Work Smarter: How Accounts Payable Automation Empowers Accounting Teams

Introduction

Accounting teams across the globe are consistently under-served by antiquated technology, most of which is decades old. They are asked to do more with less. With these pressures and the arrival of cloud computing, accounting teams are beginning to see that accounting workflows can be better optimized. Traditional, manual financial workflows are moving towards automation and digitization, especially the accounts payable (AP) process. Organizations are already starting to make the removal of paper a priority in favor of digital and paperless workflows.

According to a PayStream Advisors[1] report, organizations now receive their invoices in many different formats, but paper is still at the top of the pile. In fact, half of organizations surveyed said that they receive most of their invoices in paper format. Papers can pile up fast and, for those in accounts payable, the stacks of purchase orders and invoices can be overwhelming. Emerging technologies like AP automation and virtual credit cards can significantly ease the burdens placed on the accounting department, but not all businesses feel they are ready to take the leap into the digital world.

This whitepaper is divided into two parts. While the first part covers techniques on how to optimize accounts payable, the second part will show how AP automation can pay for itself. If you're already sold on the value of AP automation, head down to Page 9 to find out how you can start generating revenue. Otherwise, read on to learn how AP automation can empower your accounting team.

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The Five Key Elements of Effective Accounts Payable Automation

Accounting automation technologies have emerged to remove the burden of those grinding, non-strategic, repetitive tasks that form the financial foundation of every company.

Chasing lost invoices, waiting for approvals, going back and forth about unexpected variances—these are the critical moments in manual workflows and the ones solved by automation. It is important to note that scanning invoices into digital formats is merely document management. A truly effective AP automation solution has five key features that take workflows all the way from purchase order to payment. These are:

1. Eliminate accounts payable data entry
2. Streamline approvals with a consolidated multi-company view
3. Full visibility through enhanced reporting
4. Seamless integration with accounting software
5. Automate electronic payments

Let's take a closer look at each of these essential features.
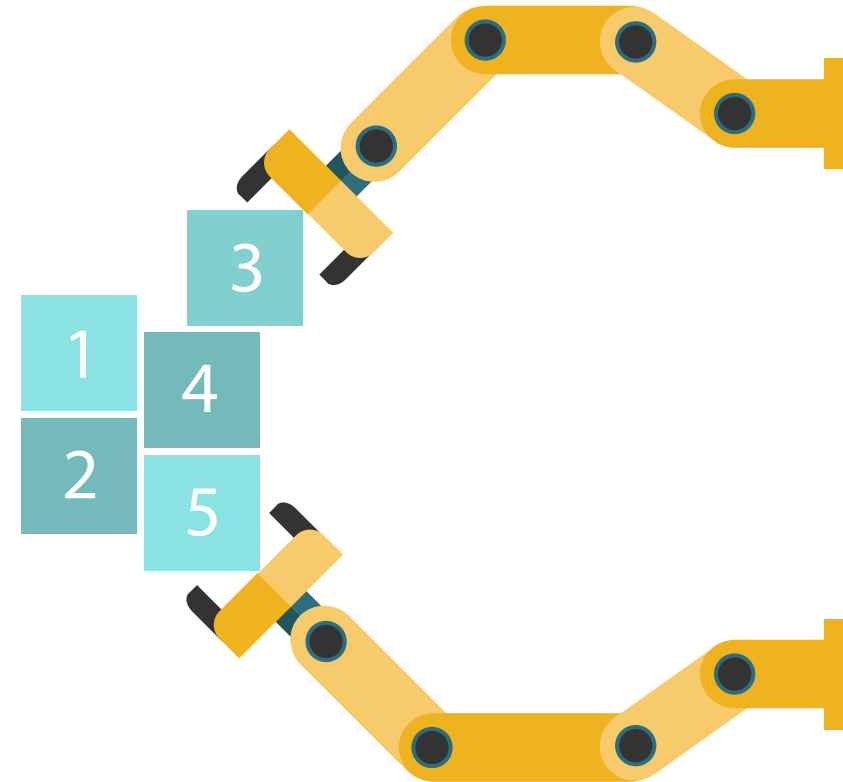
Eliminate accounts payable data entry

Data entry is both an essential component of accounting processes, and yet is often the least enjoyable work a financial professional is tasked to do. If your business is handling thousands of vendor invoices every month, then data entry becomes a major bottleneck in your AP process.

