Automating Your Accounts Payable and Receivable

Progressive steps to digitally transform your finance and accounting processes.

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AP and AR Automations: Two Sides of the Same Coin

In many companies, the accounts payable (AP) and accounts receivable (AR) departments are often seen as vastly different sides of the accounting process. However, while they are different, both suffer from the same problems, which include a lack of visibility, manual processing errors, and other bottlenecks.

For both AP and AR, manual processes can cost your company a lot of time and money and create serious issues like fraud and compliance risks.

AP/AR : Digital Transformation

The primary goal of accounts payable and accounts receivable automation is to minimize human involvement. AP/AR automation uses a software leveraging OCR and AI component to eliminate these error-prone tasks to help you to optimize customer invoicing and the payments and receivables processes.

Automation can free your accounting team from mundane and repetitive work, from procurement to payment. This allows your staff to focus on mission critical tasks while reducing the costly mistakes and human errors that typically accompany manual data entry.

The Problems Facing Today's Leaders in Finance and Accounting

The problem is the prevalence of paper-based information. This paper creates avoidable manual tasks, and in today's hybrid work environment, it has created the perfect storm for AP / AR professionals.

The bottlenecks created by manual data entry processes in accounts receivable often lead to increased data entry errors. These errors can cost you! They cause delayed or missed payments and can increase the possibility of payment disputes. In 2020, a study by American Express found that companies that rely on manual-based AR processes experience a 30% longer DSO (Days Sales Outstanding) average.

The time and workload accompanying manual processes mean that your AR staff does not have the time to spend on more critical issues that only a human can do.

Similarly, in accounts payable, accounting and finance staff members spend more than half of each workday looking for invoices with little to no visibility in the process. The adoption of the hybrid work model has compounded the challenges of manual processes. This can create intense time pressures and a stressful situation for your AP team. This stress can increase the risk of manual errors and compound frustration.

> Paper shuffling claims up to **60%** of an office worker's time and accounts for up to **45%** of labor costs.
> – AIIM

> AP automation can not only save an organization **$16 or more per invoice** but, on average, can pay for itself within 6 to 18 months.
> – AIIM

> Paper billing is predicted to become obsolete by **2026**.
> – Federal Reserve Bank of Philadelphia

> **39%** of invoices are not paid on time in the United States.
> – Share Space

> Incorrect invoices cause **61%** of late payments.
> – Share Space

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Can Automation Help?

Software automation can provide your company with many benefits including:

Real-time Cloud

Transactions can be updated in real-time, with reduced IT costs by using cloud technology.

Multi-channel Document Capture

To mimic your current AP/AR process we are able to capture documents from email, vendor portal or scanned in from any MFP or scanner.

Automation of Manual Tasks

AR order entry, shipping, invoice, and customer collections are streamlined, often significantly reducing administration costs. Likewise, AP, purchasing, receiving, vendor invoice entry, and payment data entry are streamlined, potentially with additional and significant reductions in administrative salary costs.

Compliance and Security

Cloud-based automation allows updating of any system security protocols promptly. Any industry-specific compliance requirements like Sarbanes-Oxley or HIPAA are easily and cost-effectively integrated into the system.

Application Integration

Integrate into most Enterprise Resource Planning systems via API or flat file thus offering start to finish automation leveraging your internal systems already in place.

User Support

Online access to resources like help guides and chat functions is available 24/7 and can be easily updated by the software vendor.
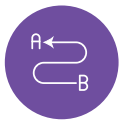
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How Automation Works...

Accounts Payable

Vendor invoices received and OCR'd to digital format.

AI extracts the data thats needs to be validate, matched or entered into your ERP system.

Invoice is then matched and validated against PO or GR (Goods receipts).

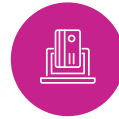Invoice automatically routed to relevent approver in your organization.

Once business rules are met, invoice is then posted to your ERP system.

Posted invoices are paid automatically via cheque, credit card or EFT through Vendor Pay module.

Accounts Receivable

Trade credit terms assigned.

Invoices automatically generated and sent to customers via email, messaging apps, or customer portal.

Real-time payments are processed via connected third-party payment gateways.
(e.g., PayPal, Stripe, Authorize.Net)

Invoice data is tracked in the A/R ledger by status.

Automated notifications sent for card expiries and/or a payment method failure.

