



Getting Started on
**Your AP
Automation
Journey**



You are probably already aware of the need to automate your AP function. **The impetus to do this is more significant than ever due to the uncertain economic environment, leading to an urgent need to streamline accounting and finance processes. Doing so will help finetune costs and generate high-quality real-time data.**

Recent research conducted by Tipalti shows that almost a third (32%) of finance and accounts payable leaders in high-growth businesses think AP will be fully automated by the end of 2024. However, this is failing to materialize into meaningful actions from CFOs, with over three-quarters (77%) saying they need to stop being reactive and begin planning beyond the economic downturn.

Leaders are likely hesitant due to being unsure of where to start since AP automation is comprised of a range of different processes. This is shown by nearly two-thirds (65%) of those surveyed stating that they find it difficult to prioritize which AP tasks to automate.

As end-to-end AP automation tools are now available, CFOs should automate the entire AP lifecycle—from supplier onboarding to payments and reconciliations. This digital transformation should be given sufficient internal resources as it can dramatically change the fortunes of finance teams and their companies.



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To garner the best results, companies need to take a holistic approach, positioning AP automation as a special project with a set of deliverables against a set timeline.

This guide will cover everything you need to get you and your company started on your AP automation journey, including:

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Tasking an Individual or Team to Manage the Transition to AP Automation

Finance teams are naturally busy because they deal with multiple deadlines, such as monthly management accounts, payroll, and tax returns. **Furthermore, the workload will be even greater for those that have yet to automate their AP processes due to needing to devote significant time to associated manual workflows.**

Assigning an individual or team to manage the AP automation project will help ensure that the business can operate as usual, with finance leaders having confidence that the necessary changes will be made.

Those tasked with managing the project should have related KPIs fed into regular reviews from their line managers. For example, this could include meeting project milestones for selecting and integrating vendors.



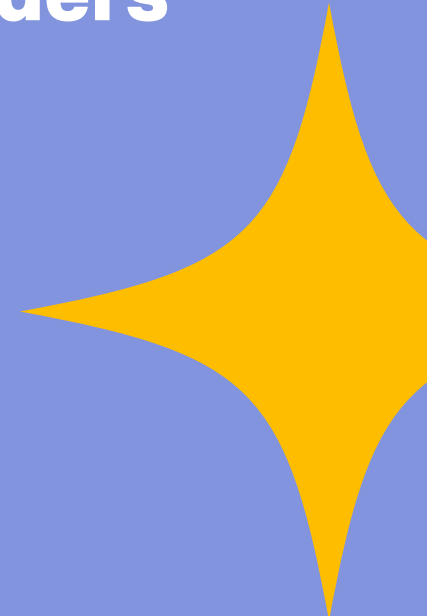
Creating Awareness with Key Stakeholders

You need to consider the human and technological elements of digital transformation, and bringing key stakeholders on the journey with you will help prioritize the project across the business.

An excellent way to win over these individuals is to communicate how AP automation will impact them, their departments, and the company, even if they aren't part of the finance team.

For example, marketing leaders need to be aware that faster and more accurate data processing will enable them to analyze the ROI of their campaigns better and help them make a business case for further investments.

An effective way to create awareness is via a presentation or deck communicating the vision of the AP automation project and its objectives. Doing this before the project kicks off will enable you to engage with stakeholders who hold relevant information to feed into the process mapping stage.



Ensuring You Understand Everything AP Consists Of

It's critical to understand the full range of accounts payable activities and what they consist of. Failing to do so means you won't be able to benefit from full automation due to only applying digital transformation to a limited range of processes.

AP automation is often misunderstood. Less than half of finance leaders (40%) believe it consists of end-to-end supplier invoice automation, encompassing both processing and payments.

A common misconception is that AP automation begins and ends with OCR to fulfill data extraction. The truth is that OCR is limited in accuracy, lacking the contextual understanding and required nuances to extract complex payment data successfully.

AP automation should take care of the entire AP lifecycle:



Processing

- ◆ **Supplier management**
- ◆ **Invoice management**
- ◆ **Purchase order matching**
- ◆ **Payment remittance**
- ◆ **Payment reconciliation**



Payments

- ◆ **Partner management**
- ◆ **Cross-border payments**
- ◆ **Fraud detection**
- ◆ **Self-billing**
- ◆ **Tax and VAT compliance**



Other

- ◆ **Procurement**
- ◆ **Expenses**

Mapping Out All of Your Processes

Before exploring tools to integrate into your ERP to automate your AP function, you need to map out all of your accounting and finance processes.

