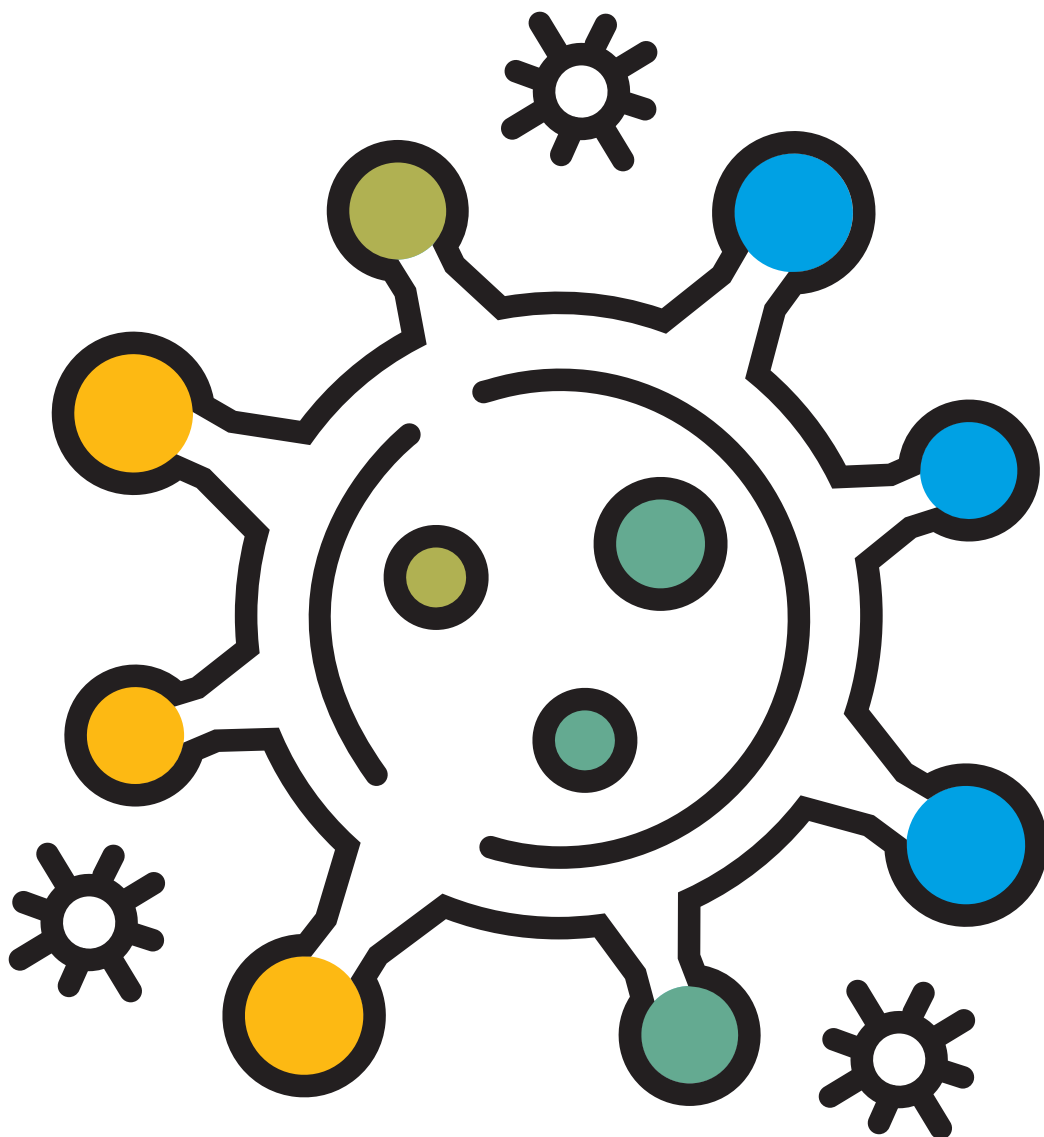


# Whitepaper: The Impact of the pandemic on Accounts Payable

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**The pandemic has shown inefficient business processes to be inadequate in the current environment. Companies that rely on manual systems and processes face an uphill battle to maintain business as usual. In many organisations, accounts payable is an area that is struggling.**

## **Paper in a Time of Pandemic**

According to Ardent Partners' research report Accounts Payable metrics that matter in 2020, 49.7% of invoices exchanged in North America and EMEA are paper documents<sup>1</sup>.

For many businesses, relying on paper and people presents major issues for business continuity. Disruptions to the labour force with people off work sick, forced to self-isolate, or working from home, can cause invoice processing times to blow out considerably.

Late payments can cause disruptions to supply. This can affect a company's operations, damaging the brand and having an impact on sales. Long invoice processing times have a negative knock-on effect down the supply chain, slowing the circulation of cash and adding to the economic fallout.