Deduction validation based on automatically matching deduction claims with the existing customer commitments.

Personalized collection notifications are sent to customers (via email, messaging apps, a customer portal)

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5 Easy Steps to Get Started

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1   Define and Map Out Your Current AP / AR Processes

Start by taking a deep look at your current AP / AR processes. Identify what is working and do your best to identify inefficient processes.

Start by asking and answering some key questions:

Accounts Payable

- How much time do you spend retreiving old invoices?

- Where are you making the most mistakes – when entering invoice information or matching invoice and purchase order data?

- Determine which part of the process costs your business the most money. Is it late payment fees, labour, or something else?

Accounts Receivable

- How much time is spent following up with customers to pay their invoice?

- What are the data input captures for customers and invoices?

- What payment types do our customers prefer?

2   Build Support with Your Team

Building support among your team for transitioning to automated workflows is crucial. Ask your finance and accounting team what AP / AR workflows they use. Consult with them to determine which ones cost the most, consume the most time, and cause difficulties. Ask them what challenges they need the most help solving in the AP / AR process.

Your team's input will help you to determine the right approach and best solution for automating your business processes. Plus, your team will feel invested as a part of the solution. As a result, they will be more likely to support your automation efforts.

3   Evaluate Your Needs and Identify Your Goals

Step three is to evaluate your AP / AR department's most pressing needs. Perform a thorough assessment to identify what areas of your current accounts payables/receivables process is lacking and identify the goals you'd like to achieve with automation. This way you can prioritize your needs and select the automation solution that will best fit your needs.

Here are some common AP / AR needs:

Accounts Payable Needs

- The ability to customize workflows

- Process large amounts of documents at once

- Data matching between purchase orders and invoices

- Compliance with accounting standards

- The ability to easily integrate with existing tech stack and accounting software

- Create and maintain a centralized system to capture and securely store data

Accounts Receivable Needs

- Reduce inefficiency

- Decrease transaction fees

- Remove doubtful accounts

- Speed up payment processing

- Improve customer service and satisfaction

- Maintain healthy cash flow with attainable payment terms

- Increase visibility organization-wide

- Integrate into your ERP or accounting system

Decide if it is data entry, workflow bottle necks, paper reliant process that need improvement.

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4   Select the Best Software for Your Business

There are several different types of software available for automating AP / AR process. Before you implement one, you might want to determine what the main issues are that you need to solve. Then invest in the best software solution to address those specific needs.

For example, you might have issues with the inaccurate manual matching of invoice data to purchase order data or sales receipts, or issues with overdue accounts, debt collection, and manual processing. Defining these issues can direct you to the best software for your business.

5   Eliminate Paper & Manual Tasks

The optimal solution is to eliminate paper processes from your AP / AR workflows. The less paper you use, the fewer mistakes you'll make. You'll also lower the risk of fraud, and it will make your system faster and easier to use.

THE RESULT

Automation is the right solution for many companies and automating your workflows and AP / AR processes doesn't need to be complicated. Streamlining financial functions using software automation can remove the clutter, confusion, and disorganization of your AP / AR paperwork and will streamline workflows and minimize redundant tasks for your finance team.

Improved employee happiness / retention by removing mundane tasks from their workloads such as data entry and validation. Have our software do the heavy lifting and your staff do the tasks that only a human can do.

Breaking down processes, identifying workflows, and then automating repetitive tasks can help you to get control of your finances, lower your costs, eliminate human error, and free your team's time to focus on mission-critical tasks. Software or cloud-based automation can help you to better maintain compliance, speed up the budgeting process, reduce late fees, and save on administration costs.

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5 Self Assessment Questions

Find out if you're a prime candidate for automation.

01

Do you have a process to digitize incoming paper invoices?

02

Are your people manually validating data against business systems?

03

Are you experiencing avoidable delays in approvals and signatures?

04

Do your remote workers have secure access to information required?

05

Are you maximizing early payment discount opportunities?

Ready to talk about automating your Accounts Payable & Receivables?

We're ready when you are.

About Hub TGI

From a printed page to advanced IT services, we make you feel like a customer again.

Together we can help you leverage technology to control costs, boost productivity and secure your data. You benefit from insightful analytics, our long-standing vendor relationships and unsurpassed customer service that reaches from coast to coast.

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