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# 2021 Payables Insight Report

A Buyer's Guide to Accounts Payable  
Automation Software

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## Introduction

Every back-office process has been forced to adjust to the COVID-19 global pandemic—especially Accounts Payable (AP), which plays a critical role in ensuring organizational financial wellbeing. It's widely acknowledged that manual AP leads to a slower process, lost documents, fewer discounts, and poor supplier relationships. However, the past year has shown other weaknesses as well: because of the pandemic, this model is not just dated and costly but also puts the health and safety of employees in danger.

Organizations with manual processes must consider sending their AP departments into the office to ensure business as usual versus coming up with a new, ad-hoc process that can be managed remotely. Many were caught flat-footed, but others that manage their AP via automation software were able to ensure business continuity without skipping a beat. Not only does this software automate many of the low-value, tactical tasks of invoicing, but it also facilitates remote work. So, as long as employees have internet access, AP is able to operate seamlessly.

Choosing a tool after careful evaluation of the available software ensures organizations see benefits during and after the pandemic. But research shows that many companies only consider one or two solutions, which fails to consider the advantages different providers offer. While they all aim to automate the same process, providers have different focuses, which makes them suitable for different companies. But with so many options that pitch similar services, it can be tough to determine what to look for in a tool and find a match. This report walks organizations through the process of examining their AP function, assessing available options for software, and presenting a buyer's guide to companies considering automation.



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# Executive Summary

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## Primary Takeaways

**AP has modernized over the past year:** The invoicing process has modernized a great deal from 2020 to 2021. The metrics Level Research uses to track technological advances in AP point to a more modern, efficient payables function. The methods organizations use to image and route purchasing documents have shifted, so now a majority of them use software in these processes. Additionally, a larger share use third-party plugin tools, as opposed to a homegrown or ERP-based software, which half of respondent organizations moved away from before adopting their current tool. Roughly 80% of respondent organizations in last year's Payables survey expressed interest in a third-party, cloud-based AP tool, and it appears that many implemented such a software.

Level Research speculates that the COVID-19 pandemic may have boosted existing modernization trends. Across surveys in procurement, payables, and expense management, close to half of respondent organizations indicated that the pandemic has made automation more appealing. Additionally, data indicates that invoice volume was largely unaffected by the pandemic. Almost 80% of organizations have employees working remotely, which might have caused companies to turn to software to maintain the invoicing process. It seems likely that this push to modernize AP will increase competition amongst software providers, who are dealing with a wave of companies looking to automate and will need to stand out from other vendors.

**AP software may have to do more in the future:** The core features of an AP automation solution have been firmly established since the tools gained mainstream adoption. But as adoption continues to increase, it's likely that the capabilities of software will expand. Procure-to-Pay and Source-to-Settle solutions have existed for some time now, but they are mainly utilized by enterprise-sized organizations (organizations with above \$1B in annual revenue), leaving SMEs (less than \$50M in annual revenue) and mid-markets (\$50M-\$1B in annual revenue) to either maintain manual structures for some processes or use individual best-of-breed tools to manage each step along the way. This can create confusion around which software manages which steps and creates scenarios where related information is disparate and inconsistent across platforms. Additionally, Level Research shows that back-office finance employees have more tasks than just invoicing: many also handle AR, supplier qualification and relationship management, and inventory management. As vendors increasingly seek to differentiate themselves from their competitors, they will need to ask themselves what other back-office processes can be automated.



## Data Summary

For this report, Level Research surveyed over 300 professionals involved in or with knowledge of their organization's payables process. The study consists of respondents at all seniority levels and organizations of all sizes and industries. Sample sizes vary across this report, due to logic that dictated which questions respondents were asked.



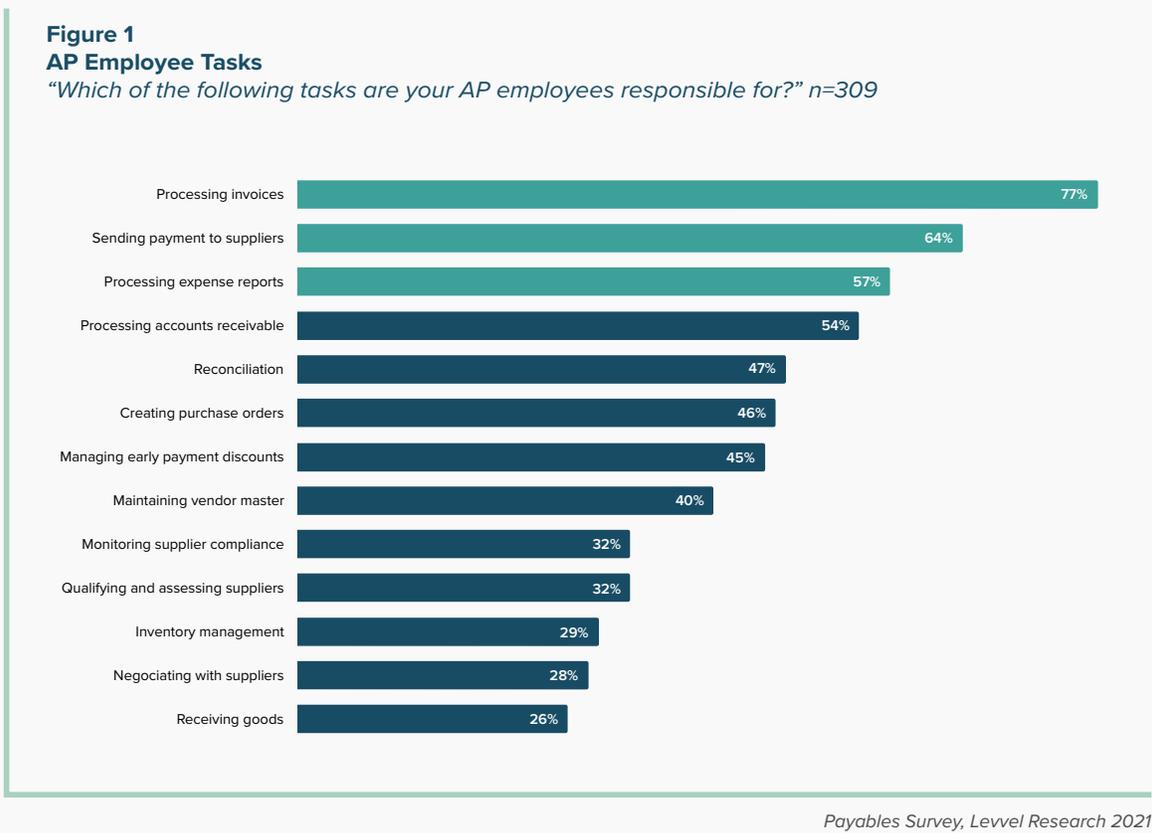
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# Payables Across Organizations

# Payables Across Organizations

## AP Employee Jobs

Before examining what automation software does, it’s important to consider the jobs AP employees are responsible for. Level Research shows that beyond invoicing, many also handle AR, inventory management, processing expense reports, supplier relationship tasks, and goods receipt (**Figure 1**).

