Deluxe Payment Exchange**+**

Complete guide to automating your payables

Help reduce errors and gain peace of mind

deluxe**+**

PAYMENTS & DATA

Guide

Contents

Is your accounts payable team spending countless hours on complicated manual billing processes?

Is even more time being spent chasing missed reconciliations and oversights? Is your team unable to fulfill payment and billing requests from suppliers? What security protocols are taken into account to protect the often-sensitive data contained in these files?

» Read on to discover a viable and cost-effective solution to these financial process challenges: accounts payable automation.

> Simply put, automating the Accounts Payable (AP) process means utilizing digital technology to accomplish time-consuming processes that were previously done manually.

What is accounts payable automation?

By automating the payment process, there is no longer a need to manually enter data, verify its accuracy and be concerned about physical storage of financial paperwork. **Plus, there's no longer the need to rely on mail service for payments,** helping eliminate the risk **of lost or stolen payments or more seriously, mail fraud.**

Furthermore, reducing paper, streamlining and automating the accounts payable process helps companies stay on top of compliance requirements, which can increase supplier and employee satisfaction and even help prevent audits and security breaches.

Accounts payable automation also involves the ability to offer additional payment options, including electronic payments. Delivering more payments electronically reduces the number of vendor inquiries on payments that are lost in or stolen from the mail. Often, increasing the number of payment options can result in an increase in manual processes. However, utilizing accounts payable automation tools can make the process **more efficient** through **secure data management** and **payment automation**.
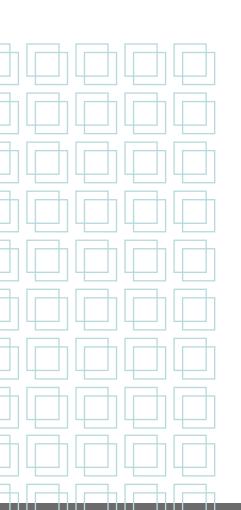
In addition to these external benefits, there is the added bonus of freeing up the accounts payable team to focus on higher-level tasks such as reporting and data analytics and spending less time on repetitive, lower-level activities.

Despite the win-win elements of accounts payable automation, many AP teams face pushback when it comes to changing systems or lack the budget to automate.

Here's how to know if AP automation is right for your business and what to look for in accounts payable automation solutions.

Is accounts payable automation right for your business?

When the majority of accounts payable tasks are done manually, businesses lose time and focus and increase the **risk of human error** (and the liabilities and losses that can come with it).

Businesses seeking to reduce AP processing costs can look to automation as a cost-effective solution. Approvals and routing processes are easily automated and the benefit of doing so is quickly evident.

Reducing the number of people needing to be involved in processing not only helps reduce the potential for human error but can also speed the process and increase AP effectiveness.

Additionally, many leaders and executives now request quarterly or even monthly analytics and reporting. The reports and analysis available through AP automation tools make this an easy request to fulfill.

Can your business benefit from accounts payable automation?

» Does your business spend a significant amount of time on AP data entry, check printing and mailing and manually reconciling payments?

» Does the AP team frequently field questions about payments?

» Has your business experienced check fraud?

» Are AP processes tracked manually?

» Is time spent with suppliers primarily focused on gathering payment preferences, sensitive banking information and fielding queries about invoicing and timing?

» Are the majority of AP documents still physically mailed, filed and stored?

If the answer to many of the above questions is, "Yes," then your business can benefit significantly from automating elements of your accounts payable process.

The benefits of accounts payable automation

In every organization, there will always be someone resistant to change because, **"If it's not broke, don't fix it."**

While processing accounts payable manually may not exactly be "broken," it's inefficient, slows AP team members down and comes with very real, potentially negative consequences.

On the flip side, there are many benefits of AP automation, including:

Saving time

If a business adds up how much time is spent on AP processes, delays in workflow and approvals, the amount of time spent on the phone following-up and more, the result would likely be an overwhelming sense of surprise. Automating even a few AP processes saves time.

Sending checks through the mail can lead to lost and late payments which drives payment inquiries from vendors. Researching lost payments, voiding or stopping payment on lost checks and sending new payments costs valuable time.

Saving money

The investment in upgrading to an AP automation solution is often offset by the amount of money saved, both directly and indirectly.

