



The Ultimate Guide to Accounts Payable Automation

Transforming your AP function in 2024



In the rapidly evolving business landscape, the efficiency of Accounts Payable (AP) processes is no longer just a back-office concern but a strategic imperative. The complexity and resource-intensive nature of traditional AP work is becoming unsustainable, particularly in the face of growing demands for speed and accuracy.

This '**Ultimate Guide to Accounts Payable Automation**' offers CFOs and finance leaders a transformative approach. This guide cuts through the complexity of AP processes, presenting a clear pathway to automation. It's not just about streamlining operations—it's about revolutionizing them for accuracy, speed, and strategic business impact.

The guide consists of four chapters:

Chapter 1 : What makes Accounts Payable so challenging?

Chapter 2 : What is Accounts Payable Automation?

Chapter 3 : AP Automation Essentials

Chapter 4 : Revolutionize Your Accounts Payable - Getting Started

Chapter 1 : What makes Accounts Payable so challenging?

This is a question that has long plagued the best of finance professionals. Accounts Payable is typically seen as a cost function within companies, and the reason is simple - **no one wants to spend time paying bills and entering data about bill payments!**

However, it's still (very much) an essential business function.



This is not an uncommon sight in AP departments.

The reason AP is challenging to optimise is really due to the nature of the beast.

The key activities in an AP process (Data extraction, invoice coding, ERP sync) are essentially data transformation activities. Automating those would be straightforward.

However, more importantly, AP work also involves human intervention - for review, approvals and financial controls.

It is this mix of data transformation and human input, that makes AP a notoriously complex and difficult process to optimize.

Chapter 1 : What makes Accounts Payable so challenging?

Here's a more detailed look at each step of the AP process, and where the inherent challenges lie within each part of the workflow.



Invoice Collection: Inefficiencies in managing a mix of digital and paper invoices, leading to misplaced documents and delayed processing.



Data Entry: Manual data entry causes inaccuracies and delays in financial records and reporting.



Verification: Time-consuming process of cross-checking invoices against POs and delivery notes, often leading to delayed payments.



Approval: Cumbersome approval process with challenges in providing context to approvers, tracking invoice status and ensuring timely authorizations.



Payments: Difficulty in managing multiple payment terms, schedules and currencies while ensuring timely payments.



Reconciliation: Labor-intensive process of matching bank transactions with ledger entries.



Dispute Resolution: Time-consuming and complex resolution process for disputes, affecting vendor relationships and operational efficiency.

Inefficient Accounts Payable: A Proven Obstacle to Organizational Growth

Employing a manual accounts process for your business slows its growth by directly impacting the accuracy, efficiency and expenses associated with the AP process.



Unnecessary Operational Costs

Manual invoice processing costs escalate from \$13 to \$50, prolonging accounts payable for up to three weeks



Penalties and Strained Supplier Relations

Nearly half of suppliers face late payments, straining vendor relations and incurring late fees or penalties



Cash Flow Chaos

74% of mid-market and early-enterprise CFOs recognize that digitization of AP payment processes improves balance sheets.



Fraud and Compliance Risk

A study by the ACFE found that 14% of fraud instances originated in accounting departments, with a median loss of \$200,000 per instance.