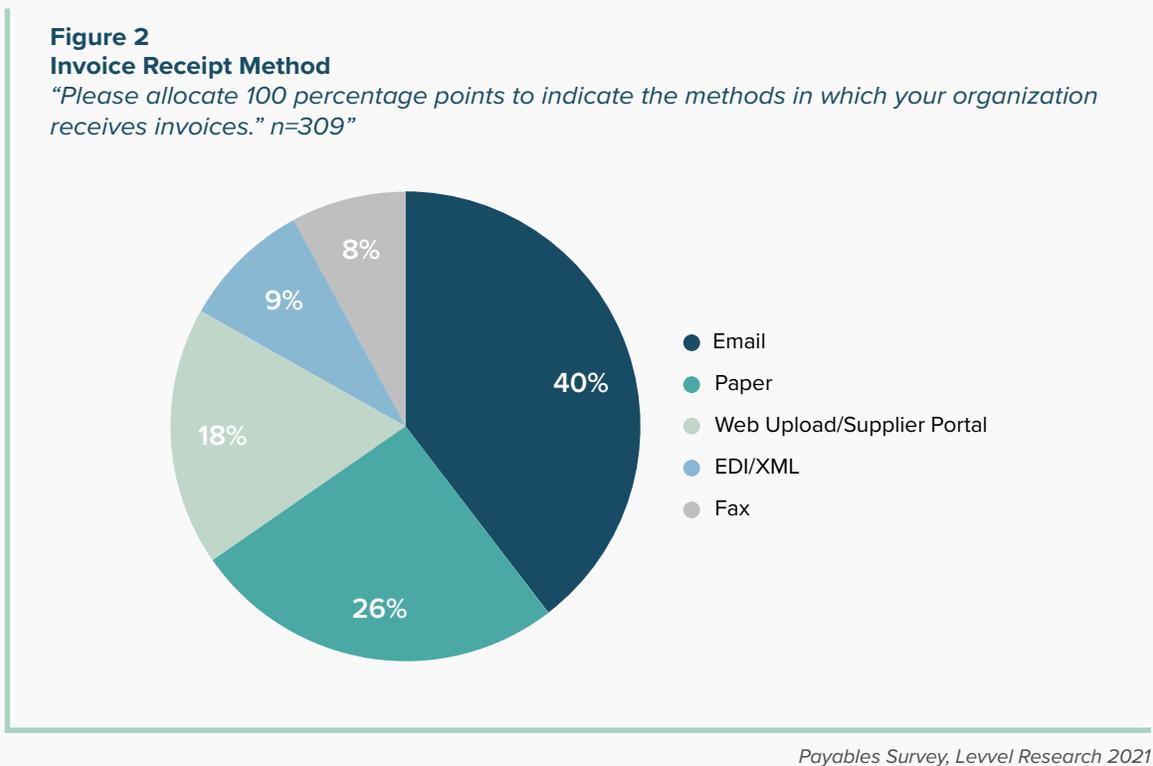


Many of these jobs fall outside the reach of traditional AP software, especially more dated homegrown and ERP-based software. Additionally, as more companies automate those core AP functions, AP employees are asked to take on more strategic jobs such as supplier qualification, negotiation, and compliance tracking. This doesn’t mean invoicing software providers must also handle these tasks, but software should provide reporting and data to assist and be able to integrate with tools designed specifically for these jobs.



## Invoice Format

How organizations receive their invoices is highly indicative of how automated they are. While it's largely the choice of the supplier, companies must be aware of the effect it has on them. Invoice receipt method has a large impact on the overall performance of AP departments: it influences invoice cycle time, exception rate, cost per invoice, and discount capture. **Figure 2** below shows the most prevalent receipt methods among respondent organizations.



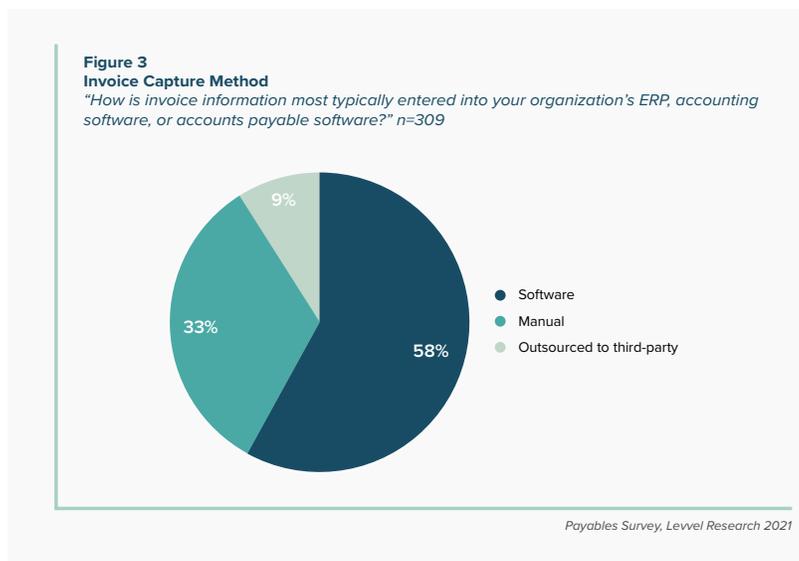
Each method comes with a set of advantages and disadvantages. Paper is the most dated of the options, as it entails the supplier sending the invoice via mail or fax. Both of these slow down the process and make dealing with errors difficult and tedious. Paper invoices are also the most costly of all of the methods. An AP tool with Optical Character Recognition (OCR) does a good job of imaging and digitizing invoices, but some labor is still required to scan the invoices into the system. Ideally, an organization should receive as few paper invoices as possible. Level Research has observed a paper invoice volume decrease over time across revenue segments, with paper once comprising nearly twice as much of SMEs' volume in comparison to enterprises. Today, no revenue segment receives the majority of their invoices in paper.

