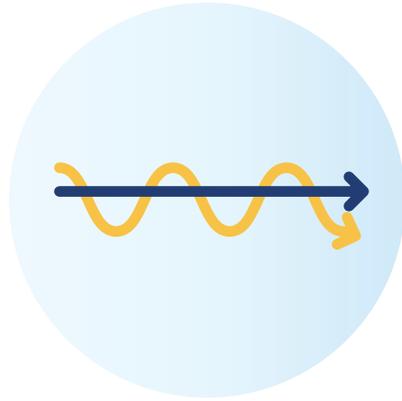
CENTRALIZED AP SIMPLIFIES YOUR OPERATIONS

Say goodbye to endless hunts for invoice approvals. Quit worrying about having to scour invoices for exceptions, which are common in AP, and having to correct them by hand.

One of the great things about AP automation is that it means far simpler operations. It can help guide invoices through an efficient and intelligent P2P process, minimizing the potential for needless and preventable complications.

COMPREHENSIVE SPEND MANAGEMENT

Spend management can be tough for companies, even for those who make sure employees submit proper documentation for expense reports and such. Spend can differ be different departments, with the reasons not always clear.

With Stampli, however, businesses can get a clear view with up-to-date information. Our platform helps users review payment activity and maintain spend control all in one place.
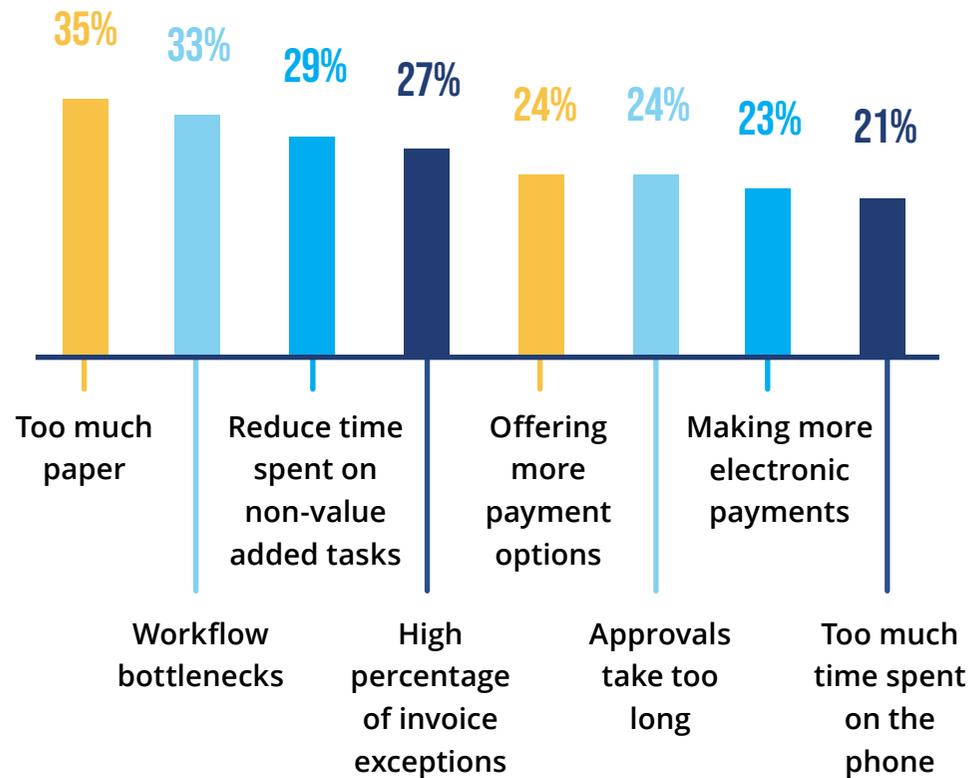
PROCESS INVOICES CHEAPER AND FASTER

