

AP AUTOMATION WHITE PAPER | FALL 2020

Key considerations when choosing to automate Accounts Payable in D365

There is no doubt that many organizations are looking at automating the Accounts Payable process. AP Automation not only addresses many of the challenges of a remote workforce post-covid-19, but it is also a great entry point into digitizing processes across the organization. Known as one of the most cumbersome and inconsistent of all financial processes, AP Invoice Processing is a prime candidate for automation. Organizations that implement AP and Invoice Automation not only achieve operational excellence but are also able to contribute with valuable insight that provides benefits across the enterprise.

While Accounts Payable may be a prime candidate for automation, the process is often not a priority for many firms. AP is often seen as strictly back-office, but times are changing, and organizations can benefit greatly by improving AP process efficiency. The reasons are clear: best-in-class AP boast impressive improvements across the board: lower processing costs, rapid approvals, lower exception rates, higher rate of straight-through processing, increased transparency and control¹.

When looking to implement AP Automation, there are several key considerations that a company should carefully consider when looking for the best-fit solution that can automate their AP process.

There are three key questions that should be your focus:

- 1. Are you taking a holistic approach?**
- 2. Are you leveraging your technology investment?**
- 3. Can you measure your progress and your success?**

Taking a holistic approach

The first consideration should be to look at AP Automation from a holistic perspective. This means that the solution that you implement should be able to provide automation and support for the end-to-end AP Invoice process, all the way from invoice data capture, through invoice processing to final posting and process analytics.

Taking this step-by-step through the process, the first question you need to answer is can the solution you are looking at capture invoice data from all invoice channels. This is a moving target as invoicing preference and channels are constantly evolving. What once was purely paper based is now more and more leaning toward purely digital channels, be it PDF-files attached to e-mails or e-invoices received directly. According to Ardent Partners State of ePayables 2020 report more than half of invoices received are now in received in electronic format¹.

The holistic approach is also vital when looking at which sub-processes are candidates for automation in your organization. Fully implemented, AP Automation will

Finally, it is important to look for a solution that is flexible so that you can grow your automation footprint over time. AP Automation is a part of your ERP project, in just like in ERP projects you need to grow into your AP Automation solution. A big bang approach seldom works. Most successful organizations implement automation step by step. But it is vital that you scope out the big picture when selecting your solution, so that needs can be met further down the line.

Leveraging the technology

Moving on to technology, our firm belief is that the choice of AP Automation solution should be tightly aligned with the overall ERP strategy. This is not something that is unique for AP Automation but should be the guiding principle for all ISV solutions that your organization is looking to implement to extend ERP capabilities.

If your business strategy is growth through acquisition, where the ERP environment can be varied to include several ERP backends then maybe an integrated cloud-solution is what you should be looking at. On the other hand, if the organization has taken a firm decision on Microsoft D365 (*Finance and Operations, Business Central, AX or NAV*), the recommendation should be to look at an ISV solution that is built-in. This will allow you to better leverage the D365 investment. The AP Automation solution will work in real-time with a single source of truth where there is no need for duplication of data. There will be no delays caused by batch-jobs having to run in the background to push data to and from the cloud.

The technology aspect is also important when looking to leveraging RPA and the use of advanced technologies such as AI and Machine Learning for automation. As this is the areas that are evolving most quickly today, a “future-proof” AP Automation solution should already be leveraging these capabilities and have a clear road map of how these technologies can further enhance automation and usability in the future.

One final point that you should be on your radar is to get an understanding of how built-in vs integrations historically have and how they may impact your business going forward. Integrations are complex and often need operational attention from IT.

Measuring progress and success

The final area of consideration is of course analytics and follow-up. The old saying “*What you can’t measure, you can’t manage*” rings as true as ever.

