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More with Less in AI

Finance leaders ranked AP automation as their top digitization priority in the back office—ahead of Accounts Receivable (AR), expense management, close management, and forecasting.

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By Anik Jain.

Continued economic uncertainty, geopolitical tensions, stubborn inflationary trends and high interest rates are impacting everything from supply chains and vendor relationships to the labor force and the workplace. As a result, finance leaders find

their departments squarely in the spotlight—keeping a closer eye on their balance

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Despite these pressures, finance leaders looking to staff up are facing difficulties. Almost half anticipate hiring challenges or delays. Additionally, many AP teams continue to work remotely, at least part of the time. The MineralTree survey found that 68% of AP work environments are hybrid or fully remote now with that number expected to further increase to 72% in the coming year. This makes it even more difficult for staff to physically collect invoices and route them manually for approvals and authorize and make payments.

AP automation is a key strategy for many finance leaders

In the survey, finance leaders ranked AP automation as their top digitization priority in the back office—ahead of Accounts Receivable (AR), expense management, close management, and forecasting. 52% of AP teams plan to adopt or invest more in automation this year, seeing the opportunity to increase productivity, better manage cash flow and reduce risk, among other benefits.

While few respondents in the survey claim to have automated all of their AP processes, AP automation holdouts are in the minority. For those who have begun, the most digitized AP task is invoice approval/workflows (71%), followed by invoice data capture and coding (66%), payment execution (58%) and payment authorization (58%), among others. And they report substantial benefits as a result:

- 85% have realized efficiency gains.
- 63% are making faster, more timely payments.
- 58% are able to absorb a growing volume of invoices and payments with the same-sized team.
- 24% have reallocated freed-up staff time to other projects.
- 17% are processing the same volume of invoices and payments with a smaller team.

In addition to these productivity gains, AP automation also offers real-time

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payment within 24-48 hours depending on the method used and, depending on the funding model supported by their vendor, maintain access to their cash until that time. Digital payments also make it easier for finance teams to take advantage of early payment discounts.

Both buyers and suppliers surveyed by MineralTree value digital payments. Seventy percent of the AP teams surveyed plan to increase digital payments over the coming year. The great majority of vendors (79%) also want to receive digital payments. One key reason for this is that a large majority (76%) believe that when buyers pay digitally, they are more likely to pay on time.

Embrace automation in 2024

If you haven't started automating yet, now's the time to begin. If you already automated some AP processes, extend the benefits by digitizing others. Only 20% of AP teams have fully automated their processes, so there's plenty of room for improvement.

When companies automate AP, they are more likely to adopt digital payments, and the synergies they achieve across the entire invoice-to-pay process compound the benefits they receive. End-to-end automation increases efficiencies so they can do more with less according to 89% of finance leaders. It enables faster, more timely payments which helps keep vendors happy; provides greater visibility and control to manage cash flow; reduces costs and streamlines reconciliation; and protects against fraud.

The last few years have taught businesses and consumers alike to be prepared for the unexpected – whether it is a pandemic, bank failure, inflation and monetary volatility, supply chain challenges, or other surprises. Savvy finance leaders are

turning to automation and digital payments to crisis-proof their AP function and

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