



Pandemic Recovery

4 Improvements to Gain Back Time,
Money, and Control



Everything seemingly changed during the COVID-19 pandemic.



New ways of working



New fraud and compliance risks



New operational challenges



New economic pressures

Responding to these changes has been a whirlwind for small and mid-sized businesses.

1. **Immediate crisis response.** First and foremost, businesses moved to keep employees safe.
2. **Transitioning to new modes of working.** Next, companies had to arrange for employees to Work from Home. Offices were closed. Processes and procedures were turned upside down.
3. **Settling into an operating rhythm.** Employees have begun adapting to the new normal.

For organizations to survive and succeed in the pandemic recovery, they must radically transform their underlying accounts payable processes and cost structure. Businesses will lean on accounts payable to help the enterprise manage its cash, spend, risks, and operations during the recovery.

Now is the time for accounts payable leaders to strategically rethink how they operate and make a commitment to lasting gains. These are the four ways to gain back time, money, and control.

Strategy 1 Modernize Accounts Payable

The hard lessons learned during the pandemic will be the impetus—and, for some, the business case—for organizations to move forward with accounts payable automation. Many organizations struggled to pay invoices on time during the crisis because of difficulties in adapting their paper-based processes to a remote work environment. Organizations experienced a spike in supplier inquiries regarding the status of invoices. Other organizations lacked the visibility into accounts payable data that they needed during the crisis. Some organizations fear that the disruption to their established processes caused by the crisis could increase their chance of fraud and compliance risks.

COVID-19 has changed the world in fundamental ways. Accounts payable must also evolve.

Accounts payable must modernize the way it operates to eliminate manual tasks. It must modernize. CFOs may argue that now is the time to invest in liquidity and cash flow, not automation. There is no question that a strong cash position is critical to an organization's survival. But the right software can deliver productivity improvements while strengthening cost and working capital controls. And modern accounts payable solutions can be up and running quickly with minimal upfront costs.



26%

of accounts payable leaders surveyed by IOFM said their processes for paying suppliers during the pandemic made them feel “concerned” or “overwhelmed.”

20%

of accounts payable leaders told IOFM that disruptions caused by the pandemic made it harder to pay suppliers on-time.

Modernizing accounts payable starts with comprehensive, scalable, end-to-end technologies with enterprise grade financial controls. These modern accounts payable solutions should include:

- 100% cloud-based architecture that provides 24/7 collaboration
- Digital approval workflows with artificial intelligence-based routing
- Support for electronic payments, virtual checks, and global payments
- On-demand onboarding
- Consolidated financial view
- Complete data visibility to accelerate the financial close
- Real-time integrations
- Multi-subsidiary capabilities across various geographies

Modernizing accounts payable eliminates unnecessary costs that hold organizations back:

- Payment errors and bank fees
- Late-payment penalties
- Non-compliance penalties
- Wire and check costs



Modernizing accounts payable can eliminate 80% of the workload.

Organizations already took steps to modernize the way they pay suppliers during the pandemic. The percentage of accounts payable departments that make at least half their payments to suppliers electronically declined by seven percentage points during the pandemic (from 41% to 34%), IOFM finds. Impressively, 3% of accounts payable departments now make all their payments to suppliers electronically. None of the accounts payable departments surveyed by IOFM during its town hall meeting made all payments electronically before the pandemic.

Modernizing accounts payable frees staff to focus on value-add activities such as data analysis that will help the business return to growth. Sixty-four percent of organizations are trying to invest and grow or reposition themselves after the pandemic, AFP's FP&A COVID-19 Survey reports.

And modernization helps accounts payable departments do more with less—a critical consideration as some businesses reduced the size of their workforce because of the economic fallout of the crisis.

Strategy 2 Deploy Smart Cash Flow Controls

Navigating the economic fallout of COVID-19 requires organizations to manage their cash flow efficiently to minimize working capital risks. Businesses will count on accounts payable to assist with managing liquidity, understanding their options, and modeling cash flow needs based on real-time and historical data. Many companies will make cash forecasts a crucial part of their reporting.

Providing timely and insightful analysis and forecasts will be easier said than done for many accounts payable departments. The root of the problem is that only 66% of finance and accounting teams have the planning systems and analytical tools that they need, per AFP's FP&A COVID-19 Survey. Many finance and accounting teams struggle to deliver the insights that their organization needs due to their reliance on spreadsheets. Spreadsheets are hard to manipulate—information must be manually downloaded from multiple non-integrated sources. And it takes so long to create spreadsheet reports that the data quickly becomes outdated.

Three-quarters of finance professionals expect that information uncertainty will have the most significant impact on their organization. Getting accurate, reliable, and timely information from manual and semi-automated accounts payable processes was already a tall order. Recovery/return to work models and potential government decisions on work arrangements will only make things harder.