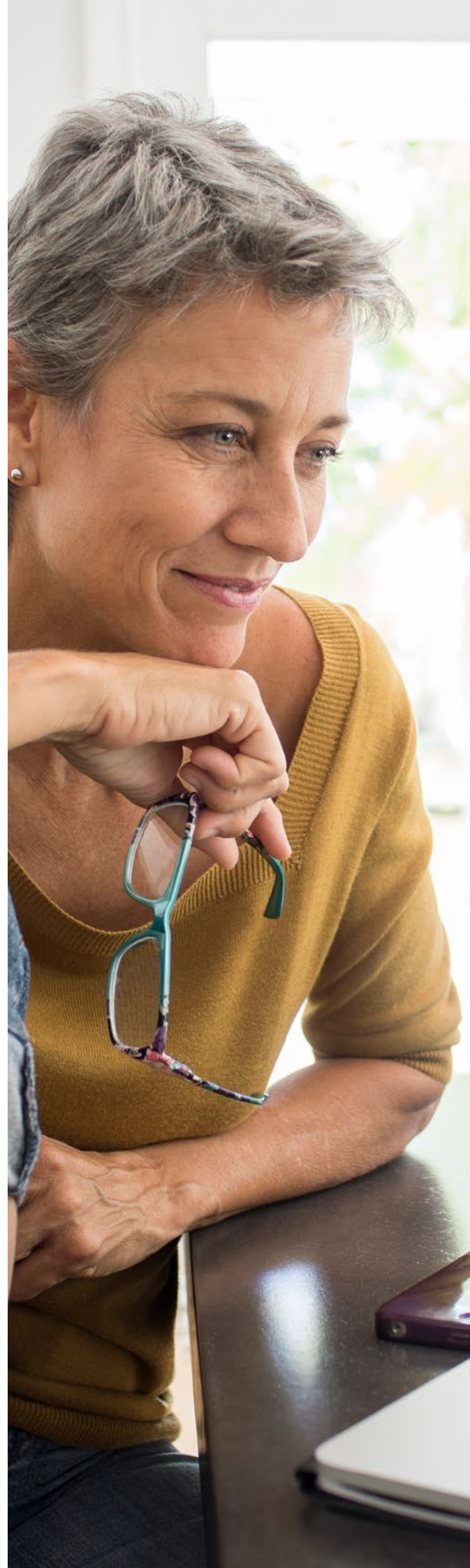
1. <https://www.corcentric.com/wp-content/uploads/2020/03/Accounts-Payable-Metrics-that-Matter-in-2020-from-Ardent-Partners.pdf>

# Manual Processing Becomes Problematic

By switching to PDF invoices, businesses can bypass the postal service and ensure their invoices are delivered straightaway. The problem remains though, that in many businesses the work of processing these invoices is still done manually. Tasks for accounts payable staff include:

- saving supplier invoices to company systems,
- checking the invoice is coming from an approved supplier,
- verifying the invoice is not a duplicate,
- ensuring the invoice meets organisational compliance standards,
- coding the invoice and routing it for approval,
- matching invoices to purchase orders and delivery notes,
- liaising with suppliers or staff to manage exceptions,
- inputting invoice information into finance systems for payment.

The problem with off-site work is that these manual processes can become problematic. On premise systems can be slow and difficult to access remotely and home internet connections can be unreliable. These impediments may slow down the process and undermine compliance controls; stressed staff may bypass cross-checks of ABNs and payee details to try to ensure business continuity.







## Fake Invoices Have Increased

With weakened compliance controls, there was a significant rise in fraudulent invoices in 2020. According to the Federal Bureau of Investigations (FBI), business email compromise attacks cost companies over USD \$26 billion in between June 2016 and July 2019<sup>2</sup>. Scammers are capitalising on the stress and disruption that the pandemic

has caused. In many companies, managers have side-stepped company buying policies to procure additional supplies of hygiene and cleaning products. Fraudsters have responded by issuing fake invoices for these products, which staff may process for payment without checking the goods have been ordered and received.

2. <https://www.ic3.gov/Media/Y2019/PSA190910>

# Cost of Invoice Processing Rises

Ineffective processes cost businesses money. This is particularly the case when there is much disruption generally and controls fail, resulting in the following:

- processing times lengthened,
- late payment fees incurred,
- duplicate payments made,
- fake invoices accidentally paid.

Accounts payable is a business-critical function; if the unit does not work effectively, this can impact upon the organisation's sales and profitability. Furthermore, it is very hard for the finance department to have a true picture of a business' cash position if current liabilities are not correctly captured. As a result, companies that have an accounts payable automation solution already in place are in an enviable position to manage operations, maintain high efficiency, lower costs and generate ongoing savings.

## 'Best in Class' Accounts Payable

Best in class accounts payable departments achieve a high rate of straight-through processing. This means that there are considerably less invoices that accounts payable staff need to get involved with. This relieves pressure on them and frees them up for higher value work, such as spend analysis.

According to the Ardent Partners' report, the top 20% of accounts payable performers are 125% more likely to have full procure-to-pay automation. Against industry averages, these companies achieved the following results (measured pre-pandemic):

- x6 lower invoice processing costs
- x3 faster processing times

For all accounts payable teams, Ardent Partners<sup>3</sup> say managing the high rate of invoice exceptions is the number one challenge for the business unit. However, best in class organisations have a 57% lower invoice exception rate. With better visibility and control over the procure to pay process, these organisations take steps to mitigate exceptions and achieve a more streamlined approval process.