Most AP automation solutions offer a way to eliminate data entry from the process, but not all these systems are created equal. Some services rely on optical character recognition (OCR) to tackle data entry. OCR is a technology that converts physical or electronic images of text into machine-encoded text, but OCR technology is not yet reliable enough[2] to be used autonomously. Human intervention is still required to deliver data that is accurate and meaningful.

With Sage AP Automation, your data entry is taken care of with guaranteed accuracy. How do we do it? First, a digital copy of each invoice is captured, and the invoice data is extracted and checked for accuracy before the digital invoices are made available to you in the Sage AP Automation application for coding. With Sage AP Automation' SmartCoding feature, we also make coding easy. SmartCoding intuitively learns how you code based on previous invoices you have processed. By automatically adopting the line coding from the last invoice that came from the same supplier, SmartCoding carries over everything from GL line coding to the description.

[2] *University of Illinois, An Introduction to OCR and Searchable PDFs, 2017*
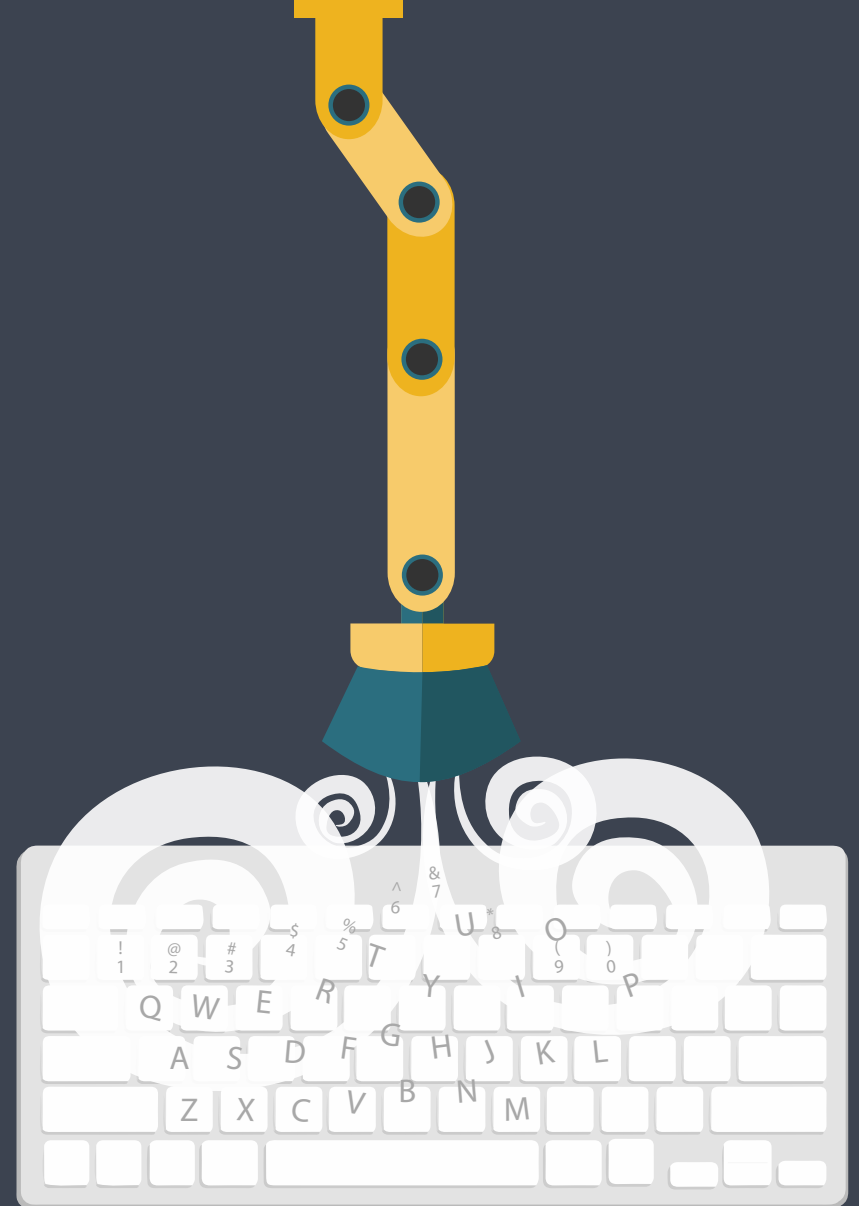
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Streamline approvals across teams, departments, and companies