26%

of accounts payable leaders surveyed by IOFM said the disruptions caused by the pandemic made it hard to provide senior management with payments-related visibility.

Automation puts insights into financial data at a finance and accounting team's fingertips. Real-time data around crucial business metrics inform and accelerate decision-making. Finance leaders can leverage accounts payable data to quickly model financial plans that reflect changing scenarios. And real-time visibility into all supplier expenses helps senior management stay on top of costs. Purchase order matching and purchasing workflow automation also help businesses curb spending.

Automation enables organizations to generate rebates from accounts payable and use early payment discount offers to extend net terms for better Days Payable Outstanding (DPO).

And the business insights tools in an automated accounts payable solution can monitor designated Key Performance Indicators (KPIs) in real-time to identify any red or yellow flags in the business.

Strategy 3 Reduce Operational Risks

The possibility of fraud and compliance risks are heightened when operations are disrupted.

Mitigating risks starts with instituting strong financial controls to prevent fraud, tax, regulatory, and audit risk. Regularly evaluating financial processes will help uncover potential vulnerabilities.

- Manual and semi-automated invoice approval processes raise the level of risk
- Email routing is not secure
- No segregation of duties
- No chain of custody assurance
- No tracking of actions taken
- No ready access to audit information
- Document images can be deleted ahead of deadlines

Automation can help maintain strong controls in the “New Normal.” Multi-factor authentication and IP restrictions, data protection and encryption, role-based security and audit trails, complete segregation of duties, and redundancy, disaster recovery, and data backups are critical to ensuring security.

Implementing KPMG certified tax compliance and EU US Privacy Shield protection helps an organization avoid non-compliance penalties. Similarly, the Office of Foreign Assets Control (OFAC) sanctioned screening checks and fraud identification capabilities proactively identify bad actors.



One-quarter of accounts payable leaders surveyed by IOFM said they were concerned that their processes for paying suppliers during the pandemic opened the door to new risks

Strategy 4 Optimize Work from Home

There is no telling when organizations will bring their payables teams back to the office. Most finance departments made a smooth transition to a remote work environment during the pandemic. That is no surprise when you consider that most finance departments have cloud-based systems or on-premise systems that can be accessed remotely through a virtual private network. Moving forward, employees may be asked to work remotely to ensure social distancing. The success of Work from Home during the pandemic also may embolden some organizations to offer more flexible work arrangements to employees. And more organizations are likely to offer remote work arrangements to recruit new talent to finance. Over time, some businesses may downsize their office space because of the success of remote work arrangements.

The challenge for finance departments will be to use the lessons learned from their Work from Home experience during the pandemic to achieve sustainable results during the “New Normal.” Only 66% of businesses surveyed for the Association for Financial Professionals’ (AFP’s) FP&A COVID-19 Survey believe their finance and accounting team has the processing flexibility they need to be effective. Fewer businesses (58%) believe their finance and accounting team has the operating infrastructure they need to provide timely and insightful re-forecasting and analysis. The approaches to paying suppliers during the pandemic—working longer hours, routing invoices via e-mail, and putting workers in harm’s way to open mail and print checks—are not sustainable.



22%

of accounts payable leaders experienced a spike in supplier inquiries regarding the status of invoices during the pandemic, per IOFM.

At the height of the pandemic, 88% of accounts payable departments were working partially (35%) or completely (53%) remotely, according to the results of a survey conducted during a virtual hall meeting held by the Institute of Finance and Management (IOFM).

Automation optimizes Work from Home arrangements. Digital workflows do not require staff to be in the office to receive or approve invoices. Staff can electronically collaborate with suppliers and internal stakeholders to resolve exceptions. Built-in governance controls and audit trails ensure accountability and security, no matter where staff work. And unified, real-time visibility enables accounts payable leaders to manage operations across multiple geographies and business units.





Start Your Comeback

Accounts payable can play a significant role in helping the business thrive in the pandemic recovery. But accounts payable will have to rethink the way it operates while reducing its underlying cost structure. This will require accounts payable leaders to find ways to ensure Work from Home productivity, apply smart cash flow controls, modernize processes, and mitigate risks. Automation makes this happen in the short term while setting the organization up for long-term success.

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About Mark Brousseau



Over the past 26 years, Mark Brousseau has established himself as a thought leader on accounts payable, accounts receivable, payments, and document automation. A popular speaker at industry conferences and on webinars and podcasts, Brousseau advises prominent end-users and solutions and services providers on how to use automation to improve document- and payments-driven business processes. Brousseau has chaired numerous educational conferences and has served on several industry committees and boards.

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