Companies often need 15-20 days to prepare invoices for payment and sometimes pay more than $20 per invoice in processing costs. AP automation's ability to slash these times and costs and do so again and again over the hundreds or thousands of invoices that many companies process each month makes it invaluable.
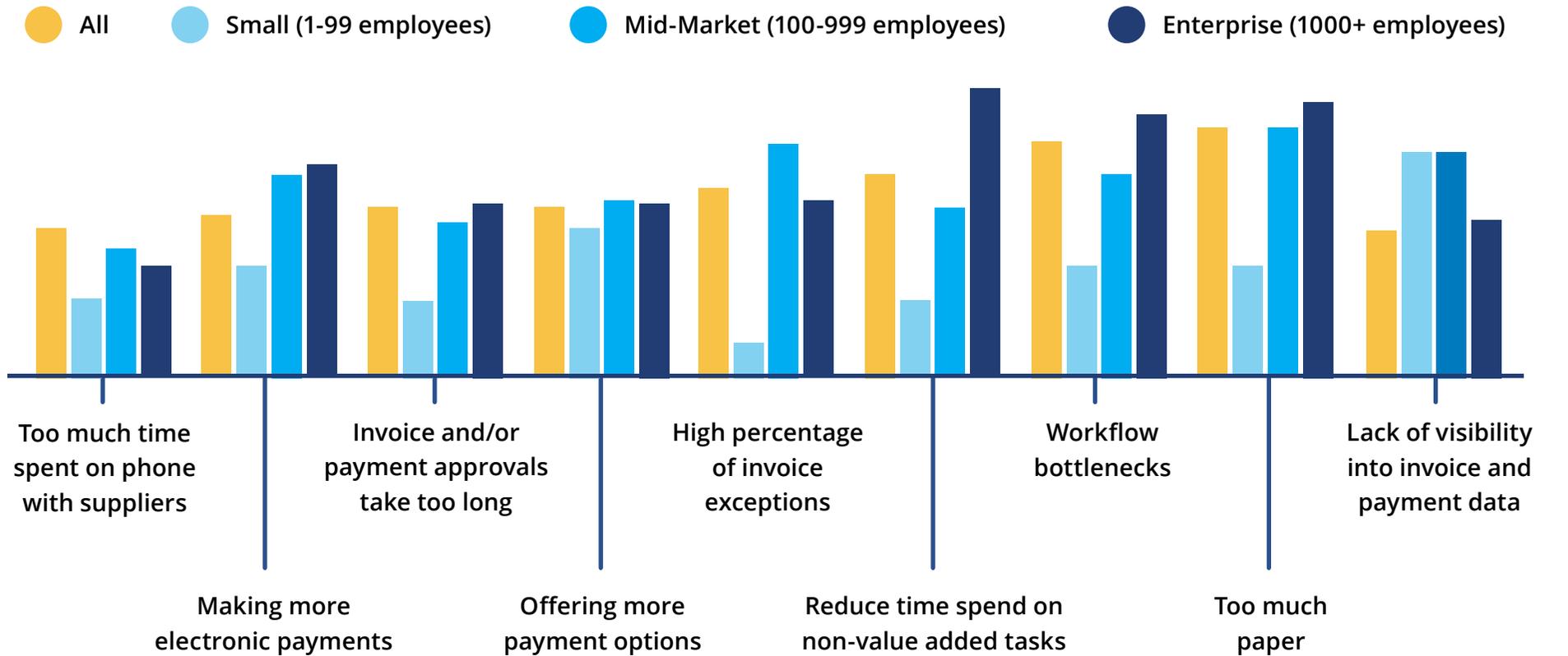
WHAT RECENT DATA SAYS ABOUT AP AUTOMATION

Automation makes it so that companies can easily handle all the nuances of large-scale AP operations, while cutting invoice processing costs and times dramatically. While it's hard to pinpoint the precise amount of saved time or cost, some case studies sources online have suggested it could be as much as 80%.

In a Stampli study conducted with Treasury Webinars, participants were asked to share some of the reasons they had for investing in an AP solution & real-time benefits.

REASONS FOR INVESTING IN AP AUTOMATION

35% Too much paper
33% Workflow bottlenecks
29% Reduce time spent on non-value added tasks
27% High percentage of invoice exceptions
24% Offering more payment options
24% Approvals take too long
23% Making more electronic payments
21% Too much time spent on the phone

DRIVERS OF AP AUTOMATION INVESTMENT BY COMPANY SIZE

Legend:
- All
- Small (1-99 employees)
- Mid-Market (100-999 employees)
- Enterprise (1000+ employees)

Categories:
- Too much time spent on phone with suppliers
- Making more electronic payments
- Invoice and/or payment approvals take too long
- Offering more payment options
- High percentage of invoice exceptions
- Reduce time spend on non-value added tasks
- Workflow bottlenecks
- Too much paper
- Lack of visibility into invoice and payment data

8 STEPS TO ROLL OUT AP AUTOMATION TO YOUR TEAM

Anyone with a passion for improving accounting operations at their companies might know how challenging it can be to get buy-in from internal stakeholders to implement solutions such as AP automation. Here's how to overcome this and get a new platform up and running for your business:

STEP 1:
CREATE A CORE INTEL TEAM

Chances are, while you might encounter some pushback on AP automation within your company, there are already at least a few like-minded people clear on the benefits, people like other AP staff, accounting managers, and even CFOs or other finance executives.

