The How, The Why and The ROI of AP Automation

2021 SURVEY REPORT

STAMPLI

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Introduction

In partnership with Ernie Humphrey, CEO at Treasury Webinars, Stampli conducted the original survey: AP Automation: *The How, The Why and The ROI.* The purpose of this study was to help treasury and finance professionals better understand why companies have – or haven't yet – invested in AP Automation, how companies are currently leveraging automation in procure-to-pay (P2P) processes, and where companies are realizing a return on investment (ROI) with their AP Automation solutions.

The cross-industry survey was launched in January of 2021 and focused on companies headquartered in the United States of America. We surveyed 418 participants with roles including Accounting Manager, Finance Manager, Finance Director, VP of Finance and CFO. The following industries were also represented in the survey: Banking and Financial Services, Software/Technology, Professional Services, Healthcare and Health Services, Insurance, and Manufacturing.

The following whitepaper discusses key survey results, the implications and also offers specific recommendations that companies can refer to when making their decision to invest in AP Automation.

The How of AP Automation

To set the stage for the discussion, it's first helpful to understand the how of AP Automation. This includes reviewing which key decision makers are responsible for investing in AP Automation and additionally, how long it typically takes companies to implement an AP Automation solution.

Decision Maker Job Titles

Figure 1
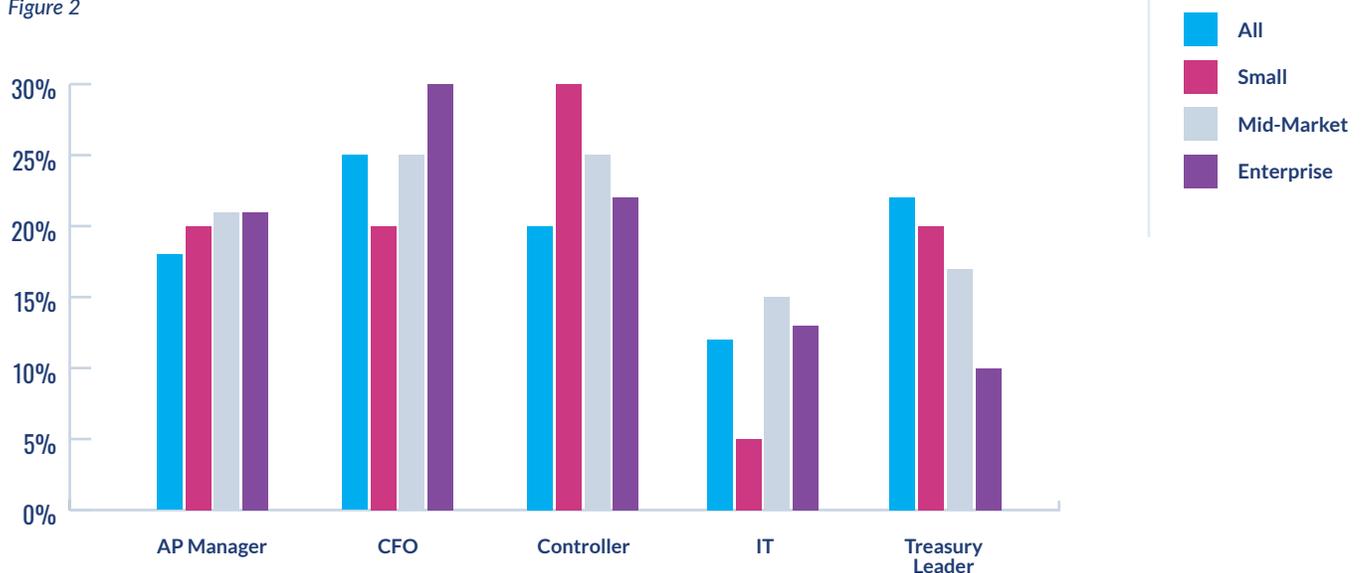

- CFO
- Treasury Leader
