



The Last Mile of Microsoft  
**Payables Transformation Strategies**

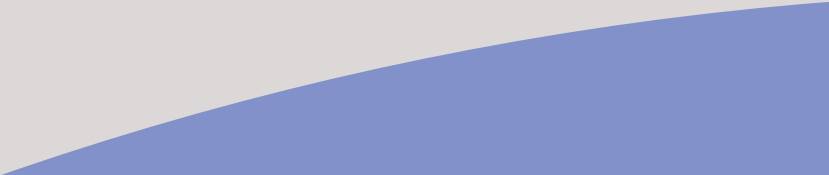
# ERPs Are Maps Not Modes of Transportation

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Whether you have Dynamics 365 Business Central, Dynamics NAV, Dynamics GP, Dynamics AX, or another Microsoft product, your ERP is critical for tracking finance and accounting. It functions as an essential record system that collects, stores, manages, and monitors vital business data. But for accounts payable (AP), Microsoft is more a map than a vehicle. ERPs cannot handle in-depth execution and process-heavy operations like payables. As a result, companies backfill AP with staff.

Although Microsoft excels at vendor and billing management, it does not govern the entire payables operation. It is still up to human beings to travel that last mile and back. These steps are time-consuming, labor-intensive, and create opportunities for errors that are costly—both financially and legally.

ERPs have not addressed this issue in-depth because it's not their core focus. Financial executives consistently rank AP as the single most time-consuming function in finance. Still, it is always the last mile that senior financial leaders fail to address.



# The Demanding World of Payables

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According to APQC, the median cost to process an invoice is \$5.83. However, for 25% of mature finance teams, that cost is \$10.00 per invoice. And this is just the data entry aspect of invoice processes—it doesn't include the complete payables effort. High processing costs are due to:

## Complexity

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- Maintaining multiple banking/payment rails
- Dealing with unique payables requirements
- Diverse supplier population
- Global/cross-border factors—payment rails, regulatory compliance, FATCA rules, OFAC SDN
- Fraud controls and PO matching protocols
- Multiple-entity/multiple-subsidary structures

## Inefficiency

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- Collection and data entry of invoice details
- Manual interface with bank systems/payment processors
- Onboarding and communicating with suppliers
- Disconnected point tools (OCR, invoice/PO-matching, workflow, tax, payments, etc.)
- Manual chasing down of PO, invoice, and payment approvals
- Reconciliation of payment data

These are all areas where Microsoft cannot protect the organization. As a result, many businesses choose to handle payables by adding headcount, which can be costly.



# Global Challenges

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According to PayStream Advisors, "Organizations experience the highest error rates when they have inconsistent processes for global payments or when they use separate banking partners to manage the process." The most significant issues to cross-border payments are not about the payments themselves but the surrounding operations of global payables:

- Collecting the proper payables information during supplier onboarding, including tax details, payment details, and communication information
- Reducing the risks and costs of sending checks and wire transfers (*AFP reported wire fraud increased 11% to 46%, while 75% of businesses experience check fraud*)
- Addressing separate tracks for different banks and payment methods
- Handling different processes for domestic and international entities
- Ensuring payees are legal to pay (*e.g., OFAC SDN, EU, HMC*)

Increasing payables workload often requires adding AP headcount. Yet higher error rates occur due to added complexities (*for example, there are over 26,000 payment rules to achieve global coverage to each country*).



# Exposures to Risk

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To reduce costs, some organizations hire inexperienced staff to perform AP tasks, including collecting supplier-payment information, keying in and matching invoices, collecting tax documents, mailing checks, or paying through a bank portal. This can create exponential issues when it comes time for an audit.

Finance needs to prepare for:

- Meeting FATCA tax regulations in the face of increasing IRS audit activity (*e.g., 3,000 new examiners, up to 30% fines for the payer*)
- Gaps in financial controls and PO/invoice/payment approvals within and across subsidiaries
- Poor data hygiene leading to late or duplicate payments
- Exposure of bank accounts to check and wire fraud

Any time someone has access to sensitive supplier information and company funds, the organization is exposed.



# Lost Opportunities

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If the last mile of Microsoft has potholes and obstructions, organizations may miss out on strategic ventures and initiatives that can truly transform their payables. For example:

- Becoming cost-neutral or revenue-generating
- Building a scalable operation that handles the growth of the business
- Expanding across international boundaries
- Consolidating back-office processes across multiple entities
- Negotiating longer payment terms (*Net X*)
- Focusing on “hard finance” vs. “payment runs”



# Transforming Payables

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A successful payables transformation involves the following:

- Adopting a strategic payables directive
- Modernizing payables technology

As the organization grows, a primary goal of a strategic payables directive should be to include the payables function in the overall corporate strategy. This involves establishing longer payment terms without sacrificing the relationship with suppliers, ensuring corporate compliance across all entities, and taking a lean operational approach to support ongoing international expansion. This tactic requires a culture shift in finance, recognizing that payables is a crucial enabler of strategic finance.

With automation tools, modern payables technology elevates the finance operation to help guide the business forward.



# The Holistic Approach to Automating & Future-Proofing

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From a payables perspective, conquering the last mile of Microsoft takes a holistic, future-focused approach. The payables function is composed of multiple different processes that are entirely interdependent. Rather than continuing to piece them all together—only to replace them later—finance operations need to strive for self-contained solutions that work together. Payables departments must have an integrated philosophy that encompasses the following:

- Intelligent supplier onboarding
- Identity and tax data collection and validation
- Supplier payment/bank account detail collection and validation
- Invoice workflow processing
- Payment remittance (domestic and cross-border)
- Payment reconciliation across payment methods and entities
- Supplier communications





# The Last Mile Doesn't Have to Be the Last Step

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If your company is considering Microsoft, you may think that you should hold off on implementing a payables solution until the core ERP is in place. In most cases, this is not true.

If you wait to partner with a modern payables solution, it may cost your organization more in the long run. ERP implementations take time, which can delay the value and benefits you'll achieve by adopting automated solutions outside the Microsoft implementation.

By implementing the right payables technology, you'll improve your vendor master record and AP reporting data—ensuring a streamlined, more successful ERP implementation. The key is to assess where your operations are today. Start by using real-spend data to perform a value-based return on investment (ROI) analysis for your payables:

**AP Automation ROI** Get a Free Custom Payables Assessment

**The last mile can seem like the most significant hurdle to overcome because it takes a real commitment to achieve strategic excellence. But this is the key to complete AP transformation.**



## What Tipalti Can Do for You

Tipalti extends existing Microsoft capabilities by providing full management and automated execution of accounts payable processes. Tipalti's comprehensive approach to automating AP streamlines the entire bill-to-pay-to-reconciliation cycle. The platform manages all interactions between the payer and the payee to provide end-to-end control and optimize the entire AP workflow—future-proofing operations for mass scale.

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