Processes should be broken down into a series of simple steps that are consistent and easy to follow. This will include the likes of:

- ❖ **When and how are POs raised and approved**
- ❖ **How is data extracted from invoices and entered into your ERP**
- ❖ **How many payment runs are done per month**
- ❖ **How payment details for invoices are entered into your banking software**

A benefit of documenting these processes internally is that this knowledge is retained, so businesses are less at risk of key staff members leaving and taking valuable information with them. This can also be used to present to auditors to help support them in completing external audits.

Using flow chart software, such as [Lucidchart](#) or [Microsoft Visio](#), to visually map out processes can be faster and easier to follow for some users, as opposed to compiled text or long-form documents.



Identifying Process Inefficiencies

Once you've mapped out your accounting and finance processes, you can better identify inefficiencies and pain points that are time-consuming and manually laborious.

These must be given particular attention during the software integration phase, as failure to define and streamline them will limit your automation efforts and data flow.

Kevin Davies, VP of Commercial Operations at Fy!, a drop-shipping marketplace specializing in homeware and art, found that scaling demand made their manual process of maintaining supplier spreadsheets time-consuming and potentially detrimental to their relationships:

"Each month, we paid out over 2,000 brands and artists and managed accounts payable on spreadsheets. We didn't have any full-time finance support, and it was messy. I was sick of vendors not getting paid on time."

By flagging inefficiencies before integrating with Tipalti, they were able to create a fully automated workflow, with data syncing and reconciling all in one system, providing payment visibility for the business and its brands.

Seeking Out Tools That Integrate with Your ERP

As many of your core workflows are managed from your ERP software, you'll want to implement an AP automation tool that directly integrates with it and avoid the use of open APIs where possible.

However, **scaling businesses should also be mindful that they may outgrow their existing ERP due to the software's inability to deal with changing requirements**, such as needing to complete group consolidations and cope with hundreds or thousands of transactions.

Therefore, CFOs should also select AP automation tools based on their ability to integrate with enterprise-level ERP solutions, such as Oracle NetSuite and Microsoft Dynamics.

Agnostic AP automation tools can also prolong the lifespan of less sophisticated ERP systems by future-proofing payables and creating more time to put plans in place before selecting and moving to a new ERP.

This approach has worked well for Skillshare, an **online education community with 5 million members, who integrated Tipalti as it could sync seamlessly with QuickBooks Online and help with their international expansion.**



Working with Consultants to Get Up and Running

Every business is different, and you'll need to recreate processes unique to your organization when implementing an AP automation solution.

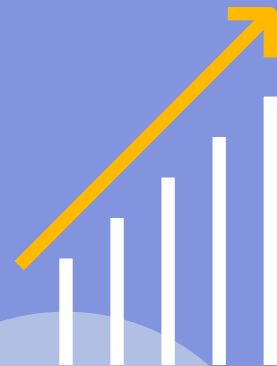
While enterprise-level organizations may have in-house technical resources to undergo implementations themselves, partnering with an accredited consultant will give your project the best chance of success.

Their expertise means they will have an in-depth understanding of software systems

and integration methodologies by having had the experience of working on multiple similar projects.

This will likely minimize the time it takes for integrations to be completed and is a more cost-effective option than handling the integration internally.

Additionally, they can offer post-implementation support if any issues arise or changes are required due to varying circumstances.



Piloting Your AP Automation Before Rolling It Out

To minimize potential business disruption, initially pilot your AP automation by applying it to a small subsidiary, such as an overseas division that has limited transactions to larger group companies.

This will enable you to swiftly troubleshoot any potential issues in a controlled environment before giving you the confidence to roll out the solution on a corporate level.

Disruption can be minimized further by completing integrations from clean ledgers at year-end.

During this testing phase, **assign KPIs, measuring accuracy and processing speed**, to assess the effectiveness of pilots.





What Tipalti Can Do for You

Tipalti manages your payables process with technology that eliminates more than 80% of the manual effort. We provide a truly global, multi-entity solution that streamlines the end-to-end AP workflow including procurement, tax data collection and verification, automated supply chain financing, self-service supplier onboarding and management, OCR-based invoice processing, global remittance, employee expenses and reimbursement, and AP financial reporting and controls.

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