According to Level Research, email has eclipsed paper as the most prevalent method for invoicing only in the past few years. Email is a large improvement over paper. Comparatively, it represents an easier, faster, more accessible way to send invoices using the internet. But email still has its shortcomings: it is more prone to fraud, maintains many of the frustrations of paper, and, most importantly, is an unstructured invoice format. Because most email invoices are human generated PDFs, they are not capable of being processed electronically and must still be digitized via OCR or an alternate method of conversion to e-invoice.

For these reasons, structured invoices—EDI, XML, and those submitted via supplier portal—are ideal methods for invoicing. They are the most cost efficient, fast, and secure way to receive invoices. EDI is rarer and older than XML and is not intended to be handled by humans. XML files can be opened and read in a browser.

## Invoice Capture

The next step in the invoicing process is one organizations have control over: capture, or how invoice data is entered into software. **Figure 3** shows what systems organizations use to capture invoice information. Level Research shows that despite the economic slowdown due to the pandemic, many organizations’ invoice volume has either rebounded or did not change over the past year. Despite



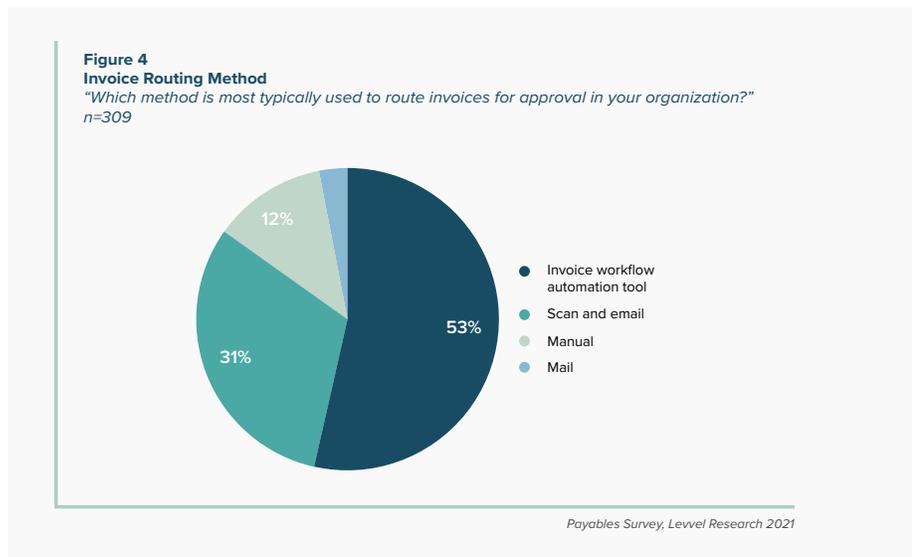
other changes brought about by COVID-19, AP departments have to process the same amount of purchasing documents. Manual processes are the most time and labor intensive, where AP staff must type in line item details, supplier information, and other relevant figures into financial software. Using this method, as an organization’s invoice volume grows, organizations will have to hire additional staff as invoice volume grows.

The next option is to outsource AP. This is a tempting option for organizations that want to do away with the hassle of invoicing entirely. This cuts down on errors and avoids many of the pain points of a manual process, like document storage, retention, and training new employees. It also

scales better than a manual function. On the other hand, one of the most important organizational processes is put into somewhat of a black box with limited visibility if something does go wrong. In this case, companies are left with the option of hoping for good customer service. Outsourced AP is not a great option for companies with privacy concerns because it subjects financials to a third-party. Level Research indicates that both manual capture methods have decreased in popularity and software has gained mainstream adoption. Implementing a capture tool equipped with OCR and electronic invoicing capabilities is the best of both worlds. It offers long-run savings while retaining control.

## Invoice Routing

Finally, invoices must be moved to the appropriate person for approval to pay. Organizations have two major options for this step: manual routing and automated routing. Manual routing includes three primary methods: walking the paper to an approver’s desk, mailing the invoice to an approver in another office, and scanning the invoice and emailing it. Scanning and emailing for approval is the most popular of the manual



processes, likely because email is the prevalent method invoices are received in. Mailing invoices is the least widely utilized option because it increases the likelihood of losing documents. It also requires an organization large enough to have multiple offices, while those companies are more likely to have an automation tool in place. Of the three, walking the paper to the approver’s desk has seen one of the more precipitous declines in usage, and this has only been amplified by the COVID-19 pandemic. **Figure 4** shows how respondent organizations route invoices for approval.

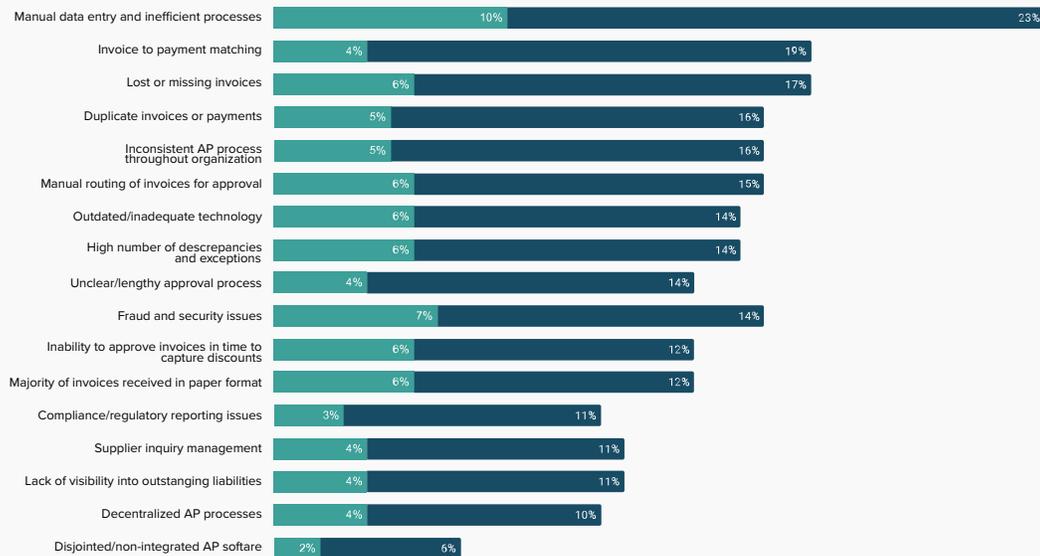
All three manual routing processes have steadily decreased in usage over the past three years, with more organizations choosing to automate using an invoice workflow tool. With one of these tools, companies have the ability to set up processes where documents are directed for approval based on GL code, department, spend total, and cost center. Customizability offered by such a tool varies widely among providers, with some more suited to huge, complex multi-approver environments and others more appropriate for smaller, more simple approval structures.