- Controller
- AP Manager
- IT
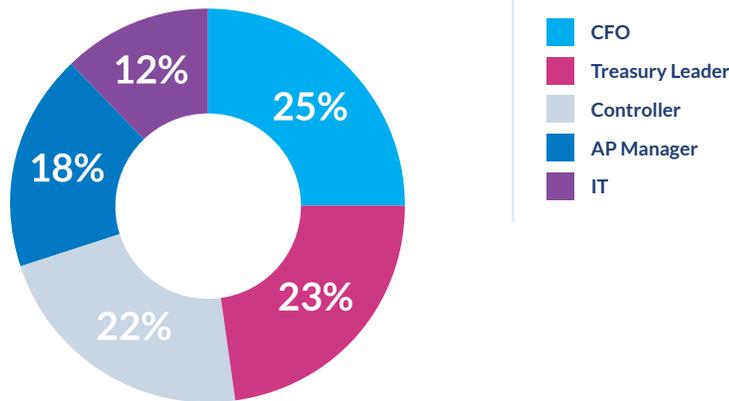
As **Figure 1** illustrates, decision making power for AP Automation investment encompasses various roles – from CFOs at 25% to IT at 12%.

## AP Automation Implementation Decision Maker by Job Title & Company Size

Figure 2

- All
- Small
- Mid-Market
- Enterprise

Our next area of focus is related to AP Automation implementation times by company size. For companies with an AP Automation solution already in place, we asked how long it took to implement their current solution. **Figure 3** shows implementation time varied in a meaningful way— from less than one month (9%) to more than 6 months (26%). Implementation times varied across company sizes and implementation times trended longer in duration the larger the company size. This could also be seen as larger companies typically have more complex processes which can result in a more complex or longer implementation. Interestingly, the majority of survey participants responded with implementation times that exceeded three months, despite the fact that market solutions currently exist which fulfill customer set-ups in less than a day.

AP Automation Implementation Time by Company Size

Figure 3
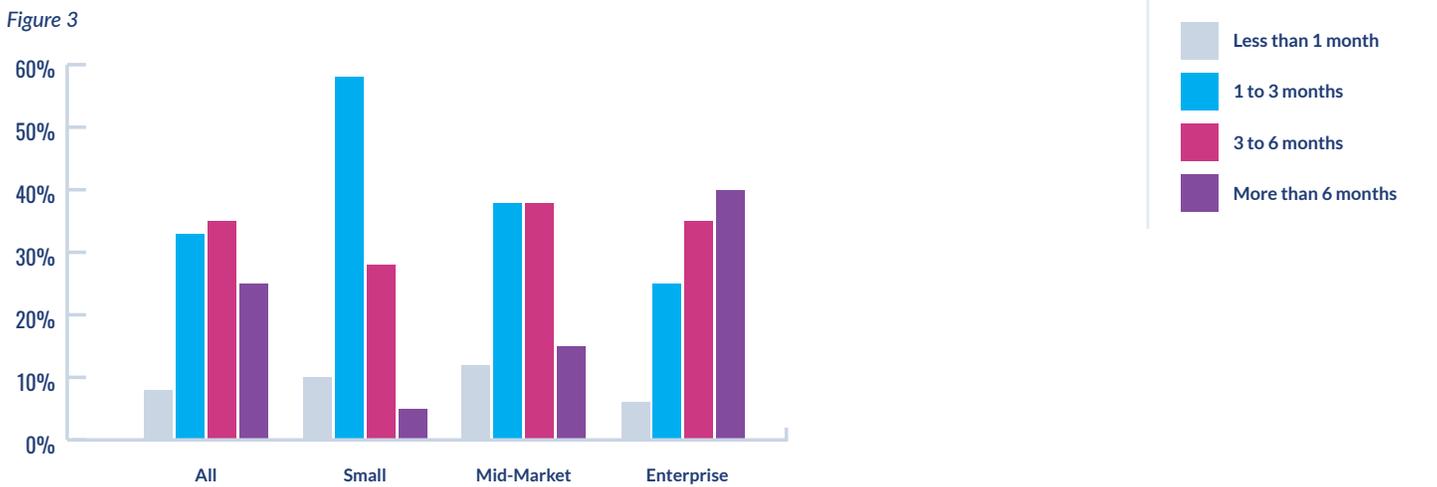
Finally, we examined where companies are currently leveraging technology within the P2P process. **Figure 4** depicts the areas companies are automating most. With 68% of companies leveraging payments functionality, followed by invoice management at 66% and approval workflows at 55%—suggests that most companies are utilizing automation for the fundamentals of AP processes from invoice receipt through payment.