3. <https://www.corcentric.com/wp-content/uploads/2020/03/Accounts-Payable-Metrics-that-Matter-in-2020-from-Ardent-Partners.pdf>



## Impact of the Pandemic

For organisations that have not automated their accounts payable function, the pandemic has further slowed processing times while simultaneously increasing costs.

Therefore, the differential in costs between top accounts payable performers and those maintaining manual processes is expected to be even more pronounced.

Companies that have automated their accounts payable function may be able to achieve a competitive advantage over their competitors and be well positioned for growth when the bounce-back happens. The best time to start was yesterday. The next best time to start is now.



# What an Accounts Payable Automation Solution Offers

Automation can administer the end-to-end invoice approval process in an efficient, accurate and compliant way:

## Accurate Data Capture

Optical Character Recognition (OCR) technology digitises invoice information, extracting invoices from a dedicated email mailbox; if paper documents arrive in an organisation, they can be scanned and sent to the mailbox. OCR performs data capture in a quick, continuous and more accurate manner than an employee and requires minimal verification work. The machine-learning capabilities also mean it gets more efficient with each extraction. OCR immediately reduces errors and re-work, which helps to streamline the approval process. It also identifies any duplicate invoices, preventing them from being processed.

## Facilitating Business Continuity

With an end-to-end accounts payable automation solution, the OCR then sends the data to the workflow engine, which stores the digitised invoice information. It is from this centralised, accessible location that specific invoices can be retrieved, and reports can be generated.

Most accounts payable automation solutions are web-based and cloud-hosted. This facilitates remote work, communication and collaboration; the solution is often accessible for accounts payable team members via any device or browser. Centralising and digitising all accounts payable activity enables staff to continue with their business-as-usual activities, whether they are in the office or working from home.

## Protecting Against Fraud

Many automation solutions perform automatic look ups to cross-check vendor ABNs and GST status with the ATO, while also validating payment details on the invoice against what is recorded in the master vendor data. If any discrepancies are found, the solution triggers an exception for accounts payable staff to manage.

## Managing Exceptions

Some accounts payable solutions, such as Concur Invoice, also help manage exceptions. The pre-configured business rules engine drives the invoice approval and exception management workflow. It allocates responsibilities to nominated staff for tasks, such as approvals, coding and managing specific exceptions.

These staff members are alerted via an auto-generated email and can log onto their personal task list in Concur Invoice to see what's required of them. Each task is time bound with an escalation process in place to ensure the approval process keeps moving.

## Integration with ERP

Finally, a best in class accounts payable solution integrates seamlessly with the organisation's ERP for posting and payment. It complements the existing business management system with the functionality to manage accounts payable and achieve the best results for the business.

# The Future of Accounts Payable

The future of accounts payable is exciting! By leveraging innovative technology to streamline the invoice management process, the role of accounts payable will increasingly shift to undertake data analysis and provide insights to the wider business.

Ardent Partners<sup>5</sup> reports that as more executives view accounts payable as a strategic unit, greater investment will follow. The overall perception of accounts payable continues to rise. In 2019, **52%** of businesses perceived the function to be 'very' or 'exceptionally' valuable to organisational operations; in 2020, this increased to **55%**. Currently, the AP automation market is projected to be worth USD \$4 billion by 2025<sup>4</sup>.

## Age of Intelligence

A well-run accounts payable department has extensive data at its fingertips which can be used to generate value. For example, accounts payable staff can see:

- where money is being spent,
- where it can be saved,
- which suppliers should be retained,
- how to optimise working capital.

With a track record of on-time payments, an enterprise will be in a strong position to negotiate lower prices, volume discounts, or longer payment terms with suppliers. This creates a more strategic role for accounts payable in managing supplier relationships and returning savings to the business.

Automation solutions in accounts payable enable transparency, visibility, control, compliance, business continuity, data insights, cost savings and more, ultimately helping to drive profitability. In challenging times, the value-add that technology delivers becomes very evident – and when utilised, there's no going back to old ways.

4. <https://www.corcentric.com/wp-content/uploads/2020/03/Accounts-Payable-Metrics-that-Matter-in-2020-from-Ardent-Partners.pdf>



## ABOUT SAP CONCUR

SAP® Concur® is the world's leading brand for integrated travel, expense, and invoice management solutions, driven by a relentless pursuit to simplify and automate these everyday processes. The highly-rated SAP Concur mobile app guides employees through business trips, charges are directly populated into expense reports, and invoice approvals are automated. By integrating near real-time data and using AI to analyse transactions, businesses can see what they're spending, improve compliance, and avoid possible blind spots in the budget. SAP Concur solutions help eliminate yesterday's tedious tasks, make today's work easier, and support businesses to run at their best. Learn more at [concur.com.sg](https://concur.com.sg) or the [SAP Concur blog](#).

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### THE IMPACT OF COVID-19 ON AP (22/06)

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