Lost Productivity

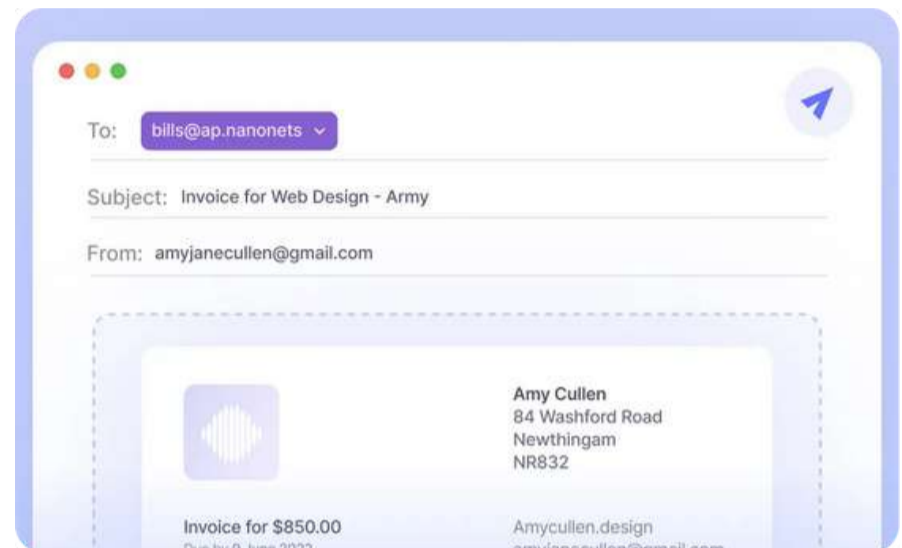
The average invoice processing time in a manual environment can reach as high as 45 days. This represents lost time and valuable human resources better spent on more impactful initiatives.

Chapter 2 : What is Accounts Payable Automation?

AP Automation looks at answering one particular question - how can each step of the accounts payable process be 10x better?

Automated Invoice Collection

Combine disconnected sources like email, shared drives, vendor portals, and legacy databases - **all into one destination.**

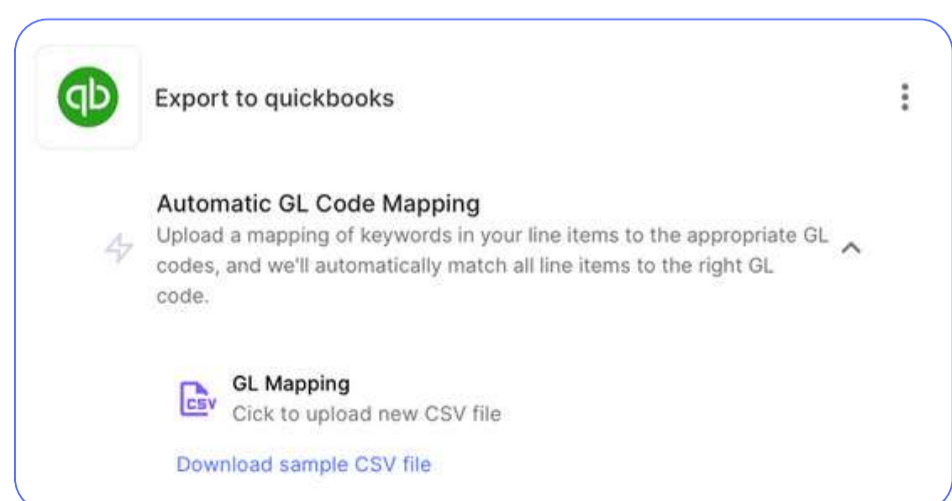


Automated Data Entry

This is the first (and often biggest) area of automation. AI-powered Data Extraction can read invoices and POs at 99%+ accuracy, saving your team multiple days of effort.