From the AP perspective analytics provide the organization with metrics and KPIs that not only keep track of the process benefits but also provide insights into process bottlenecks that stand in the way for the sought efficiency gains. Some of the key KPIs that an organization should track include:

1. Cost per invoice
2. Invoice approval turnaround
3. Invoices processed per Accounts Payable FTE
4. Invoice exception rate and rate of invoices processed automatically by AP
5. Straight-through or touchless processing of invoices

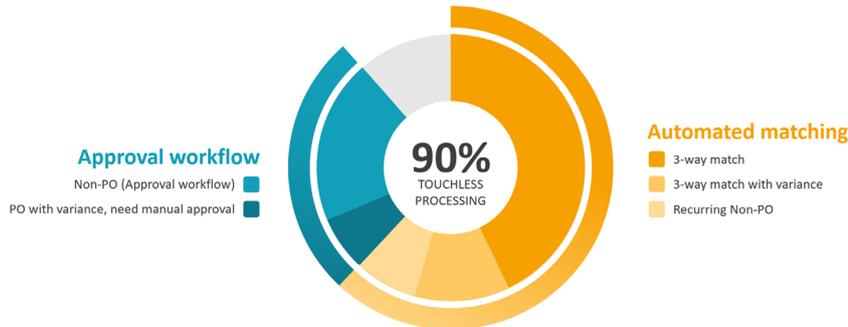
Accounts Payable is also uniquely positioned to provide great value to a wider organization. The Accounts Payable process touches nearly all aspects of the business – from handling payment of spur-of-the-moment one-time-buys to strategic contract spend. By digitizing and automating the AP and invoice process, the foundation is laid for an extensive data lake of financial information that can be leveraged far and beyond the traditional scope of Accounts Payable.

Data from AP can be turned into actionable intelligence for the CFO and other key stakeholders that analyze financial performance as well as work with supplier performance.

For Accounts Payable, this can involve closer collaborations with procurement, finance and treasury, supplier relationship management, as well as providing actionable intelligence for risk mitigation, cash flow management, compliance initiatives and more. Ardent Partners State of ePayables 2020 states that “*Accounts Payable’s “Big Data” has the potential to become the next major force and catalyst for the profession*”. The report also concludes that a vast majority of best-in-class organizations see AP Data and Intelligence as critical to their operations.

Straight-through and touchless processing

Companies can often achieve 60% straight-through processing and up towards 90% touchless processing (meaning no initial manual labor for AP)



Key considerations for implementing AP Automation in D365

This fusion of a holistic take on process automation, leveraging existing technology to a high degree and focusing on turning process data into actionable knowledge should guide you towards choosing the AP Solution that is the best fit for the organization. It will ensure that the chosen solution is aligned to the long-term ERP strategy and leverages the full capabilities of the Microsoft ISV partner network. From the perspective of Accounts Payable it ensures that AP can be transformed from a pure cost center to a profit center for the entire enterprise.

ARE YOU TAKING A HOLISTIC APPROACH	ARE YOU LEVERAGING YOUR TECHNOLOGY?	CAN YOU MEASURE YOUR SUCCESS?
<p>Capture all invoices in one channel (<i>paper, e-mail, EDI, e-invoice</i>)</p> <p>Automate processing of all invoices to minimize manual labor (<i>3-way matching, contract matching, variance and tolerances as well as approval workflows</i>)</p>	<p>Leverage your ERP investment (<i>minimize duplication of data and setup</i>)</p> <p>Robotic Process Automation</p> <p>Machine learning and AI Implementation vs. integration complexity</p>	<p>Track the end-to-end process</p> <p>Follow-up on the KPIs that matter (<i>PO/non-PO, turnaround times, suppliers with exceptions</i>)</p> <p>Turn AP into a data source for the organization (<i>Procurement and Finance</i>)</p>

ABOUT EXFLOW AND SIGNUP SOFTWARE

ExFlow is a built-in, feature-rich AP Invoice Automation solution developed specifically for Microsoft Dynamics. ExFlow enables organizations to increase efficiency, transparency, and control in their AP Invoice process, driving down costs while generating substantial process savings. More than 900 customers processing more than 40 million invoices annually rely on ExFlow to empower their AP Invoice Process across the globe.

SignUp Software was founded in 1999 and launched ExFlow in 2003. Fueled by an entrepreneurial mindset, SignUp Software is a global forerunner of financial process automation inside Microsoft Dynamics 365. SignUp currently operates out of Stockholm, Sweden (HQ), Denmark, Finland and Australia and count approximately 80 employees across the globe.

1. Ardent Partners – State of ePayables 2020