Gather these people together for regular meetings and start sharing intelligence with one another. Read Stampli's blog and download our whitepapers, which are going to keep coming out as we mine this topic further.

STEP 2:
EVALUATE PAIN POINTS

Accounting pain points are often well-known, at least tacitly, even if people don't speak about them that often within their companies. Companies can lose out on vital revenue every time they miss an early payment discount. Accounting departments can effectively shut down for a day or two with each month-end reconciliation.

Listing these and other pain points during meetings with the intel team can start to give companies a clear idea both of what's gone wrong in the past and what AP automation can help them to alleviate.
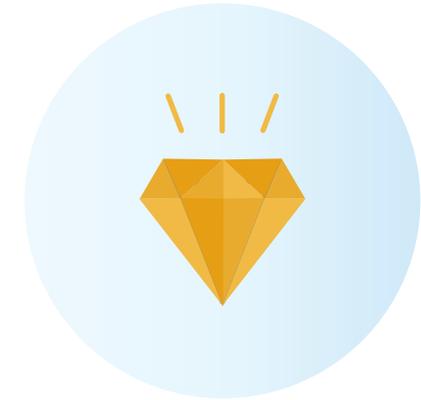
STEP 3:
REVIEW OPPORTUNITIES WITHIN AP

A good AP staffer or small team can hold together a lot in accounts payable, rarely missing a discount and generally providing stellar service to vendors.

But even among the best teams, there will be opportunities for improvement. Perhaps invoice exceptions consume way too much of staff time, even if they're first-rate at clearing them out. Maybe a large number of mundane tasks, which could be better handled by automation, leave staff with little time to do higher-level work they're probably capable of, such as AP data analysis.

STEP 4:
ESTABLISH GOALS

Like much of this list, whatever a company sets down here can be unique to its situation. It can also be incremental. A company doesn't have to go overnight from processing invoices in 20 days to three or four, or processing invoices at 80% cost savings.

While we know what AP automation can lead to, even 10-20% savings to start can be profound for many companies and give them a consistent growth marker for the next several years.
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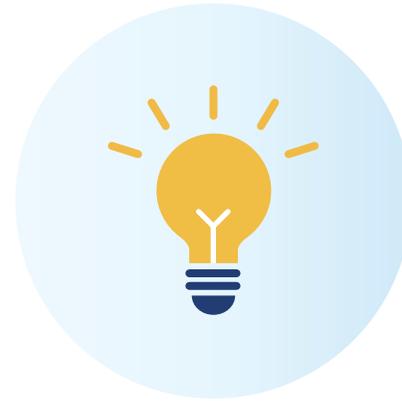
STEP 5:
EVALUATE SOLUTIONS

As there are a lot of AP automation providers on the market these days, this stage requires some careful consideration and a realistic assessment of what stage a company is at and what it might need from a provider.

For instance, we'll be the first to say that we're not an ideal fit for smaller companies that might not have a lot of invoices. While we're happy to provide education through our written materials on what AP automation is and how companies can benefit, we've found it's usually better that companies come to us once they've reached a critical mass of invoices, generally somewhere over 100 a month.

Whoever a company engages with during the evaluation process, it's critical that providers be clear on what they can offer and if they're transparent about whether or not they seem like a good fit. If not, it can be a big red flag.
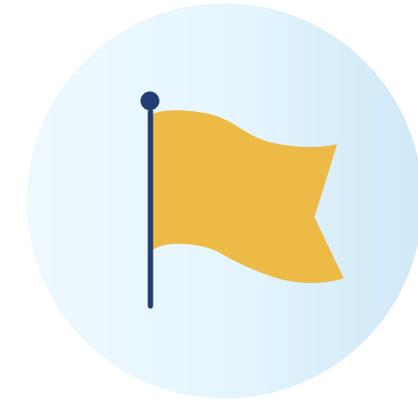
STEP 6:
HOLD AN OFFICIAL KICK-OFF

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3 COMMON AP AUTOMATION OBJECTIONS (AND HOW TO BEAT THEM)

Objections in business are a good thing -- it means that people are engaged. It's far better to hear an objection or two than nothing at all.