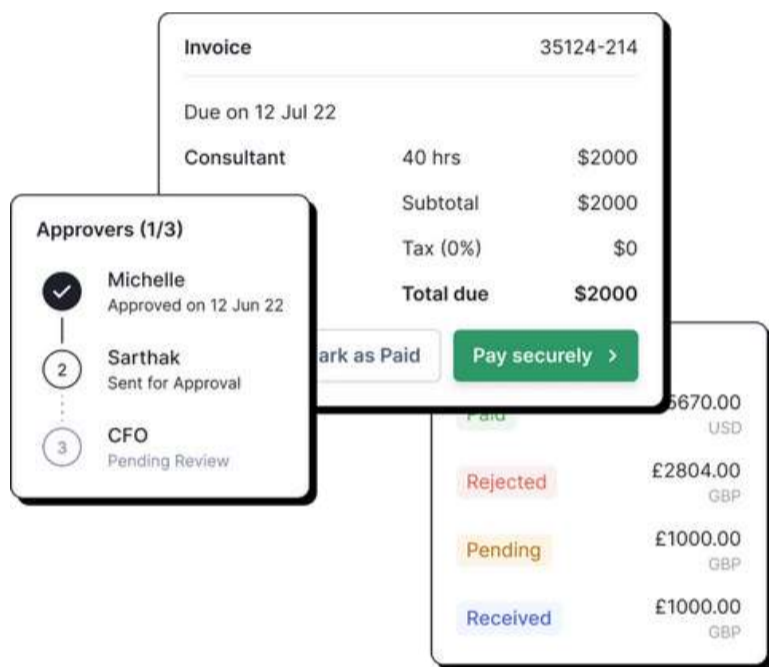
Automated GL Coding and Data Export

Invoice coding is often time-consuming and error-prone. AI techniques like NLP and LLM matching can help you with the grunt work here, leaving only the review part for you to do.



Automated Verification

Automated 3-way matching integrates invoices, purchase orders, and delivery notes, reducing time and errors (and also the 10+ follow up emails).

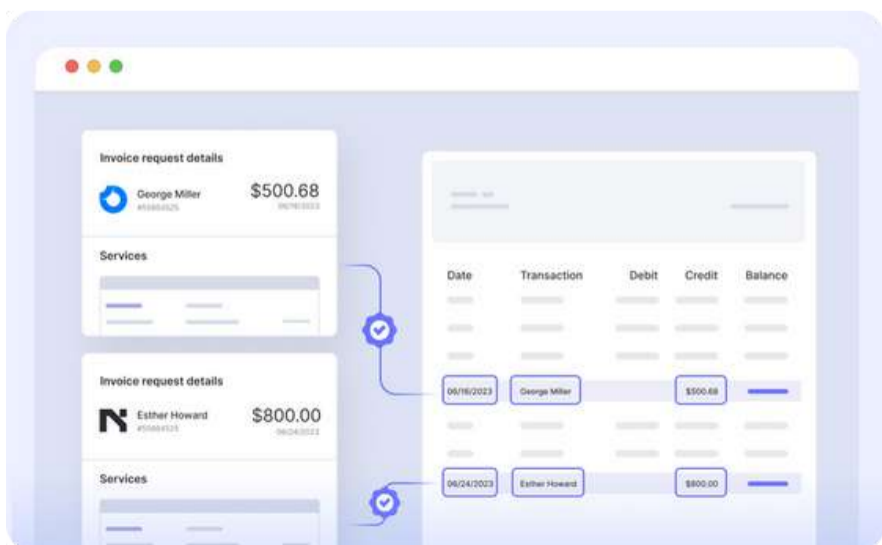
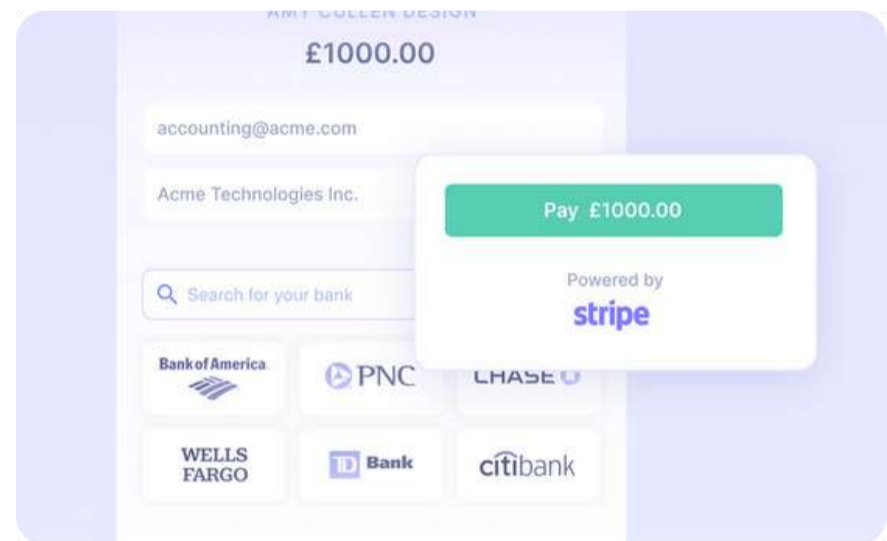


Easy Approvals

Workflow automation enables swift approvals that are flexible and live **where your organisation lives - on email, Slack and Teams**. No more phone calls and annoying reminders.