## Challenges

The most prominent challenges in AP are manual data entry, invoice-to-payment matching, lost and duplicate invoices, and an inconsistent organizational AP process. Many of these challenges are frequently seen by those using a manual AP process and are exactly what software is designed to address. Inadequate or outdated technology is another big challenge, particularly for those using an ERP or homegrown tool. This challenge and those specific to more manual AP departments were only worsened by the pandemic. **Figure 5** shows these challenges, with those exasperated by COVID-19 highlighted in light blue.

**Figure 5**  
**Payables Challenges**

*“Still thinking about your organization’s current AP solution and/or process, which of the following best describes your overall top AP issues or challenges?” & “Have any of those challenges been exasperated by the COVID-19 pandemic?” n=309*



Payables Survey, Level Research 2021

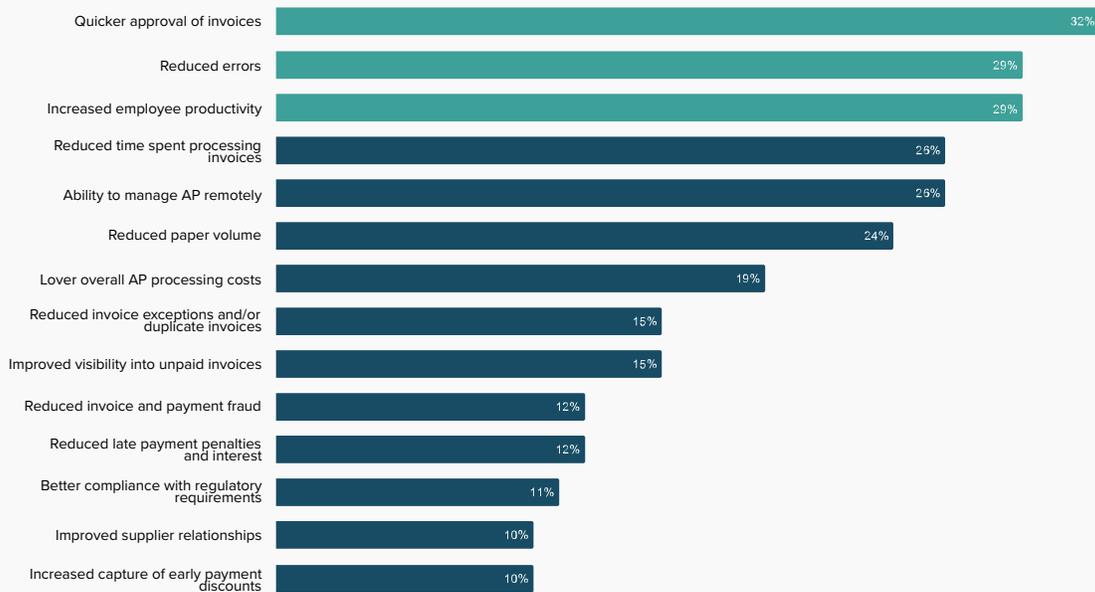


## Benefits

Many of the benefits to automating may directly address the AP challenges seen by organizations using a manual structure. The top benefits to using AP software are quicker approval of invoices; reduced processing time, errors, and paper volume; and improved employee productivity (Figure 6). AP software reduces time, errors, and paper by moving the process into a centralized, online platform that is accessible by employees at different locations and seniority levels. The ability to manage AP in a singular location reduces confusion about where an invoice is in the approval process. Reducing the time wasted on typical tactical AP tasks makes employees more productive and allows them to focus on more strategic efforts. Additionally, one in five organizations noted that the ability to manage AP remotely was one of the top benefits to using AP software.

**Figure 6**  
**Benefits to AP Software Utilization**

*“What would you say are the top benefits to your organization in using AP software?” n=288*



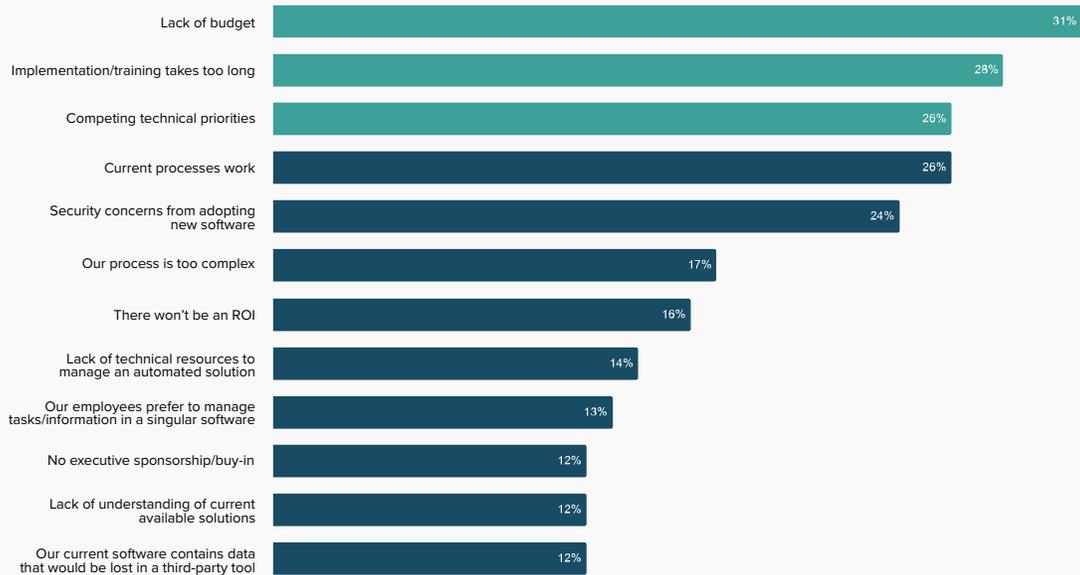
Payables Survey, Level Research 2021



## Barriers

The top reasons organizations decide against implementing automation are budgetary concerns, worries about implementation, other competing technical priorities, and the thinking that the process works as-is (**Figure 7**). These hurdles were relatively consistent across organization size, and processing methods had larger differences in barriers. Those using ERP-based and homegrown tools were more likely to prefer to manage tasks in a singular software and think that their process was too complex compared to those using a software not designed for AP and manual methods. Those organizations were more likely to cite lack of understanding and implementation concerns as reasons to not adopt a third-party tool.

