

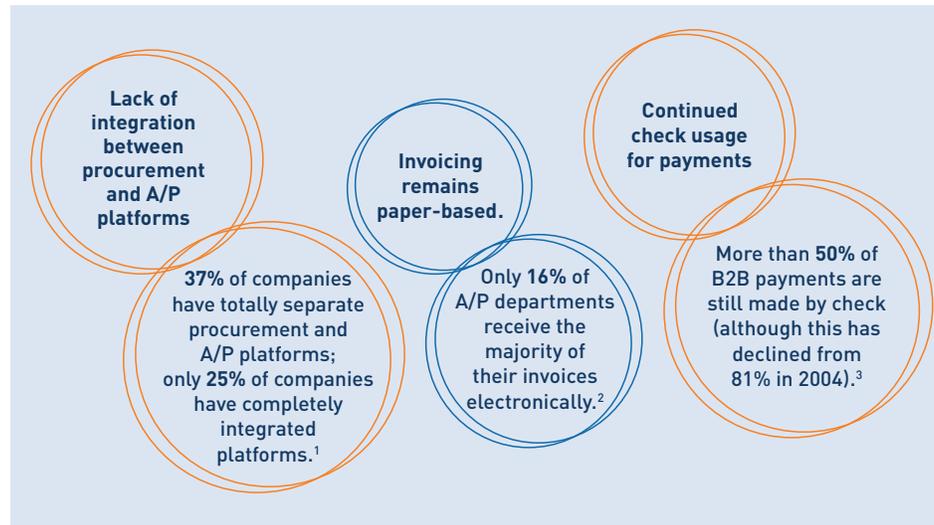
# WHY YOU SHOULD CONSIDER AUTOMATING PAYABLES

**In navigating through the sluggish growth environment of recent years, U.S. companies have increasingly focused on improving efficiency throughout their organizations.**

Many companies have found significant opportunities for efficiency gains by introducing automation into their accounts payable (A/P)

operations. In addition to helping with efficiency, automation can offer a number of other benefits, including reduced costs and greater visibility into their pending financial obligations. However, the majority of companies have been slow to commit to systems and practices that would automate some or all of their payables processing, and remain captive to paper-based practices.

## MANY U.S. COMPANIES REMAIN RESISTANT TO AUTOMATED, INTEGRATED AND ELECTRONIC PAYMENTS



<sup>1</sup> Electronic Procurement: Creating Buyer/Supplier Collaboration through AP and Procurement report, PayStream Advisors report, August 2013.  
<sup>2</sup> PayStream Advisors Report, March 2013.  
<sup>3</sup> AFP [Association for Financial Professionals] Electronic Payments Survey 2013.

### WHY THE RELUCTANCE?

Companies cite a number of reasons for their reluctance to embrace payables automation, including:

- **Inertia:** Internal stakeholders can be resistant to change, in particular if this change is seen to threaten their or their colleagues' jobs. In addition, employees tend to be comfortable with tried-and-trusted processes. A survey by PayStream Advisors found that the biggest barrier preventing companies from adopting a procurement automation solution was the belief that current processes work.<sup>4</sup>
- **Lack of resources for implementation:** There are many groups within an organization that have a direct role or indirect influence on the payables process (e.g., IT, finance, procurement, administration and audit). Gaining a consensus among these groups and devoting both financial and human resources to set up and implement a more efficient payables process can be daunting.
- **Perceived supplier reluctance to embrace electronic payments:** Companies expect that the inertia in their organization is also manifest in suppliers, even if companies have never discussed the mutual benefits of automating payment processing with their suppliers.

### INTEGRATION HAS ITS ADVANTAGES

Naturally, companies need to understand how the benefits of changing from existing processes can outweigh the costs in a move to payables automation. The principal benefits of a fully integrated accounts payable process include:

- **Cost savings and more effective resource deployment:** In addition to directly reducing paper and postage expenses, a more automated

A/P process leads to significant savings in administration, allowing administrative staff to be redeployed to more value-added tasks.

- **Greater insight into working capital needs:** With automation providing much greater transparency at all stages of the transaction lifecycle, companies can quickly obtain a much more accurate gauge of their working capital needs at any point in time.
- **Improved accuracy:** While a streamlined payables process may not completely eliminate paper checks (there will always be some suppliers who prefer to be paid via check), increasing the use of automated payments should help to reduce the number of errors (and the time spent correcting them).
- **Enhanced buyer/supplier relationships:** Suppliers' reluctance to change the way that they submit invoices and other bills is seen as one of the key barriers to companies embracing payables automation. However, suppliers can also derive significant benefits from engaging in these new processes, like getting paid more quickly and dealing with fewer transaction disputes. Suppliers who choose not to change their billing and receivables processes risk losing customers to more flexible competitors.

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<sup>4</sup> "Electronic Procurement: Creating Buyer/Supplier Collaboration through AP and Procurement" report, Paystream Advisors, July 22, 2013.

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