Seamless Payments

AP Automation makes it possible to carry out payments globally without worrying about forex charges or sudden chargebacks.



Automatic Reconciliation

Automatic matching of bank transactions with ledger entries, **reducing your monthly close from days to minutes**.

Numbers Speak*



70%

Reduction in
Processing Costs



384%

Reduction in invoice
processing time



37%

Reduction in invoice
processing errors



3%

Savings through Early
Payment Discounts



76%

Organizations experiencing
increased vendor satisfaction



100%

Stress-free compliance

Chapter 3 : AP Automation Essentials

Absolute non-negotiables for your success

1

Integrations

Go to market faster

Select an AP tool that blends easily with current ERP systems, providing a direct path to market and decreasing time-to-value

2

AI-Powered

Be ahead of the future

Solutions that are inherently built on AI, perform exceptionally on the 2 key parameters we spoke about - **Human Review** and **Data Transformation**.

3

Scalable

Growing with your business

Choose software that meets current demands and scales seamlessly with your business growth, avoiding costly system overhauls and licenses

The AP Automation Checklist

Here's a exhaustive list of functionalities that you should consider for prioritisation.

Treat this page like a tearaway that you can keep for reference.

End-to-End Automation

- Accurate data extraction**, from invoices, purchase orders, and other documents
- Automated matching** of purchase orders, receipts, and invoice data
- Automated invoice routing for approval** based on predefined rules
- Customize approval workflows** based on your specific control requirements
- Secure direct electronic payment capabilities** (via ACH, wire transfers, virtual cards etc)

Integration Capabilities

- Integration to sync with your existing financial systems**, like ERP and CRM software
- Accessibility on mobile devices**, enabling approvals and oversight on-the-go

Compliance, Reporting and Others

- Validation** and other checks to detect fraudulent activities
- Compliance** with relevant regulations (like SOX, GDPR)
- Customizable reporting** based on your requirements.
- Straightforward and intuitive user interface** that encourages adoption in your team
- Vendor Management** - manage compliance checks, payment terms, contact details
- Multi-currency payments** to manage international vendors
- Scalable** to adapt to at least 3x the current size of operations

Chapter 4 : Revolutionize Your Accounts Payable - Getting Started

Let's explore how to get started with AP Automation & integrate it into your accounts payable process.

1. Embrace the Automation Mindset

Start with the philosophy that automation is a core strategy, not an afterthought. This mindset ensures that every process and decision maximizes efficiency and accuracy.

2. Define Your Success Metrics

Determine clear, measurable goals to evaluate the success of the transition. This could be reducing processing time, cutting costs, or improving accuracy. Knowing what success looks like is crucial for tracking progress.

3. Partner with a ROI-Focused Vendor

Choose a vendor who asks about your success metrics and shows a genuine commitment to delivering value.

4. Secure Stakeholder Buy-In

Garner support from leadership by articulating the value proposition of AP automation - cost savings, improved efficiency, and stronger financial controls.

5. Assess Current AP Processes

Conduct a thorough review of your existing AP processes. Identify areas of inefficiency and potential for automation.

6. Clarify Requirements and Customizations

Clearly outline what you need from an AP automation tool, including any specific customizations.

7. Plan for Integration and Scalability

Ensure the chosen solution integrates well with your existing systems and is scalable to adapt to future business growth and changing needs.

8. Implement, Train, and Adapt

After implementation, focus on comprehensive training for your team. Be prepared to adapt processes as needed, based on feedback and evolving requirements.