**Figure 7**  
**Barriers to Third-party AP Software Adoption**  
*“What do you perceive to be the greatest barriers to adopting a third-party AP automation solution in your organization?” n=201*



Payables Survey, Level Research 2021



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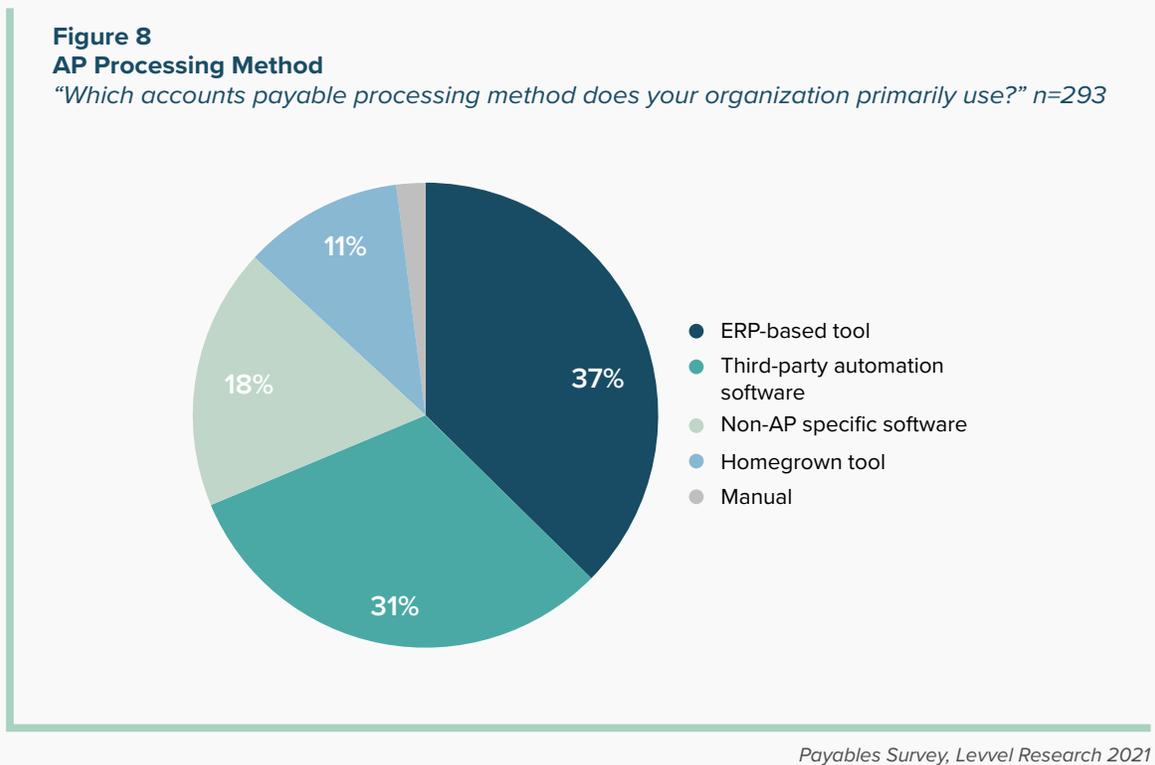
# Adopting and Optimizing AP Software

# Adopting and Optimizing AP Software

## Types of Software

Adding an AP tool can help an organization grow without needing to hire more finance staff, free up existing staff to focus on higher value-add tasks, and even create an almost touchless invoicing function. When AP departments look to add software to their existing process, they have four choices. All of them will *computerize* invoicing, but the amount they automate it will differ significantly. **Figure 8** shows the current utilization of the four classifications of AP software, which include:

- » Software not designed specifically for Accounts Payable
- » Homegrown invoice workflow solution
- » Tool that are part of existing accounting software/ERP
- » Third-party/plugin AP automation software



A tool that isn't designed for invoicing offers some of the lowest automation. Organizations using non-AP specific tools report some of the lowest satisfaction numbers and evaluate themselves as being less automated than users of ERP-based tools and third-party plugins. These are less AP software and more workarounds or temporary fixes. This option is more prevalent among mid-markets and SMEs.

Some examples of this method, such as spreadsheets, offer little-to-no automation and merely move the manual process onto a computer. Others, like expense and project management software, may have workflow features that can be manipulated for document approval. These workaround solutions are most commonly used by small organizations and companies that do not have the invoice volume to necessitate implementing an AP-specific tool.

The ERP/accounting software-based tool may be what organizations turn to after using a workaround. Users of this kind of software report the second highest satisfaction and automation level. They are the most widely used tools by AP departments; they function as a module in the core of the ERP or are simple add-ons that do not require significant changes to implement. This lack of a large-scale implementation is part of what attracts departments to this option. ERPs typically have core functionality that consists of finance and accounting, HR, inventory management, CRM, and SCM components, so it makes sense that an invoicing tool would fit into the finance and accounting module.

However, AP-specific functionality is typically lackluster. Invoicing is not central to the job of an ERP, which serves best as a financial repository and manufacturing/distribution management system. It's widely acknowledged that ERPs are clunky and require a learning curve to use effectively. While there may not be additional costs for using the AP module, ERPs are expensive to implement and difficult to maintain. Because of their shortcomings, close to 70% of organizations using an ERP-based tool plan to adopt a third-party tool in the next two years.

Homegrown AP tools are custom software designed to meet the specific needs of organizations' back-office finance structures. They're a significant undertaking that requires an extremely adept in-house IT or a consultancy with a background and history of developing similar products. Because of this, they can be expensive to build and implement. Failure to invest adequate resources can leave an organization with a tool that does not have all of the functionality of a third-party "one-size-fits-all" software.



Additionally, custom tools are built with a company's current state in mind. Any organizational changes or process updates require a refresh of the software, and failure to do so risks business continuity. If an organization is small or in the growth stage, building a homegrown software is a gamble. Typically, these tools are only built if an organization believes their back-office processes are unique enough that an off-the-shelf product cannot meet their needs. They often fail to meet expectations. Those using a homegrown tool report the lowest satisfaction and automation levels of any tool, and 70% plan to adopt a third-party tool in the next two years.

