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cycle, pay vendors more quickly, and strengthen critical supplier relationships.

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Since the pandemic AP teams have been under pressure to increase efficiencies and handle a larger workload, despite staffing issues. In MineralTree's seventh annual *State of AP Report*, the number of AP teams processing over 500 payments each month has grown by seven percentage points over the past year, affecting nearly one-quarter of companies. At the same time, there is a shortage of qualified candidates, with more than half (54%) of finance leaders expecting hiring issues and delays.

Additionally, with more employees working in hybrid or remote environments,

that they are most concerned about getting paid quickly, and in the midst of supply chain volatility, vendor satisfaction is essential to assuring steady access to critical goods and supplies.

Automation is the answer, and obstacles can be overcome

Fortunately, AP automation can overcome these challenges, and many finance leaders realize how critical it is to operations. By increasing efficiency, accuracy and speed, AP automation not only plays a vital role for AP teams, but it also addresses vendors' top concern for fast payment. It also offers greater visibility and security.

In fact, in the MineralTree survey, respondents ranked AP automation as the number one back-office digitization priority – ahead of AR, expense management, close management, forecasting, treasury management, and other key functions.

Despite finance leaders' desire to digitize and the many advantages automation offers, there are still barriers impeding broader adoption. The top one is inertia – fueled by the misperception among holdouts that their current manual practices are adequate despite the delays, cost and inefficiencies. Forty-two percent of finance leaders surveyed believe that their current practices are working, ranking much higher than other obstacles, such as the scarcity of technical resources and ERP integration issues (20%), budgetary limitations (16%), lack of a clear business case and ROI (12%), and the absence of executive sponsorship (9%).

This inertia can be overcome with a change of mindset. By recognizing the inefficiencies of their manual AP processes, and understanding how automation offers a better way forward, finance leaders can benefit from faster, more cost-effective AP processing.

Together, suppliers and buyers can conquer payment barriers

Electronic payments (ePayments) play a key role in AP automation by enabling

With both AP teams and vendors on board, it should be a no-brainer for companies to digitize payments. Yet, here adoption is also impeded by misperception. In this case it's the buyers' and suppliers' mistaken belief that the other party is unwilling to move ahead. Fifty-seven percent of finance leaders cite vendors' unwillingness as the top obstacle to increasing the use of ePayment, while 63% of vendors say it's the other way around. Overcoming this roadblock seems a simple matter of communication.

Another barrier to ePayment adoption is AP teams' capacity to contact and enroll vendors. This can be easily overcome by using managed services from AP solution providers, which handle vendor enrollment and respond to incoming payment inquiries, while providing ongoing vendor support.

Adoption is increasing, but there's still room for growth

The good news is that, despite these obstacles, AP automation has nearly doubled over the past year. In 2022, 63% of companies automated some aspects of their AP processes, compared to just 32% in the previous year, according to the *State of AP Report*. The key digitized tasks include, invoice approval workflow (71%), invoice capture and coding (63%), payment execution (58%), payment authorization (57%), PO matching (30%), consolidated reporting (21%), and vendor enrollment (15%).

Thanks to automation, AP teams are able to do more with fewer resources. Sixty-one percent are processing more invoices and payments using the same-sized team; and some are reallocating staff time to other projects, such as supplier relations, and data analysis, while others are deploying freed-up resources in other ways.

Yet, there is still plenty of room for growth. Only 22% of companies have fully automated their AP processes. The rest are missing out on the synergies that come with end-to-end automation, including greater efficiency, cost and time savings,

automate fully will be able to work smarter, not harder — gaining faster ROI, while optimizing efficiencies, cost savings and so much more.

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