AP Automation success stories with Nanonets

From small businesses grappling with AP workflow setup, to large corporations seeking to increase efficiency in their accounts payable processes, these narratives offer a panoramic view of the tangible benefits that AP automation can bring.

SaltPay

Based in London, England, SaltPay is a payment services and software provider for local European businesses. Founded in 2019, the company provides its services to 100,000+ small and mid-size businesses across Europe.

 **Industry**
Financial Services

 **Document types**
Invoices

 **Location**
London, England

 **Integrations**
SAP

Challenge

- SaltPay needed to integrate SAP for efficient vendor management.
- Handling thousands of invoices manually was impractical.

Solution

- Nanonets provided an AI-powered tool for invoice data extraction.
- Seamless integration with SAP, enhancing data accuracy and process efficiency.

Results

- Drastic reduction in manual effort with 99% time savings.
- Successfully managing over 100,000 vendors.
- Significant increase in productivity and automation capabilities.

Read More



Nanonets is like magic. I can't imagine how I would do invoice extraction without it.

Catherine Gallagher, Accounts Payable Financial Analyst

BEFORE

NONE

Flexibility & Integration with SAP

AFTER

100% AUTOMATION

AP Automaton with SAP integration



Tapi's property maintenance software simplifies property maintenance. Based out of Wellington, New Zealand, Tapi helps maintain 110,000 properties and is expanding rapidly.



Industry

Property Management



Document types

Invoices



Location

Wellington, New Zealand

BEFORE

6 HOURS

Time taken with manual processing

AFTER

12 S (>99% REDUCTION)

Time taken with Nanonets

Challenge

- Manual processing of over 100,000 monthly invoices in property maintenance.
- Need for scalable, efficient invoice management.

Solution

- Nanonets AI tool for automated invoice data extraction.
- Quick integration with existing systems, maintained by non-technical staff.

Results:

- Processing time reduced from 6 hours to 12 seconds.
- 70% cost savings in invoicing.
- 94% automation accuracy.

Read More



Tapi has been able to save 70% on invoicing costs, improve customer experience by turnaround of seconds from >6hrs and free up staff members from tedious work


Luke Faulkner, Product Manager



Pro Partners Wealth, based in Columbia, Missouri, specializes in wealth management and accounting services for veterinary owners.



 **Industry**
Financial Services

 **Document types**
Invoices

 **Location**
Missouri, USA

 **Integrations**
QuickBooks

BEFORE

0

Straight Through Processing

AFTER

>80%

Straight Through Processing

Challenge

- Pro Partners Wealth needed accurate and efficient data entry for invoicing.
- Existing automation tools were insufficient, leading to high error rates.

Solution

- Nanonets offered a custom solution with accurate data extraction and integration with QuickBooks.
- Enabled streamlined invoicing and automated data validation.

Results

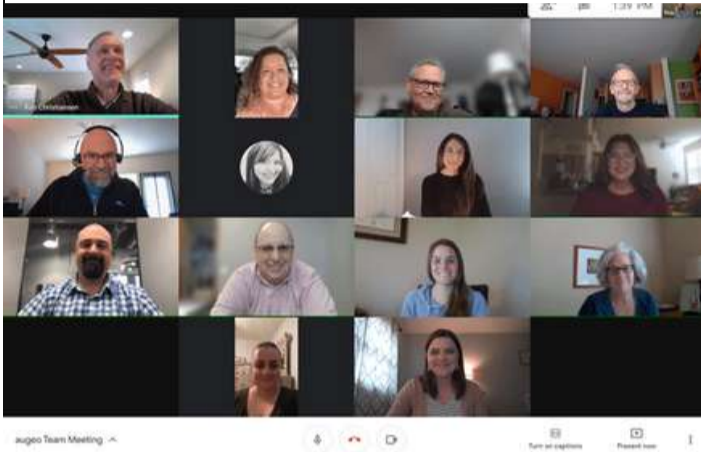
- Achieved over 95% accuracy in data extraction.
- Saved 40% time compared to traditional OCR tools.
- Over 80% Straight Through Processing rate, reducing manual intervention.