For some companies, the extraction of data from digital documents is such a huge improvement over paper-based workflows that it is considered to be AP automation on its own. But while data entry might make up a large amount of the hours spent on payables, the most common cause of delays is the invoice approvals. If you're used to handling paper invoices—and handwritten signature approvals—then those delays will manifest as a perpetually growing pile of unsigned invoices. Even with electronic invoices, you'll end up printing copies or chasing approvals through email.

True AP automation brings entire teams, departments and companies into the automated workflow—after all they are the ones spending the money! Every user and approver should have individual access to your AP automation solution. Sage AP Automation makes this simple by allowing you to customize access by user.

Sage AP Automation also allows companies to move invoices quickly through automated approval channels. Because this entire process happens in the cloud, managers and other approvers can review invoices and submit approvals from wherever they happen to be in the world. Whether your approvers are away on a business trip or located in a remote office, they will have instant access from any device. With our consolidated, multi-entity view, you can also manage multiple companies all from the same centralized system.

> " Sage AP Automation allows companies to move invoices quickly through automated approval routes.

Get full visibility through enhanced reporting

Businesses these days are under much more intense scrutiny from regulators and other financial bodies. As such, there is also a clear demand for a higher level of financial governance and full transparency across organizations. Sage AP Automation not only eliminates the chance of human data entry errors, but also makes it simple to get full visibility into all your company's accounts payable data through on-demand reports.

Custom filters and reports open up a vast toolkit that gives you the power to drill down into your historical data to uncover trends and measure productivity. Pre-set reports can also keep you on track with regular, scheduled check ups.

Seamless accounting software integration

With the widespread adoption of cloud-based technologies, online accounting software is often seen as a silver bullet for streamlining the accounting process. Although there are definite advantages to switching to an online system, most of the solutions on the market today still lack key components of AP automation, making it necessary to use a third-party application that integrates with the accounting software.

Sage AP Automation imports all lists from your accounting system so they are available for coding right away. You can also import other transactions from your software such as payments and purchase order feeds. Sage AP Automation integrates with most mainstream accounting systems using a custom sync tool.

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Automate electronic payments

The final step in full-cycle AP automation is automated electronic payments. Eliminating the manual work of vendor payments—like signing and mailing physical checks—can bring the process full circle to achieve a higher level of data visibility and control. Sage AP Automation offers several payment methods, including: Automated Clearing House (ACH), Electronic Funds Transfer (EFT), wire transfer, automated checks, and Virtual Credit Cards (VCC).

We're going to focus a bit more on virtual credit cards in the next section to show you how this unique form of payment can actually become a revenue generator for your company.

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Loved Everything So Far?
Now Find Out How to Make it Pay for Itself

With AP automation, businesses save time and resources. But with virtual credit cards you can start earning new revenue just by paying your bills.