Before pursuing a custom solution build, Level Research recommends exploring vendors that specialize in industries with abnormal invoicing processes and investigating what features or accommodations industry-agnostic providers have to solve unique issues. One way of doing this is asking for customer references or proof of experience with similar companies.

Third-party AP tools are the most modern option available and do the most effective job of automating and computerizing the invoicing process. Organizations that use these tools report the highest levels of satisfaction and automation. This is because they have features designed to eliminate much of the busywork of AP, which frees up staff to focus on more strategic tasks, such as supplier negotiation and improving discount capture. Some ERP providers offer their own AP tools (many that don't require usage of the ERP); others are independent but focus on a set of ERPs. However, most plug in as an integration to multiple. According to research data, 70% are cloud-based, though some offer on-premise solutions to avoid data security concerns. This class of tool is the easiest to update and offers the most benefits.

## Core AP Software Features

There are five basic features that comprise an AP solution. A homegrown or ERP-based tool may have a few, but a third-party tool should have most—if not all—of them. Each feature is explained below with primary users and tips on what features to pay particular attention to.

### Invoice Receipt

**Definition & Capabilities:** The first step of AP automation is getting the invoice into the software. Invoice receipt includes transposing document information like dates, prices, and vendor information as well as imaging the actual document. How this is completed depends on the invoice format.

Paper and PDF invoices are entered using OCR, which is an application of Artificial Intelligence (AI). Many leading providers equip their OCR with Machine Learning (ML) that recognizes patterns in invoices to improve capture and assign them to the correct supplier and GL code. Some

software allow a manual override where users can highlight pieces of the invoice that might not be picked up by OCR the first time it sees an invoice. Leaders in this category also handle translation of multiple languages, which is well-suited to companies that have a multinational supplier base. By utilizing these technologies, human intervention becomes less necessary, further automating the receipt step.

Structured invoices require almost no human intervention, and only documents with exceptions need to be examined, which creates an almost touchless AP department.

**Who Benefits:** This feature is designed to assist staff-level AP employees. Entering invoice information is one of the most time-consuming parts of the process, and automating this step allows staff to focus on more core functions of their jobs. It also means that AP departments do not have to hire additional staff with volume increases and growth.

## Invoice Management & Workflow Automation (IWA)

**Definition & Capabilities:** Once invoice information is in the system, it needs to be assigned to the correct approvers. The number one goal of IWA is to ensure that documents are never sitting in the queue waiting for approval. In an AP solution, users can build workflows to ensure documents are routed to the appropriate approvers based on GL code, cost center, price of goods, and other related purchasing elements. The best solutions have a fully customizable workflow where multiple approvers can be assigned, out-of-office and escalation rules can be set up, and guidelines for exceptions are established. Approvers and AP staff can be notified via email and mobile phone when an invoice is passed along the approval chain. It also reminds users of exceptions and when a document has been stagnant for a period of time.

The invoice management feature also includes purchase order matching features, where the system validates invoices with the related PO to route it along the established approval chain. PO to invoice matching shouldn't just look at the final total but also the line level details to ensure the correct quantities and goods are shown on both documents. Additionally, line level details should enable the solution to assign items on one invoice to multiple GL codes, approvers, and cost centers. In leading tools, thresholds for small exceptions can also be set up to avoid delays based on small discrepancies. The approval and routing step should be as effortless as possible, with users able to approve via phone, email, or in the system.

**Who Benefits:** Invoice Management features primarily benefit two groups: the first is the approvers who replace papers that need to be signed or stamped with a simple click button approval system. The second is AP team members who no longer need to worry about invoices



getting lost or buried on approvers' desks. Because AP solutions record documents' full histories, audits and exception/error resolution is also much easier.

## Electronic Payments (ePayments)

**Definition & Capabilities:** ePayments software is designed to move payments from a bank bill pay tool or spreadsheets into a central platform for managing all supplier-related spend. The most basic tools initiate payments from the ERP/accounting software or integrate with another payment platform, while more advanced ones initiate them in-house or through a partner-provided service. Leading ePayments tools are payment agnostic with the option of paying suppliers in ACH, wire, purchasing and commercial card, and even check-writing services, along with remittance information. The most advanced in this category also offer working capital optimization tools, with dynamic discounting and/or supply chain finance functionality. Leaders also have global payment services for currency conversion and cross-border payments, which include fraud prevention, regulatory compliance, international tax requirements, and checking suppliers against 'Do Not Pay' lists.

**Who Benefits:** ePayments functionality benefits staff-level employees by putting payments for all suppliers and payment methods in one place. Upper-level finance employees also benefit from increased discount capture, reduced maverick spend and fraudulent activity, strategically managed payments, and optimized cash flow.

## Supplier Management/Supplier Portal

**Definition & Capabilities:** The primary purpose of supplier management is to centralize all supplier data. This feature should function as a detailed profile on each supplier, including their preferred method for payment, key points of contact, and relationship/transaction history.

The supplier portal is another critical part of AP automation software. It's also the part of the tool where supplier and buyer can communicate on exceptions, errors, and other disputes.

**Who Benefits:** Portals will be beneficial to both suppliers and buyers, as it establishes a central communication and coordination hub for solving disputes, answering questions, and rectifying errors. Instead of having to call or email, both sides have a go-to method for contact. Additionally, suppliers can submit electronic invoices, which increases departmental efficiency. The more beneficial the tool is to the supplier, the more likely they are to ditch their pre-automated, manual invoice submission and follow the new guidelines. When the tool appeals to both parties, transparency and communication improve, which leads to better relationships and supply chain operations.

## Reporting & Analytics

**Definition & Capabilities:** The primary function of a payables platform is to improve back-office operations, which makes tracking metrics and analytics an integral part of the tool. Organizations should be able to follow exception and error rate, first-pass success, straight through processing, and open invoice status down to specific cost centers, suppliers, and departments. Basic tools will allow data to be exported to another software, while leading tools will provide this within the solution with an easy-to-use interface and a drag-and-drop, drill-down experience. Users should also be able to create custom reports that can be sent out regularly. The best reporting and analytics features provide a comprehensive, detailed view of the AP process.

**Who It's Designed For:** Reporting and analytics are designed with the administrator in mind. It's important for decision makers to have easily accessible summaries of spend activity to be able to identify potential fraud, establish expense policy, and evaluate departmental and supplier performance. By utilizing these insights, leaders are able to fix issues and improve organizational cash flow.

