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ACCOUNTING & AUDIT

Key AP Automation Trends During COVID-19 and Beyond

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May. 07, 2020



The COVID-19 pandemic has affected individuals and businesses in many ways, including creating a heightened need to expedite payments and manage cash flow more effectively. Keeping money flowing between organizations is critical for financial health, even more so now, as businesses across sectors are facing financial uncertainty. Unfortunately, this has been difficult for many organizations to achieve; firms with manual accounts payable (AP) processes are struggling with limited visibility and control over their invoices, unrecorded liabilities and cash flow. And these problems create a bottleneck in payments and unpredictable cash flow.

Many companies are struggling with these issues in their AP departments. According to a recent [report](#) from research and advisory firm Levvel, 74% of Microsoft Dynamics 365 FO users reported that manual data entry and inefficient processes was a key pain point in their invoice processing workflow, and 68% noted the manual routing of invoices as a major issue.

It's no wonder that digitalized AP processes will be a key focus for the rest of the year. Here are some of the key trends that will be important for the second half of 2020:

Organizations will prepare for digitalization

The COVID-19 pandemic has made it more important than ever for organizations to reduce inefficiencies and make the best use of their staff. In addition to being time-consuming, costly and error-prone, manual invoice handling can often lead to missing invoices and late payments, along with the associated penalties.

Organizations will focus more on strategic payments to take advantage of early payment discounts, as applicable, manage payments to meet due dates, and at the same time, maximize their liquidity.

Transparent, streamlined AP operations is pivotal to an organization's financial management. AP holds the key to critical information that Accounting, Treasury, Procurement and other departments depend on to effectively manage monthly closes, cash flow, spend and more, so inefficiencies and limited visibility across vendor invoices impact the larger organization.

That's why, the focus on digitalizing AP processes – which was high on the agenda at the beginning of 2020 – has become even more important for the rest of the year. As one of the last departments to be digitized, AP is ready to reap the efficiency, cost savings and strategic benefits that others have achieved through automation.

As companies begin the process of digitalization, we will see more companies begin to re-assess their processes to remove unnecessary steps and streamline operations.

AP Automation will incorporate AI and machine learning

Robotic Process Automation (RPA), a technology that automates repetitive, time-consuming tasks, has been playing a role in AP automation, albeit a limited one due to its lack of intelligence. However, we will see increased use of Artificial Intelligence (AI) technology, including machine learning, to more effectively, quickly and accurately automate invoice processing as the technology continually learns from the data. Some of the advanced automation that machine learning can provide, includes: automatic coding using invoice history, increased accuracy in recognizing data captured through Optical Character Recognition (OCR), approval workflow prediction and the ability to flag duplicate invoices and other anomalies.

User experience, mobile capabilities increase in importance

While mobile capabilities have always been important, they have become must-have capabilities in the COVID-19 era when so many people are working remotely. It's critical for organizations to keep invoice workflows and approvals moving forward no matter where anyone is located.

Additionally, with the pressures of trying to keep up with remote work while balancing family and other obligations, any automation in the COVID-19 era and beyond has to be simple to implement and use.

Business users are looking for the same type of easy and intuitive user interface (UI) and UX (user experience) that they have with their consumer apps. Increased automation, as well as intuitive checks and controls implemented in AP systems, will further simplify the user experience. Additionally, users will need solutions that are easy to deploy and require minimal training.

Fraud protection will be a key focus

Fraud is always a top-of-mind issue, and unfortunately invoices are a key area of vulnerability. According to the [2020 AFP \[Association of Financial Professionals\] Payments Fraud & Control Survey](#), 81% of businesses stated they encountered fraud in 2019. AP automation can significantly help prevent fraud by reducing the processing conducted by humans, instead relying on automated rules, checks and controls. In addition to advanced automation, machine learning provides greater

controls and financial oversight which are critical in helping to detect and prevent fraud.

The inherent inefficiencies of manual processing have become more apparent during the pandemic as organizations are focused on keeping their payments and cash flow running. This worldwide crisis is accelerating key AP trends, such as digitalization, and the adoption of AI and mobile capabilities, as organizations try to improve the user experience and overall speed and accuracy. And, along with these trends comes greater visibility, efficiency and control – helping companies achieve greater financial oversight, which is needed now more than ever.

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