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# Dollars and Sense: Examining the True ROI of Invoice and Payment Processing Automation

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**Automating AP workflows is a priority for today's finance leaders. But many companies still have not digitized. Why? Concerns about security? It's possible to have a secure and transparent solution.**

There seems to be no doubt that finance leaders are realizing the value of automating their invoice and payment (AP) processing workflows. In fact, an impressive **84 percent** of accounts payable practitioners surveyed are optimistic about the progress their department will make over the next three years in eliminating paper invoices altogether. And the reasons are clear; we've all heard them by now: Saving time, saving money, and increasing efficiencies and staff productivity.

But finance execs want to know, what does that mean exactly? And how do the benefits of trading in tedious, manual processes for automated AP workflows translate directly to the bottom line? In this article we look at some of the most impactful benefits and consider the dollars and "sense" of each.

## INCREASED PRODUCTIVITY

Industry reports cite better staff productivity as the top reason for automating. **Highly automated accounts payable departments process 16 times as many invoices per full-time employee (FTE) each month as their peers with little or no automation** —1,350 invoices per full-time employee processing manually versus 22,756 invoices per FTE with a highly automated workflow, to be exact. Simply put, you can do more with your existing staff. Not only that, staff will be freed to do more strategic value-added work, such as improving supplier relationships and leveraging early payment discounts.

Mark Brousseau, consultant, IOFM spokesperson, and AP automation subject matter expert believes that CFOs are realizing that if they optimize the AP process they can better manage cash, control spend, and mitigate risk. All helping drive larger corporate objectives. Instead of continuing to ask, "How do we manage this ever-growing pile of invoices?" they will ask, "Where do we stand with working capital so we can more accurately forecast cash and manage budgets?" Further, "How do we better manage our supply chain?" And, best of all, "What do we do with the cash that has been freed up? Develop new products and invest in R&D."

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Tim Carter, CFO, Salsarita's Fresh Mexican Grill, knows. After implementing a cloud-based AP automation solution that is powered by advanced technologies such as AI, he advises, *"Rather than hiring additional people, give your existing staff the automation tools to make their roles multi-faceted. Your accounting department—all departments for that matter—can run lean and take on more strategic, value-added duties."*

**The Dollars and Sense?** Multiply the salary/wages of one AP department full-time employee times the number of staff you would need to hire as your processing volume grows. That's how much you'll save with an automated AP solution and your existing staff.



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## CAPTURE 97 PERCENT OF EARLY PAYMENT DISCOUNTS OFFERED

**Eighty percent** of the businesses surveyed for the Institute of Finance Management's (IOFM) AP department benchmarking report **receive invoices that offer discounts on the invoice due amount in exchange for early payment.** With an automated system and the ability for approvers to access documents from anywhere at any time made possible by cloud-based solutions, invoices move efficiently through the process. No more lost invoices. No more late payments. And finance leaders can strategically balance early payments and capturing discounts versus cash flow.

**The Dollars and Sense?** Multiply the average dollar volume of invoices paid each month by 10 percent (the average early payment discount offered by suppliers). That's how much the potential savings are with an automated AP processing solution.

## SAVE MONEY ON SHIPPING AND STORING OF DOCUMENTS

When accounting leaders think about the costs of processing invoices, they might only consider the number of staff and time it takes to manually enter data, track down lost invoices, and get approvals. **But what about the costs to ship invoices to a central location for processing via courier or overnight service?** Or storing boxes and boxes of paper documents? Those are real tangible costs that are eliminated with automation.

Ask Patsy Price, director of operations, Peterson Auto Group, Tim Carter, CFO, Salsarita's Fresh Mexican Grill, Jason Kleve, controller, Transwest auto group, and Bryan Schmidt, controller, UNITE HERE HEALTH. They were each faced with not only shipping documents to a central location for processing, but also spending even more money on storing and shredding documents, to the tune of hundreds, even thousands of dollars per year.

**The Dollars and Sense?** Easy! Tally up the total dollars spent each year on the shipping, shredding, and storing line item on your expense sheet. When that number becomes \$0 with an advanced AP automation solution, the savings go straight to the bottom line.

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## **SPEND ONLY \$2.36 TO PROCESS A SINGLE INVOICE**

Automation eliminates the manual processes that drive up the cost of accounts payable processing—to the tune of more than \$15 per invoice **on average**—including additional staff as volume of invoices to process increases, keying invoice data, physically routing invoices for approval, filing invoices, and all the things we've covered so far in this article. Level Research puts the numbers to it when they report a decrease in the cost of invoice processing by a whopping 84 percent to only \$2.36 per invoice on average.

**The Dollars and Sense?** Patsy Price, director of operations, Peterson Auto Group, saved more than **\$35,000/year** when she switched from a manual AP workflow to a smart, cloud-based AP automation solution. Real savings translated into real profits.

### **Now those are dollars you can make sense of!**

For a free demo or to schedule a complimentary AP automation assessment, click [here](#).

*Laurent Charpentier is the COO and chief innovation officer at Yooz Inc.*

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