Postage and mailing costs are tangible and rising. Sluggish manual AP processes often result in late fees and automating AP processes can help eliminate those charges.

Adding higher-level productivity to an AP workforce while eliminating repetitive manual tasks is also good for a company's bottom line.

Mitigate fraud risk

Automating AP processes helps reduce the risk of fraud, from controlled access to invoices to increased account security. When processes are automated, it decreases or even eliminates the number of people required to interact with an invoice or account, diminishing the chance that information can be stolen or tampered with.

Many businesses are understandably wary about collecting and storing highly sensitive data such as bank information. This can lead to liability in the event of a data breach. Automating AP processes can help keep that data safe and secure.

Payment automation can also help reduce fraud exposure. Every payment physically sent through the mail is a potential exposure to check fraud. Digitizing as many payments as possible can go a long way to helping reducing fraud.

Increase data security

Most organizations still utilizing manual accounts payable processes have multiple people handling invoices from the start of the process through month's end.

From verifying invoices to signing checks, the more human interaction involved with an invoice, the higher the likelihood of errors and compromised data.

AP automation solutions offer access and approval controls to help reduce the risk of data breaches, both intentional and inadvertent.

Another risk to smaller and mid-market businesses is storing sensitive supplier information such as bank account numbers, leaving multiple teams to determine if the information is truly secure if stored locally.

Increase accuracy

Duplicate invoices, inaccuracies and missing line items are all common human errors that occur during a manual accounts payable process. AP automation removes the need for manual review of many processes and helps to ensure information is **consistent** and **compliant**.

Easy audit trails

AP automation tools can help flag issues that can be addressed prior to an external audit and can assist in highlighting issues that require the attention of an internal audit.

A transparent audit trail can point to errors, fraud and help a business remain compliant with state and federal regulations.

Ensuring all transactions are valid, data is accurate, and records are complete is also a critical function of AP automation solutions.

Ease the work burden on AP professionals

Automating AP processes frees up AP professionals for higher-lever tasks and increased productivity. Chasing down paper invoices isn't a very good use of anyone's time, especially when the task can easily be automated.

AP professionals can be relieved of the burden of low-level, repetitive tasks thus providing them with the opportunity to focus on more **strategic, hands-on priorities**.

Eliminate paper files and storage

Eliminating paper checks is often a top reason cited for an organization upgrading to an AP automation solution. Vendors now expect digital payment solutions and offering the option to remove paper checks from the process is welcomed by the majority. Handling and storing physical documents takes additional time for something with little to no value-add.

AP automation can enable a business to offer an array of payment options, particularly electronic payments. The more a business can rely on digital payments, the fewer inquiries the AP team needs to field about payments lost or stolen from the mail.

Make month-end a breeze

Ask any AP professional and they'll likely tell you that month-end is a busy, overwhelming and often dreaded time. Reconciling inventory and accounts, producing and reviewing statements, closing everything out— even when everything goes as it should (which is rarely the case)—takes a great deal of time and can cause a lot of stress.

Automating AP processes removes the excess time of many manual steps, helping to make month-end much simpler.

The 1-10-100 Rule Defined

Prevention is less expensive than correction, and correction is less expensive than failure.

For example, a business can spend $1 to prevent invoice errors, $10 to correct a mistake or $100 (or much more) if an invoice fails to reconcile or goes unpaid.[1]

Automating AP tasks can cut down on time, pressure and errors.

Here's how:

Automation tools take the guesswork and human error element out of the accounts payable process. Copy/pasting information and even basic data entry is very susceptible to human error. The so-called "1-10-100 rule" demonstrates that preventing mistakes is less costly than correcting them after they've been made.[1]

AP tasks that are easily automated are often monotonous for the professionals having to tackle those tasks. Allow AP professionals to share their expertise and flex their professional muscles with what matters. Employee motivation, productivity and satisfaction can all be affected by something seemingly as small as daily data entry.

AP automation tools can allow team members to quickly and securely answer questions regarding easily searchable information, reconcile invoices and analyze monthly, quarterly or yearly data. A much more efficient and desirable option than digging through reams of paper files or tracking down email trails.

In a world refocused on workplace satisfaction and stress reduction, automating AP processes to allow team members to focus on more strategic, hands-on tasks can go a long way in increasing gratification.

[1]Harvard Business Review, "Assess Whether You Have a Data Quality Problem," July 2016.