## Emerging Tech in Payables

All of the features of AP automation tools leverage some form of emerging technology. Innovative software providers incorporate Artificial Intelligence (AI), Machine Learning (ML), Robotic Process Automation (RPA), big data analytics, and in some cases blockchain to provide a solution that automates as many steps of the payables process as possible. These technologies used to be mentioned exclusively by cutting edge providers looking to get ahead of the curve and seem more high-tech than competitors. Now they form the core of most platforms and inform the roadmap of what is possible in the future. One exception is Real-Time Payments, which appeals to many organizations in a variety of use cases but is not discussed or prioritized by most software providers. Emerging technologies are rife with confusing terminology and abbreviations, so their definitions and application to AP are outlined below.

**Robotic Process Automation:** RPA is one of the first advanced technologies incorporated into payables tools. It is used to automate repetitive tasks using a set of formulas and instructions. An example of RPA is matching invoices to purchase orders. RPA succeeds where a task has simple, repeatable instructions. Some of the limitations of RPA are lack of cognition, inability to read unstructured data, and lack of ability to adapt to changes.

**Artificial Intelligence and Machine Learning:** AI and ML solve many of the drawbacks of RPA. AI is designed to mimic human ability to think and utilize logic. ML is a subset of AI that learns

patterns and habits to improve the accuracy and reliability of the system. Both technologies are integral to AP automation software and are used to identify invoicing patterns, spot errors, discrepancies, and potential fraud, as well as match related purchasing documents and suppliers. By utilizing AI and ML, software becomes better over time, meaning the AP process requires less human intervention.

**Big Data:** Big data is usually referred to in terms of “big data analytics,” which is the extraction of insights from datasets too large for humans. It is an application of AI and ML to analyze trends that can be used to gain visibility into organizational efficiency and performance. Because ML incorporates all data from the past, it is also useful to predict future outcomes and spot outliers and potential instances of fraud.

**Blockchain:** Blockchain is most applicable to the payments process. It is an expandable set of records that carry and store unique information regarding transactions and events. Breaking the word into two provides insight into its purpose: “block” refers to a single event/action and relevant information, and “chain” refers to the larger series of events that are linked together. The technology offers an authentic, unalterable record of actions, which makes it secure and reliable. Though providers are still early in the adoption lifecycle, it has great potential to increase security and decrease latency in the AP function.

**Real-time Payments:** RTP is the most recent technology on the list. Very few software providers have provided plans on its integration into their tools, despite its clear application to AP. RTP enables nearly instantaneous send and receipt of funds, which provides a vast number of benefits and lends itself to multiple use cases. This technology not only speeds up payments, but allows for value-add messaging such as purchasing documents and relevant information to travel alongside the transaction. It was developed by The Clearing House (TCH) as the first new payment rail in more than 40 years. Though awareness and education on it is low, businesses stand to benefit massively from improved cash flow and data management, decreased costs, higher discount capture rates, and improved organizational efficiency. Despite low awareness among non-financial companies, many FIs have already embraced RTP. With many banks and credit unions already on board, AP software providers have a pivotal role in increasing mainstream adoption of RTP by making it available in their platforms.

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# The Buyer's Guide

# The Buyer's Guide

## Cost

As shown by the barriers to adoption, the price tag of AP software is a top reason organizations choose not to implement it. To many organizations, pricing is confusing and difficult to follow. Many feel like they pay for every little thing on such tools, which scares them away from automation altogether. Many providers have taken steps to clear this up by giving transparent pricing information based on an analysis of organizational requirements and document volume. The one-time fee includes implementation and training costs to get the system up and running. These are given up front by the software provider and may include a third-party implementation expert/consulting firm. Organizations usually pay to license the software on a subscription basis based on what features of the tool they use. The two main models for pricing are as follows, though some use a hybrid of the two:

**User-based pricing:** This model is based on how many employees use the software and in what capacity they use it. Usually, users that will be utilizing the full functionality of the tool on a regular basis will be charged differently from those who only use it for approvals. This method is particularly appealing to small companies that do not have many dedicated AP employees. To further cut costs, users may only be charged for months when they log into the system.

**Transaction-based pricing:** This model is based on purchasing document volume. It usually has tiers so that price per transaction decreases as volume increases. This means that pricing tends to be more volatile than user-based pricing, which appeals to organizations that have seasonal volume increases and those that have many employees that utilize the software.

## Current State Assessment

Once a company decides to seriously consider AP software, it's crucial to do a current state assessment that walks them through the pre-automation process and maps out what it will look like post implementation. Skipping this step can result in software that tries to cover up a poor process, which can create more frustration and inefficiency than prior to implementation. The following steps provide a current state assessment walkthrough, which elaborates on whether or not the organization should automate, what features they should prioritize, how to eliminate inefficiencies, and provides a future vision for the AP function:

### **1. Quantify invoice volume, supplier count, and average document touches.**

Organizations should identify the total number of invoices and break it down by receipt method, location, and spend type to create a map that shows where invoices are routed and ensure that potential software meets those needs.

Suppliers should similarly be divided into groups to identify who is sending invoices in unstructured methods in order to construct an onboarding strategy that aims to transition them to structured methods. Doing this will save the organization time and money, both in the short and long term.

Quantifying document touches is necessary to set up a workflow automation tool and identify opportunities to shorten the approval process. This step also helps configure role-based access and build out validation and approval workflows. Organizations should seek AP software that has a fully customizable workflow setup that can be adjusted with ease without the IT teams' involvement.

### **2. Evaluate the invoicing process across the entire organization.**

Ideally, invoicing should be a process that is consistent across location and department. Companies run into issues when they have merged and/or acquired other entities that may have retained their own processes. Differences due to international mandate and invoice type (e.g., specialty invoices) are another consideration. Some industries and countries have different invoice standards that vary in format, language, currency, and complexity. Ensuring that a tool is able to process these should be prioritized. If an organization's AP is decentralized or operates globally, it's important to evaluate tools that will allow for this setup, while still reducing exposure to fraud and providing visibility.

Additionally, the technology currently used in invoicing must be taken into account. The ERP an organization utilizes can be one of the most important factors in determining AP software selection. Providers often have a set of ERPs that they integrate with. Organizations that utilize those outside of that group create a more complicated integration—if they can integrate at all. This is especially tricky for companies that run multiple ERP instances. Companies should also consider how tight of an integration they require, as some software update instantly between the ERP and AP software, while others update less frequently.