Thanks to the cash rebate programs offered by VCC providers, businesses can actually earn money by using virtual credit cards, significantly offsetting the costs of AP automation. With enough repeated use, the AP automation solution will end up paying for itself each month through rebates. Cash-rebate programs operate on an agreement where the payer earns a specified percentage cashback on all qualifying transactions. Rebates are typically paid out on a monthly or quarterly basis through the program provider. While large companies would seem likely to benefit the most from a rebate program, even mid-size companies with heavy credit card use will see notable returns.

Sage AP Automation' rebate program works the same way. It's payment processing that pays for itself! Our VCC rebate program generates revenue as you pay your vendors. Forward-looking companies will gain the security and efficiency advantages that come standard with virtual credit cards while capitalizing on an untapped revenue stream through cash rebates.

Getting Started with Virtual Credit Cards

With each new corporate data breach in the headlines, we see how businesses are at risk of fraud and data loss. Virtual credit cards offer businesses an additional layer of protection for corporate payables.

A virtual credit card number is a randomly-generated number associated with a specific payment to a specific vendor or supplier. The payment is for a set amount and expires after 30 days, further protecting your transaction. This feature ensures that the amount specified by the client will be the only amount that can be charged to the card by the vendor, eliminating the risk of overcharging.

To the accepting merchant, a VCC looks the same as any other credit card—however the vendor will never see a permanent credit card number.

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The Benefits of Virtual Cards

Credit card fraud losses totaled $21.84 billion globally[3] in 2015 and are projected to exceed $32.82 billion by 2019. Considering the scale of these figures, security should be top of mind for all businesses. Virtual credit cards offer one of the most secure ways to pay your vendors. Their unique single-use virtual card numbers are no longer valid once a transaction is complete. This eliminates the risk of stolen card numbers or checks going missing.

The amounts associated with each transaction are specific to that transaction, which are only valid for a predetermined amount of time. Virtual credit cards are issued to a primary cardholder only, eliminating the risk of fraud through secondary card holders. If for some reason the vendor doesn't charge the card, or the client chooses to block the card, the amount is credited.

Virtual credit cards allow for full integration with your accounting system, which can ultimately lower processing costs and allow companies to implement stronger internal controls[4] on their payments workflow.

In addition to their security and integration benefits, virtual credit cards offer something that most corporate payment types cannot: cash-back rebates. Virtual credit card users are eligible for monthly cash-back rewards based on their spend. This is a simple and effective way to generate new revenue just by paying your bills.

Anatomy of a Virtual Credit Card

A virtual credit card consists of three components, each of which mimic the features you'll find on a physical credit card.

Credit Card Number
Like standard Visa and Mastercard credit cards, the card number consists of 16 digits.

Security Code
A card security code (CSC), also called a card verification code (CVC) or card verification value (CVV/CVV2), is associated with the virtual credit card. As in standard cards, the security code is used to establish card ownership by the buyer and to authorize transactions.

Date of Expiration
Virtual credit cards often expire much sooner than physically-issued credit cards. Rapid turnover prevents funds from being compromised for long periods of time.

[3] *The Nilson Report, Payment Card Fraud 2015*
[4] *Forbes, New Virtual Credit Cards For Businesses Eliminating The Need For Checks, March 2017*

How to Get a Virtual Credit Card

Every issuer has its own system for issuing disposable numbers, and some may give you a couple of options. Certain issuers tie disposable numbers to their online banking services and may require that you register for online banking to be able to use disposable numbers. Others may have you log into their website when you need a virtual number or give you the option of downloading a program that will pop up when you're checking out online to ask if you want a virtual number. With Sage AP Automation, you can issue payments from your virtual credit card directly within the Sage AP Automation platform.

Ready to Automate?

Sage AP Automation solves your accounts payable challenges while saving you time and money. We take care of the data entry and accelerate the rest of the AP process with features like automatic approval routing, internal controls, and SmartCoding.

With Sage AP Automation, processing an invoice from receipt to payment will take, on average, less than 120 seconds. Get back to doing what you love most about accounting and leave the rest to Sage AP Automation.

Schedule a demo with an AP specialist:
http://get.beanworks.com/sageapautomation/