AP automation—easier than people imagine

Manual payment processes are slowing down businesses.

Manually implementing accounts payable processes is also difficult to manage with a hybrid workforce. There are better, more efficient and cost-effective options. A reliable, trusted company like Deluxe can provide AP automation solutions regardless of business size or industry.

Companies do not need to go all-in and overhaul the entire AP process in order to make accounts payable more agile. Even an essential digital payment solution can help improve productivity, minimize processing costs, maximize payment accuracy and control or minimize opportunities for fraud, all while saving time.

Working with a stable, dependable, established organization helps ensure integration is straightforward and fully supported and systems are user-friendly.

Automating accounts payable—a phased approach

Most small-to mid-size businesses have budgetary considerations as well as reservations about the "all or nothing" approach of reconstructing accounts payable processes.

However, there are significant business benefits to a phased approach, modernizing the AP process in steps:

» **Starting with parts of the process, such as authorization and payment execution, is budget friendly.** Organizations only pay for what they need and can take the time to discover which elements of AP automation would be most helpful.

» **Inertia and resistance to change are common reasons many companies don't update their AP processes.** "We've always done it this way," and "Modernizing the process is too much work," are typical responses to the request to consider automation. However, starting smaller by updating one or two steps in the accounts payable process, often feels much more manageable and less overwhelming.

» **Automating payment issuance and reconciliation, for example, can serve as a test or trial for broader AP automation.** When the team and leadership see a positive return on investment, they are more likely to approve the next, wider phase of AP automation.

Focusing on team member retention

Accounts payable can be a stressful career, even in the best of times. But the past several years have brought new pressures, new requirements for attention to detail, new tasks, new ways of managing, a hybrid, distributed workforce and so much more. A lot of attention has been paid to workers burning out and staffing shortages, but there has been less focus on the issues for AP professionals themselves.

Budget fluctuations are requiring AP teams to do more with less and, often, that turns into an untenable long-term solution instead of a shorter-term bridge. Anything an organization can do to reduce the workload of their finance teams will go a long way—particularly when it comes to eliminating repetitive manual processes such as data entry or filing.
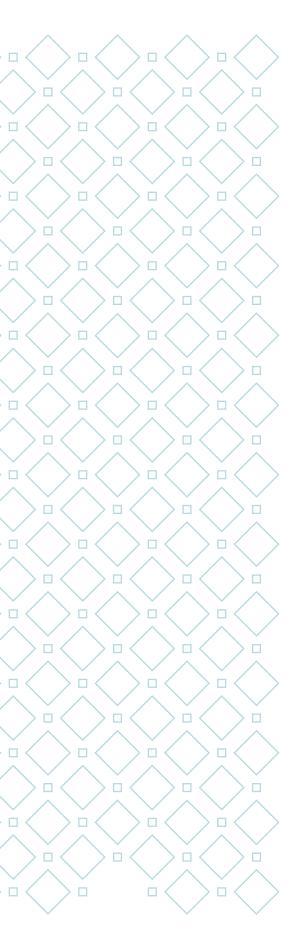
AP and finance team members can suffer burnout due to the stress of needing to keep on top of constantly changing compliance regulations, monotonous tasks, budgetary and financial pressures and much more. This can lead to a less efficient, less productive and more error-prone team.

When AP team members need to go into the workplace only to manually get payments out the door, it's not only redundant, but can also damage morale and recruitment when employers prefer to work remotely. If your payables process causes your AP team to come into the office, and other companies have upgraded and with systems in place to allow them to work from home, it can be a competitive differentiator in terms of retaining top talent.

Automating AP processes can make them faster, eliminates dreaded manual processes and workflows, removes opportunity for human error and improves communication between AP team members, employees, vendors and beyond.

AP automation—a competitive advantage

Sure, there are plenty of businesses still doing their accounts payable processing manually. However, a business gains a competitive advantage when they can:

» Rapidly approve and process invoices

» Eliminate incorrect information and even missing invoices

» Easily track outstanding liabilities

» Quickly approve invoices to take advantage of early pay or other discounts

» Reduce or eliminate exceptions and discrepancies

» Include remittance data with digital payments to reduce vendor inquiries

» Provide a variety of payment options which will improve supplier relationships

Organizations able to keep it simple and focus on delivering exceptional experiences for both employees and vendors/suppliers have an eye on their future success.