Existing non-ERP technology is equally important. Prior to adopting a third-party AP software, many organizations use standalone electronic payments platforms, data capture

tools, and other systems that have crossover with a payables tool. Organizations should discuss with software providers what should stay in place and what should be replaced. This saves companies time and money by eliminating redundant steps and tools.

### **3. Think into the future.**

A software might fit an organization's current state, but business is constantly changing. If experiencing growth, an organization should confirm that any software being considered can grow as well. This means considering how volume and needs will change in the foreseeable future. Many organizations think they won't need certain tools or features, but quickly realize that these assist in further automating time-wasting steps. Taking this into consideration doesn't mean that a solution provider must come with all the bells and whistles, but that companies should consider which features they may need now and which features will be useful down the line.

Another exercise to project the future state involves calculating the return on investment (ROI) from software implementation. Once pricing is established, the next step is finding out the savings the company stands to gain. The first is increased discount capture. AP software makes the invoice lifecycle shorter, meaning that late fees are replaced by on-time payments and early payment discounts. The second is labor cost optimization. By implementing automation software, AP departments can reallocate back-office resources to focus on more strategic tasks in other parts of finance and supplier management. This results in a cost-per-invoice decrease, increased efficiency, and a department that does not need to expand headcount as volume increases. The final savings are from process improvement, which will vary from department to department. If an organization outsources AP or uses another software, these costs can be eliminated. Additionally, with advanced AP software features, instances of fraud decrease and audits become easier, which saves organizations time and money spent dedicated to these processes. Combining these savings with the cost of software gives companies a projection on when they will be able to achieve an ROI.



## Conclusion

2020 was certainly an eventful and challenging year for AP departments. Many already suffered from delays, lost invoices, and piles of paper; shifting to a remote environment only amplified those pains. In reaction to these struggles, some organizations chose automation software to maintain continuity and keep “business as usual.” The lessons learned don’t only better prepare organizations for future work disruptions but apply more broadly to increasing workplace productivity. The companies that learn from this time period will be able to apply digital transformation strategies to their back-office operations and their broader organizations.



# DataServ

DataServ provides AP automation software that enables accounting professionals to standardize processes, eliminate data entry, increase accuracy, improve supplier relationships, and allow teams to focus on higher value work. The top goal at DataServ is achieving automation success for their clients. To do this, DataServ treats its users as partners with whom they can collaborate, delivering an experience that lives up to expectations. By focusing on these goals, DataServ is committed to turning new clients into lasting, long-term relationships.

<b>Founded</b>	1994
<b>Headquarters</b>	St. Louis, MO
<b>Other Locations</b>	India
<b>Number of Employees</b>	75
<b>Number of Customers</b>	100
<b>Target Verticals</b>	Manufacturing, Wholesale/Distribution, Agriculture, Mining, Construction, Energy/Utilities, Financial Services, Healthcare, Retail, Transportation/Storage
<b>Partners / Resellers</b>	PDI Software
<b>Awards / Recognitions</b>	Deloitte Fast 500, Inc.com Fastest Growing Companies, Featured Customers' Accounts Payable Category, St. Louis Technology Fast 50

## Solution Overview

DataServ has developed systems and processes designed to maximize touchless processing and eliminate unnecessary human interaction with the invoicing process. By providing the tools to manage AP workflow, reduce matching and comparison work, and build an electronic audit trail, DataServ aims to create a touchless AP process.

## Payables Management

DataServ provides digital mailroom and OCR capabilities to handle all incoming documents from current processes and make them available in a way tailored specifically for the client's business. The batch capabilities can handle large scanning jobs and provide access to the images when



and where needed. Documents are managed inside a highly efficient, SSAE16 Type II compliant Digital Mailroom that accepts documents of any type, in any format via mail, courier, FTP, remote capture, email, EDI and returns clean data and images. Capture is performed through the Invoice Processing Machine™, Bar Code, Data Entry, or a combination thereof and has human verification layers over the technology to achieve 99+% accuracy.

DataServ's propriety AutoVouch solution then uses advanced process automation to perform a two or three-way match using the digitized invoice data plus PO and receiving data, rules and tolerances, enabling touchless invoice processing. On the workflow process side, DataServ utilizes a unique Single Stream process that interfaces with all invoices to capture the documents and data required to sort out and automatically route invoices to the appropriate person within an organization no matter what office or remote location they happen to be working in. Users simply receive a daily email telling them how many invoices they have available to review and then click the link to see the list. Then they can choose to Approve, Reject, Re-Route, or Code to keep those invoices moving through the system. Automated rules such as escalation and timers keep the process flowing without human intervention.

The DataServ supplier portal provides organizations with ways to handle vendor service and support activities, such as payment status inquiries and issue resolution. The portal is designed to provide visibility into the entire vendor approval process and consistent vendor master data.

DataServ has an easy access Analytics dashboard in the platform where users can find insights such as Aging, AutoVouch Analysis, and Vendor Not Found. Users have the ability to filter existing dashboards and also create their own. Plus, metrics and charts are simply shared by exporting or printing from the platform. The Analytics capabilities offer virtually unlimited options for segmenting data to help drive continuous improvement and make better decisions quickly.

## Implementation and Pricing

The Solution Delivery team at DataServ partners with clients to tailor the solution to fit organizational need. Implementation resources include live training sessions, article resources on the platform, and a library of training videos. Users are trained and supported during every step of the implementation process and have access to U.S.-based 24/7 support.

## About the Author

### **Major Bottoms Jr | Senior Research Consultant**

Major Bottoms Jr is a Senior Research Consultant for Level Research based in Charlotte, NC. He plays a key role in the analysis and presentation of data for Level's research reports, webinars, and consulting engagements. Major's expertise lies in the Procure-to-Pay, Source-to-Settle, and travel and expense management processes and software, as well as technologies and strategies across DevOps, digital payments, design systems, and application development.



## About Level

You're going to use technology to change the world. We're going to help you create it. Whether you are reinventing your company, creating an industry-changing product, or making existing products even better with new technologies—we exist to make your endeavor a success story.

Our experts help unleash your engineering team's potential. You know that you need to transform your software development lifecycle, and you need to move quickly. We bring seasoned experts to work with you to not only get the processes and tooling right, but to win with the human element of this critical transformation.

