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ACCOUNTING & AUDIT

7 Ways Intelligent Document Processing Helps Accounting

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In the world of accounts payable, efficiency is the name of the game. Accounting personnel are expected to rapidly process invoices, send out payments to vendors and proactively prevent disruption to the company's cash flow. They are also expected to perform with nearly flawless accuracy, as even a single data entry error could be detrimental to critical business operations.

An outstanding accounts payable team is integral to the success of an organization. However, even the most talented AP professionals cannot compete in the modern business environment unless they are provided with the proper tools and technological resources.

Specifically, accounts payable departments need intelligent document processing (IDP) technology. This technology can allow them to efficiently meet their responsibilities and process a larger volume of invoices. Countless organizations have already realized the benefits of intelligent document processing technology and invested in quality IDP solutions. However, some organizational leaders have not yet made this leap.

Below, we solidify the case for IDP technology by providing seven compelling statistics for accounting departments. These statistics demonstrate why IDP technology is a vital resource for your accounts payable department.

1. 38% of Businesses Fail Due to Cash Flow Issues

According to [Lending Tree](#), 38% of startups and new businesses fail due to funding issues, i.e., poor budgets, projections and attributions. Another 20% find themselves outperformed by industry competitors. Cumulatively, these groups account for over half of all failed companies.

While cash flow issues can be particularly damaging to emerging companies, a lack of funding can be detrimental to any business — even a well-established one. Cash flow disruptions can be attributed to many different factors. However, almost all of them can be linked to or are associated with accounts payable inefficiency.

IDP technologies cannot eliminate all cash flow issues. However, these robust solutions can undoubtedly reduce the risk that human error brings. Automation technology can also help future-proof businesses to keep labor costs down.

2. Early Payment Trade Discounts Can Save Vendors and Suppliers Up To 1-5% On Each Invoice

Maintaining a positive relationship with vendors and suppliers is integral to the success of your business. Unfortunately for AP departments, a [2022 Ardent Report](#) found that 20% of them get late supplier payments. One way to avoid this is to offer incentives to receive payments early. An early payment discount or trade discount is one way to finance a trade. In [this arrangement](#), the buyer pays the supplier less than the invoiced value at a time earlier than the due date, allowing the buyer to save money while still saving money.

While these discounts are typically 1% to 2%, they may be higher. Even if your vendor partners offer relatively small discounts, these opportunities can amount to thousands of dollars over the course of a year.

3. 70% of SMEs Still Input Invoice Data Manually

A lack of automation in accounts payable departments can be particularly detrimental to small to mid-market enterprises (SMEs). [SMEs](#) are businesses that fall below a certain threshold regarding revenue, assets or employees.

Accounts payable inefficiencies can hinder the success of SMEs because [70% of them](#) still receive paper invoices and rely on manual data entry procedures when processing these paper invoices. That said, 64% are willing to use electronic or automated processes in the future. By simply adopting IDP technologies, these businesses could significantly increase efficiency.

4. 50% of Industry Accounting Personnel Say Their Primary Objective Is Removing Manual Invoice Processing

Overreliance on employees and paper-based processes makes invoice processing a labor-intensive, manual process that results in higher costs per invoice and lower operational efficiencies. As such, [50% of industry](#) accounting personnel say their primary objective is removing manual invoice processing. An accounts payable solution with automation tools and intelligent document processing capabilities can significantly increase employee productivity.

5. Digital Workers or Bots Cost One-Fifth as Much as a Full-Time Employee

On their own, intelligent document processing solutions can significantly increase an accounts payable department's productivity. These productivity benefits are

compounded when the IDP solution is paired with other automation technologies, such as robotic process automation (RPA) software. RPA solutions are only as good as the data that is onboarded into the bots, so having an IDP solution integrated with RPA will provide a more complete view of available data. IDP and RPA solutions are often used in tandem as part of any hyperautomation strategy.

In a report on [use cases for automation technology](#) in the finance sector, Gartner found that a “robotic employee” costs about one-fifth as much as a full-time onshore employee.

6. 41% of Businesses Are Interested in Upgrading Their AP Solution

Accounts payable departments and organizational leaders are realizing the need to modernize antiquated manual invoice processing procedures. Many accounts payable departments are using some form of automation solution. However, these solutions may lack sought-after capabilities and features.

This conclusion is not just speculation, as Forbes found that [41% of survey participants](#) had plans to upgrade their AP automation technology last year, demonstrating the demand for leading-edge intelligent document processing and automation solutions. What’s even more telling is that the survey revealed that those who already had invoice processing still reported that 68% were manually typing in data into their ERP due to limited capture and extraction functionality and a lack of an AI-based system.

7. IDP Can Reduce Touchless Processing Time by 67.1%

The [Ardent Partners report](#) explains that invoices that minimize or entirely remove Human-in-the-loop (HITL) intervention enable enterprises’ capacity to lower costs and create opportunities to increase capital. Best-in-class touchless processing with IDP can increase invoice processing by 67.1%.

Cash flow disruptions, human data entry errors, slow or late response times and invoice processing inefficiencies can cause disruptions in a business’s day-to-day efficiency. When accounts payable departments streamline invoice processing and vendor payments via automation technologies, they have gained a distinct advantage over organizations that rely heavily on manual data entry methods.

While there are many different technologies that your accounts payable department can implement to increase efficiency, picking a robust and intelligent document processing platform is by far the most dynamic option on the market. Some IDP

solutions offer validation or tolerance settings based on business rules, so if an invoice is blurry or a field can't be detected, the system will alert the user. This can provide a good option and higher accuracy to have a human-in-the-loop.

Time and again, IDP demonstrates its value by helping clients increase invoice processing volume, enhance efficiency and save costly work hours each month. For example, using IDP technology, DH Pace was able to process an additional **1,000 invoices per month**. They save approximately 635 labor hours per month, and the accounts payable department no longer performs any manual data entry.

What's Next?

Whether you are a large enterprise or fit into the SMB market, using intelligent document processing can benefit any accounts payable or finance department. It's time to take the leap and make IDP part of your hyperautomation strategy to drive efficiency and save money.

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