## AP Solution Functionality

Figure 4
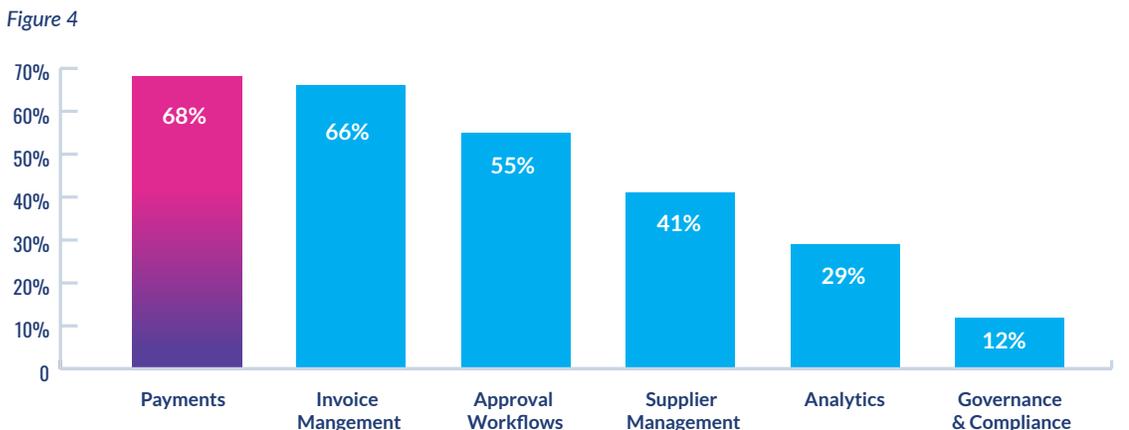
The Why of AP Automation

Our next focus was to explore precisely why companies are investing in AP Automation. The main reasons survey respondents chose to invest in AP Automation are depicted in **Figure 5**. Our survey results tell us the top three reasons why companies invested in AP Automation software was to resolve paper processes, workflow bottlenecks, and reduce the time spent on non-value added tasks. This suggests the main driver for investing in AP Automation is to improve productivity and the fundamentals of AP, which aligns to how companies are utilizing automation (invoice management, approval workflows, payments).

Reasons for Investing in AP Automation

Figure 5
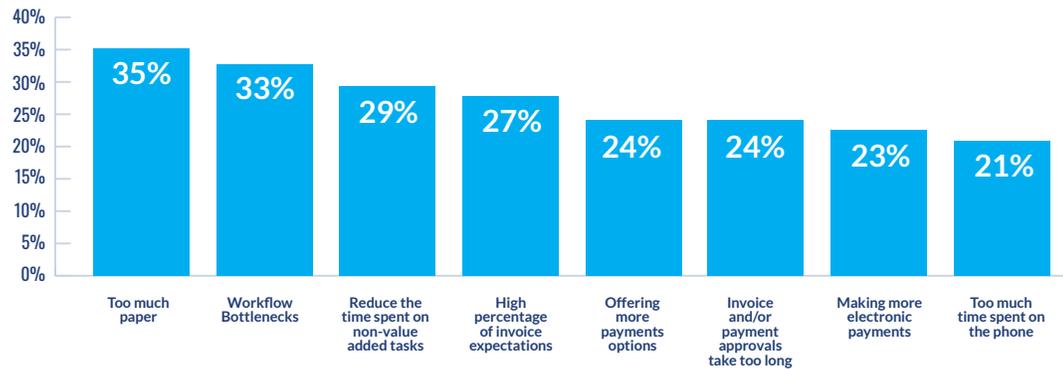
We also investigated whether the reasons for investing in AP Automation were correlated with company size in **Figure 6**. The most popular reason for investing in AP Automation for small companies was a lack of visibility into invoice and payment data (32%). For mid-market companies it was too much paper (35%). For enterprise-sized companies it was to reduce time spent by the AP team on non-value added tasks (41%) and too much paper (39%).