Read More

“

Nanonets are the long-term solution for companies that are looking to grow. They have been invested in our success and have provided the support we needed. We are seeing a major difference in accuracy, as Nanonets provides a >95% accuracy which has helped cut down our processing time by ~50%.


Kale Flaspohler, Financial Advisor




Augeo provides outsourced accounting and consulting services, and serves as a virtual accounting department for various clients across the United States.

Founder and CEO, Ken Christiansen (ex-Finance Director at Kaiser Permanente), has over 20 years of experience in Finance and Accounting.

 **Industry**
Financial Services

 **Document types**
Invoices

 **Location**
Memphis, TN, USA

 **Integrations**
Salesforce

Challenge

- Augeo needed an efficient accounts payable solution on Salesforce.
- Manual processing of thousands of invoices monthly.

Solution

- Nanonets provided an AI-driven platform for automated invoice processing.
- Integration with Salesforce for streamlined data handling.

Results

- Reduced invoice processing time from 4 hours to 30 minutes daily.
- 88% reduction in time spent on manual data entry.
- Processed 36,000 invoices yearly with higher accuracy and efficiency.

Read More

BEFORE

4 HOURS

Time Spent Daily

AFTER

30 MINUTES

Time Spent Daily



The ease of integration with Salesforce was a key decision maker for us. Something that would earlier take us 4 hours per day will now be done in 30 mins. It's a huge savings in time.

Ken Christiansen

FOUNDER AND CEO, AUGEO

Frequently Asked Questions

What is accounts payable automation?

Accounts payable automation is like giving your finance team a superpower. It's the use of software to transform the traditional, manual handling of accounts payable into a streamlined, digital process. By automating tasks like invoice processing, data entry, and payment scheduling, businesses can speed up their workflows, reduce errors, and gain real-time insights into their financials. Think of it as your financial operations running on autopilot, with improved efficiency and control.

How does automation impact the accuracy of accounts payable?

Imagine a world where misplaced invoices, typos, and miscalculations are things of the past. That's the world of automated accounts payable. By minimizing human intervention, automation significantly reduces the chance of errors. It's like having a meticulous, tireless virtual assistant who ensures every number is spot on, enhancing the overall accuracy of your financial operations.

Can automation integrate with existing financial systems?

Yes, and this is one of its greatest strengths! Accounts payable automation isn't about replacing your existing systems; it's about enhancing them. Most modern solutions are designed to seamlessly integrate with a wide range of financial systems and ERP platforms. It's like adding a turbocharger to your car – boosting performance without changing what's already working well for you.

What are the cost implications of implementing automation?

There's no sugarcoating it – implementing automation requires an initial investment. This can include software costs, integration, and potential training. However, it's like planting a seed that grows into a tree of savings. Over time, automation reduces labor costs, eliminates late payment fees, and improves cash flow management. The long-term financial benefits and ROI often far outweigh the initial costs.

Read this blog which discusses how much money accounts payable automation saves businesses.

<https://www.nextprocess.com/ap-software/much-money-will-accounts-payable-automation-actually-save-company-future/>

How secure is accounts payable automation?