But it's also good to have responses ready for when common objections arise, which is why we dedicated one blog post to **categorizing and overcoming objections**.

1 **"Everything works fine -- why change?"**
Show data to suggest things could be better; highlight challenges changing business, such as the COVID-19 pandemic.

2 **"It's just one more thing to manage."**
Highlight everything AP tech can do, from invoice data entry to three-way matching to exception management.

3 **"Does AP automation cut jobs?"**
Show workers that automation doesn't have to eliminate their jobs. It can just eliminate grunt work and give them higher-level tasks to attend to.

STEP 7:
MAINTAIN STRONG COMMUNICATION DURING IMPLEMENTATION

A competent AP automation vendor will provide strong communication throughout implementation, letting companies know exactly what's happening and how long the entire process will take.

That said, it's also wise to focus on keeping up good communication among individual members of your team. Not everyone will need to be in direct contact with your vendor during implementation, but they'll likely share some of the same questions and curiosities.

Keeping as many people as reasonably possible in the loop can help to quell anxieties and ensure that the new system is well-utilized out of the gate.

STEP 8:
DETERMINE BENCHMARKS

It's perfectly logical for companies to want to have any and all benchmarks that will show how their new AP automation system is making a difference.

One of the great things about Stampli is all of the reporting it can enable. As one blog post noted, "With built-in reports, you can view the total number of invoices in process and days they have been in process, which also includes the dollar amount of invoices, and can improve cash flow management."

WIth reporting capabilities of platforms like Stampli, companies can zero in on which benchmarks are best showing success.

MAKE 2022 THE YEAR OF AP AUTOMATION

Getting AP automated doesn't have to be an arduous process. While it requires an investment of time and resources for companies to get optimal ROI, an implementation partner like Stampli can help take stress away.

We've tried to be comprehensive with this guide and give an idea what it takes to get an AP automation platform up and running at your company. But if you have questions beyond what's covered here, no problem. We will be there every step throughout the implementation process, ensuring that everything goes smoothly.

ADDITIONAL RESOURCES

WHAT FUELS AP SUCCESS

To learn how AP teams are currently collaborating across departments to improve AP strategies, Stampli surveyed 257 finance leaders, including accounting managers, finance managers, finance directors, VPs of Finance and CFOs. The following whitepaper discusses key survey results and their implications.

OVERCOMING BOTTLENECKS IN ACCOUNTS PAYABLE

Ever wished you could take a peek into the inner workings of other accounts payable teams to see how they run things? In this Stampli survey – AP Today: Benchmarking the What and the Why – we asked AP experts and finance professionals across different industries and company sizes how their teams are working.

RETURN ON INVESTMENT FOR AP AUTOMATION

In this 2021 original Stampli Survey Report, we reveal unique insights and stats from 400+ Finance and Treasury leaders on why they ultimately made the leap to AP Automation. The report highlights the nuances of how companies are using AP automation platforms, plus the specific ROI benefits they've seen post-adoption.

HOW AP AUTOMATION FACTORS INTO PAYMENTS

This cross-industry study discusses the key survey results from 361 participants from companies headquartered in the US, and offers specific recommendations for companies to leverage in managing how they pay suppliers.

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& BEST PRACTICES

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THE HOW, THE WHY, AND THE
ROI OF AP AUTOMATION

DOWNLOAD
HOW & WHY COMPANIES
CHOOSE PAYMENT TYPES

ABOUT STAMPLI

Stampli is a collaboration-based AP Automation platform designed to make each stage of the AP lifecycle empowering and efficient for all involved. Stampli carefully tailors the invoice processing experience by stakeholder – AP Staff, Management, Approvers, and Vendors – giving every individual a delightful experience based on their unique workflows and needs. The right information is always presented to the right person at the right time, resulting in invoice processing times that's 5x faster.

Stampli reduces effort spent on time-consuming processes by utilizing its AI, Billy the Bot, to automate GL-coding, approval selection, notifications, and duplicate identification. This solves for human error and gives your AP team time back to focus on higher value activities.

In addition, Stampli is payment agnostic, letting you decide how you want to pay your vendors. Stampli offers an optional service with maximum payment flexibility called Stampli Direct Pay. Use Direct Pay to pay vendors directly inside of Stampli by ACH, paper checks, or even outside of Stampli.

Lastly, Stampli fits in wherever teams need it. Integrations are available for popular ERPs, including NetSuite, Sage Intacct, QuickBooks, SAP and more.

Visit us at www.stampli.com learn how you can make AP best practices your practices.