



Accounts Payable: Embracing The Strategic Evolution



Changing the AP Game

Accounts payable has been undergoing a game-changing evolution from a back-office burden to a core, strategic business function.

Companies that leverage the latest advances in technology are the key drivers of this transformation. These leading finance professionals redefine best practices and streamline their operations to deliver increased value across the enterprise.

In today's global world, successfully navigating the accounts payable journey can lower supplier payments costs, mitigate fraud, eliminate compliance and payment risk exposures, improve supplier relationships, and unlock the strategic value of the finance function for rapidly scaling companies.



The Bill-to-Pay Workflow

#1 Supplier Set-Up and Tax Form Collection

Companies are scaling globally, within and across borders, which means engaging and paying new suppliers. Adding a new vendor creates risk exposures that need to be recognized, managed, and mitigated. These inefficiencies include:

- Adding a supplier that you can't pay by law
- Not receiving W-8/W-9 tax forms before adding a supplier
- Incorrect information being entered for the supplier
- Invalid bank account information
- Entering a new record for a vendor that is already in the system
- Incorrect payment information being entered

The Bill-to-Pay Workflow

#2 Invoice Handling

Inefficiencies in the invoice process are directly influenced by manual invoice handling. Plus, manual operations increase complexity and risk exposures. These are the key points that must be considered:

- How an invoice is received from a supplier
 - Mail
 - Electronically via email, PDF, or another electronic format
- How an invoice is verified in terms of quantities, prices, and deemed valid for eventual payment
- How a payable item is approved for payment
- How an invoice is entered into an ERP or other system as an accounts payable item
 - Manual entry
 - Automated entry utilizing integrated technology
 - Hybrid, e.g., taking a digital PDF and keying it in
- How a payment date is set

The Bill-to-Pay Workflow

#3 Payment Processing

To ensure maximum supplier adoption, the accounts payable best practice is to offer a wide variety of payment methods. However, there are both potential benefits and hidden costs relative to how and when payments are made.

Including:

- The cost to process an accounts payable item are different according to the type of payment
- Checks cost much more to process than an ACH payment
- A wire transfer payment costs more to process than an ACH payment
- Electronic payments like wire transfers and ACH payments are more trackable than checks
- Discounts can offer benefits in terms of more effective working capital management
- Rebates can be realized if companies use purchase cards
- Prompt payment may cost more in cash based on the time value of money
- For payments overseas, US ACH is not an option and checks are often not accepted

Accounts payable processing comes with many potential inefficiencies and risks. Technology solutions can automate these critical processes while mitigating risk exposures


Accounts Payable Challenges

The accounts payable relationship between a customer and supplier seems simple. The supplier sends a customer an invoice, and the customer pays the supplier. Unfortunately, the reality is much more complicated.

The top AP challenge companies face is the high percentage of invoices received that are classified as exceptions and require tedious revisions with the supplier. The next challenge is an increase in relationship strain because of a lack of visibility into real-time payment status information. Also, inconsistent reporting can cause company leaders to base decisions on inaccurate data.

Payment reconciliation is one of the most significant AP challenges. A manual payment reconciliation process can lead to reporting errors and delays to the monthly close process—inhibiting financial reporting accuracy while exposing the company to audit risk.

An automated accounts payable operation improves supplier relationships, facilitates healthier collaboration across the enterprise, and drives decision-making that directly impacts the bottom line.



Automation: The Key to Strategic Accounts Payable

Best-in-class companies leverage robust accounts payable technology. Automation combats manual issues, including high processing costs, lost and error-ridden documents, late payments, and dissatisfaction from both external and internal parties. A strategic AP process involves:

- A standardized AP processes across the enterprise
- The ability to automatically route invoices for approval
- The ability to process invoices straight through from receipt to approval workflow to payment

Companies that do not initially adopt accounts payable automation fail to realize the significant benefits of technology. A scaling company is supported by robust business systems that work in sync to get the right data, to the right people, at the right time. This visibility drives better decision-making across the enterprise.

An AP Evolution

Today's companies are leveraging accounts payable automation solutions to help mitigate their existing inefficiencies. And, in doing so, AP organizations are removing inherent risk exposures caused by manual processes while improving internal controls as they expand into new markets.

By aligning new functionality with improved processes, strategic businesses are strengthening and improving supplier relationships and increasing visibility across the accounts payable function. Technology solutions that efficiently integrate with accounting systems uncover spending trends that encourage company decision-makers to support sustainable scaling in the right markets.



Are you ready to embrace the strategic evolution?

Technology is accelerating the accounts payable function to the frontline of strategic finance. Tipalti's accounts payable automation process is a comprehensive solution that minimizes manual effort, maximizes self-service, and dramatically increases scalability and auditability. It's time to elevate your finance team.

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