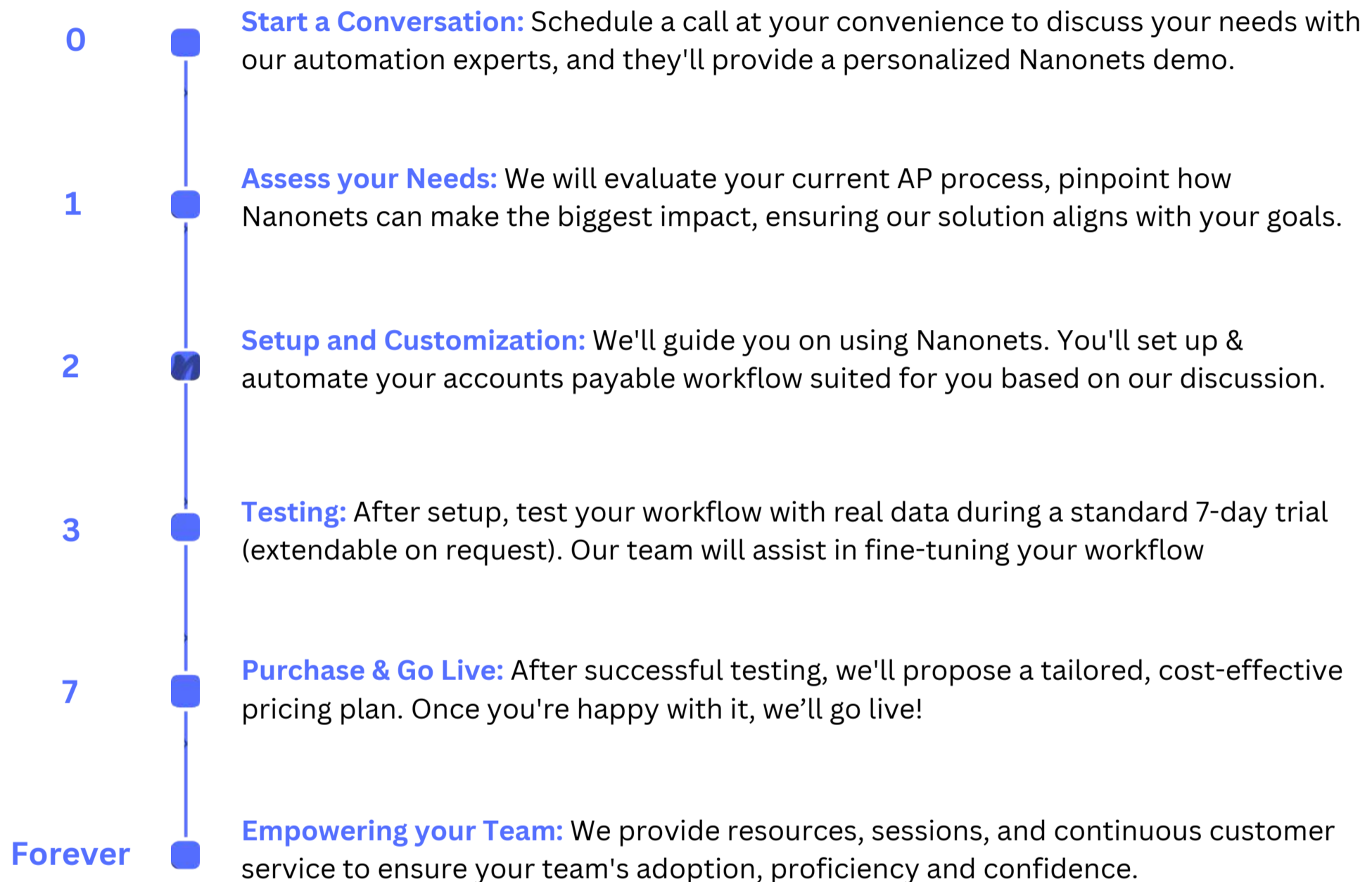
In today's digital age, security isn't just a feature; it's a necessity. Accounts payable automation solutions are built with robust security measures like encryption, user authentication, and audit trails. They comply with various data protection regulations to ensure your financial data remains secure and confidential.

Is training required for staff to use automated systems?

While accounts payable automation tools are designed for ease of use, some training is usually required to get the most out of the system. However, this isn't a months-long course; it's more about familiarization and best practices. Most vendors provide comprehensive training resources and support to ensure a smooth transition. Think of it as a short learning curve which can be overcome within hours leading to a long road of efficiency.

What does your AP Automation journey with Nanonets look like?

Number of Days (Typical)



AP automation software for modern AP teams

Manage supplier communication, process invoices in seconds, set up controls, gain visibility into spends, and streamline the financial close with an AI-based AP automation software.

Talk to Us



Take a Product Tour