Letting go of clunky manual AP processes in favor of flexible and agile automation tools improves experiences all around.

AP automation solutions can grow and flex as a company does. True innovation comes when teams are empowered and given the space to be creative.

What to consider when automating the accounts payable process

Perhaps AP automation is a new concept being explored. Or it's been discussed in the past but dismissed for a variety of reasons. If now is the time to automate the accounts payable process for your business, here's what to focus on and keep in mind.

Easy integration with existing accounting software

If an AP automation solution does not easily integrate with existing software, time is wasted and frustrations mount. The solution doesn't resolve issues if no one can or will use it.

Ease of onboarding

Simple steps, attainable goals and stellar support are all hallmarks of AP automation systems that are user-friendly and easy to start. The more difficult a system is, the less likely AP teams are to utilize it.

Amount of process change

When changes to the AP process are incremental, working with new tools can be low risk with high reward.

It is easier to get staff and leadership to accept the change by automating pieces of the process, rather than a total revamp. Changes are often easier to implement when they are "bite-size."

The importance of trusted partnerships

There is no shortage of options when it comes to AP automation technology. However, for every new app and tech startup that creates an AP automation product, another seems to quietly disappear.

When it comes to vital and sensitive processes such as accounts payable and finance, working with a trusted, experienced partner is key. Deluxe has a long history of providing innovative products and lasting support to businesses across industries. For more than 100 years, Deluxe has set the standard for everything from paper checks to digital payment innovations.

Business payments are our business. Our accounts payable automation tools are the result of decades of knowledge and listening to clients.

Businesses need a solid foundation when partnering with others and **Deluxe Payment Exchange+** stands on the platform built by more than a century of business payments expertise.

AP automation from A–Z

The accounts payable world definitely has its own lingo. When it comes to accounts payable and process automation, here are the key terms to know:

Approvals

Invoices need to be approved by a designated person or multiple people within the organization in order for the company to pay them. The workflow of a company's approval process can be automated to save time and ensure the process is easier to track and more secure.

Balance sheet

An organization's balance sheet details current assets, liabilities and equity.

Cash Conversion Cycle (CCC)

A CCC measures the amount of time an organization needs to convert its current inventory into cash. CCC is often a metric of overall company efficiency.

Days Payable Outstanding (DPO)

DPO measures the length of time an organization takes to pay its invoices. The lower the DPO, the more quickly a company pays its invoices. AP automation solutions can help reduce DPO, sometimes significantly and results in fewer inquiries from vendors tracking down late or lost payments.

Digital Payment Solution

Paperless payment options such as ACH direct deposits that allow secure digital payment of invoices and expenses.

Invoice Cycle

The time period between the receipt of an invoice and when the invoice is paid is referred to as the invoice cycle.

Invoice Exception

An invoice exception is when information on an invoice does not match the purchase order (or similar document). Invoice exceptions can diminish productivity and can cause lengthy approval times and higher processing costs.

Invoice Matching

Comparing invoices to documents such as purchase orders and other supporting data to ensure accuracy is called invoice matching. Select AP automation tools can help to process invoices precisely and automatically.

Payment Processing

After invoice approval, payments can be processed using paper checks, digital payments, wire transfers and more.

Remote-friendly workplace

Policies and processes that allow employees to work offsite. When accounts payable team members have to be onsite solely to issue payments when they prefer to work remotely, automating AP processes can make those efficiencies possible.

Workflow

From procurement to payment, workflow is the start-to-finish accounts payable process. AP automation can help streamline workflow by utilizing digital payments, flagging exceptions and errors and more.

» About Deluxe

Deluxe, a trusted Payments and Data Company, champions business so communities thrive. With roots tracing back more than 100 years as the original payments company and inventor of the checkbook, we've evolved into a leader in digital payments and data solutions, facilitating seamless connections to propel businesses forward.

Leveraging our powerful scale, we support millions of small businesses, thousands of vital financial institutions, and hundreds of the world's leading consumer brands, processing nearly $3 trillion in payment volume annually. Explore how Deluxe can help elevate your business at deluxe.com.

» Learn how **Deluxe Payment Exchange+** can improve your AP processing. Visit us at **deluxe.com/dpxplus**.

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