Drivers of AP Automation Investment by Company Size

Figure 6
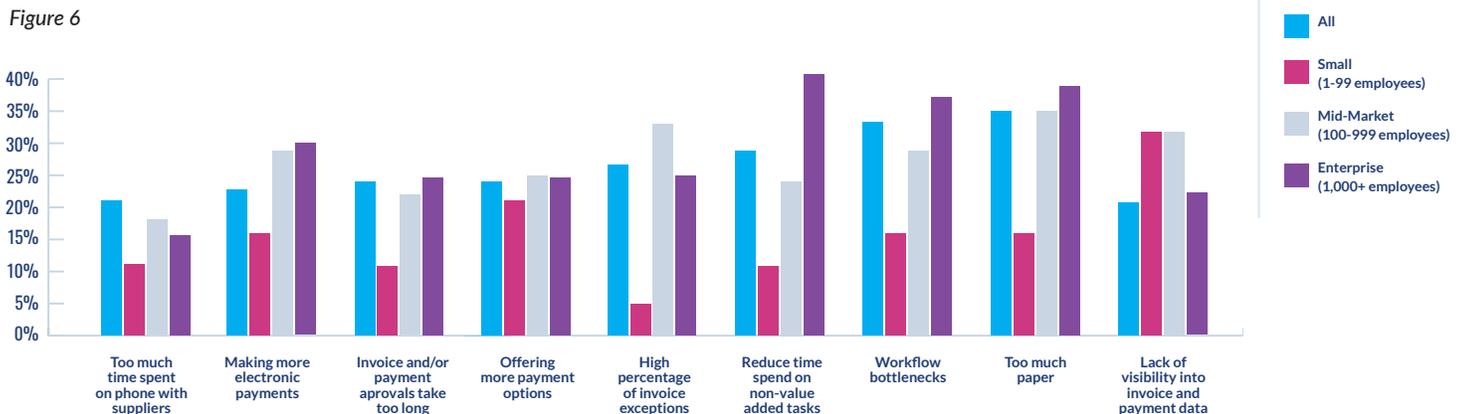
Next, we wanted to better understand the main drivers of P2P complexities and see if there was a correlation with the aforementioned of why companies invested in AP Automation, in addition to the how for implementation times by company size. **Figure 7** illustrates the main drivers of P2P complexities, with the top three overall for all company sizes being: multiple entities/subsidiaries (47%), purchase orders (37%), and customized levels of approval (28%). The later two are closely tied to the why companies invested when it comes to too much paper (i.e. purchase orders) and workflow bottlenecks (i.e. customized levels of approval). Moreover, ent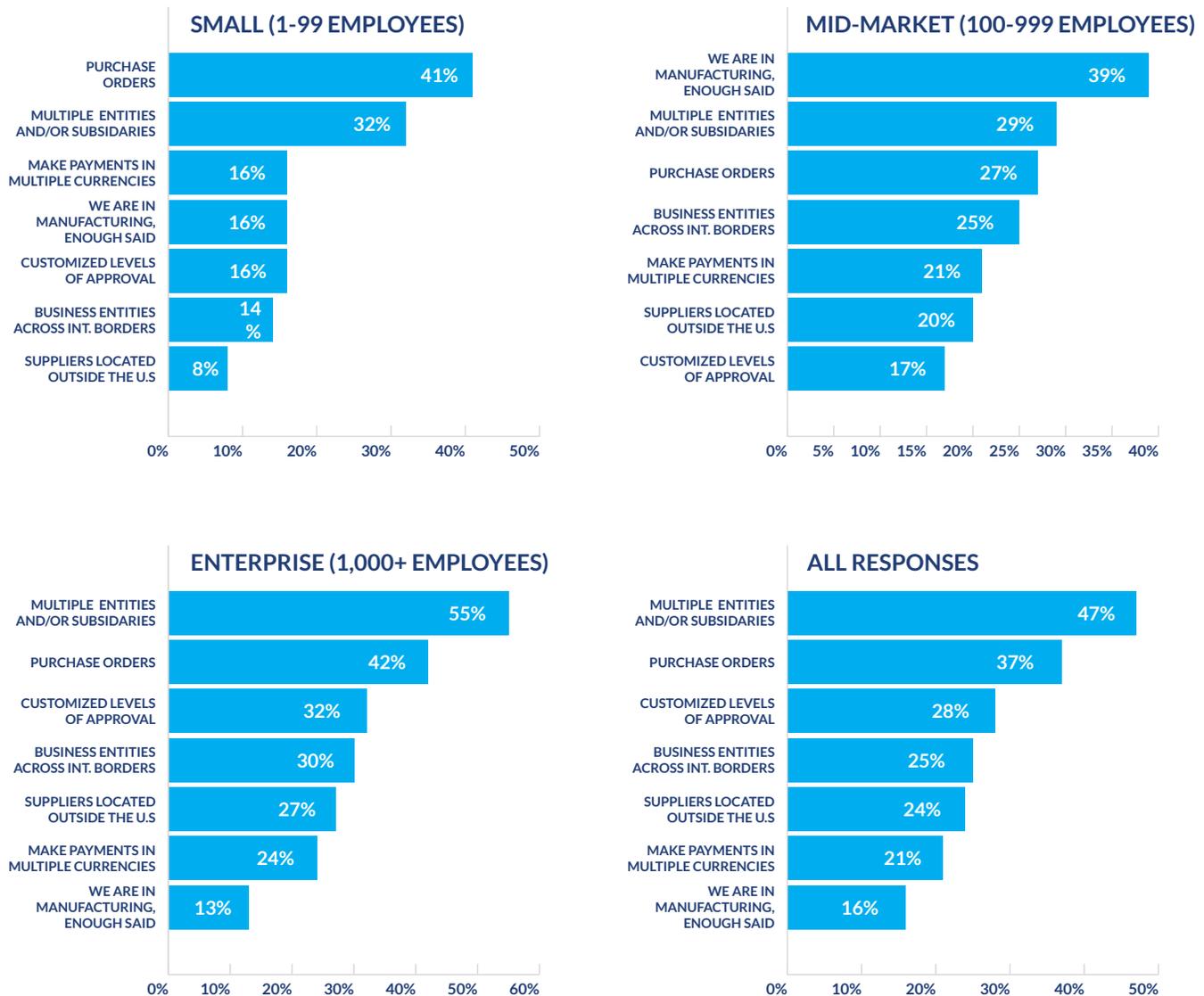erprise companies made up the upper values for the top overall P2P complexity drivers, with enterprise values for multiple entities/subsidiaries at 55%, purchase orders at 42%, and customized levels of approval at 32%—which ties into the notion from earlier (**Figure 3**) on the more complex the process, the longer the implementation time.

Drivers of P2P Complexity

Figure 7

SMALL (1-99 EMPLOYEES)

PURCHASE ORDERS	41%
MULTIPLE ENTITIES AND/OR SUBSIDARIES	32%
MAKE PAYMENTS IN MULTIPLE CURRENCIES	16%
WE ARE IN MANUFACTURING, ENOUGH SAID	16%
CUSTOMIZED LEVELS OF APPROVAL	16%
BUSINESS ENTITIES ACROSS INT. BORDERS	14%
SUPPLIERS LOCATED OUTSIDE THE U.S	8%

MID-MARKET (100-999 EMPLOYEES)

WE ARE IN MANUFACTURING, ENOUGH SAID	39%
MULTIPLE ENTITIES AND/OR SUBSIDARIES	29%
PURCHASE ORDERS	27%
BUSINESS ENTITIES ACROSS INT. BORDERS	25%
MAKE PAYMENTS IN MULTIPLE CURRENCIES	21%
SUPPLIERS LOCATED OUTSIDE THE U.S	20%
CUSTOMIZED LEVELS OF APPROVAL	17%

ENTERPRISE (1,000+ EMPLOYEES)

MULTIPLE ENTITIES AND/OR SUBSIDARIES	55%
PURCHASE ORDERS	42%
CUSTOMIZED LEVELS OF APPROVAL	32%
BUSINESS ENTITIES ACROSS INT. BORDERS	30%
SUPPLIERS LOCATED OUTSIDE THE U.S	27%
MAKE PAYMENTS IN MULTIPLE CURRENCIES	24%
WE ARE IN MANUFACTURING, ENOUGH SAID	13%

ALL RESPONSES

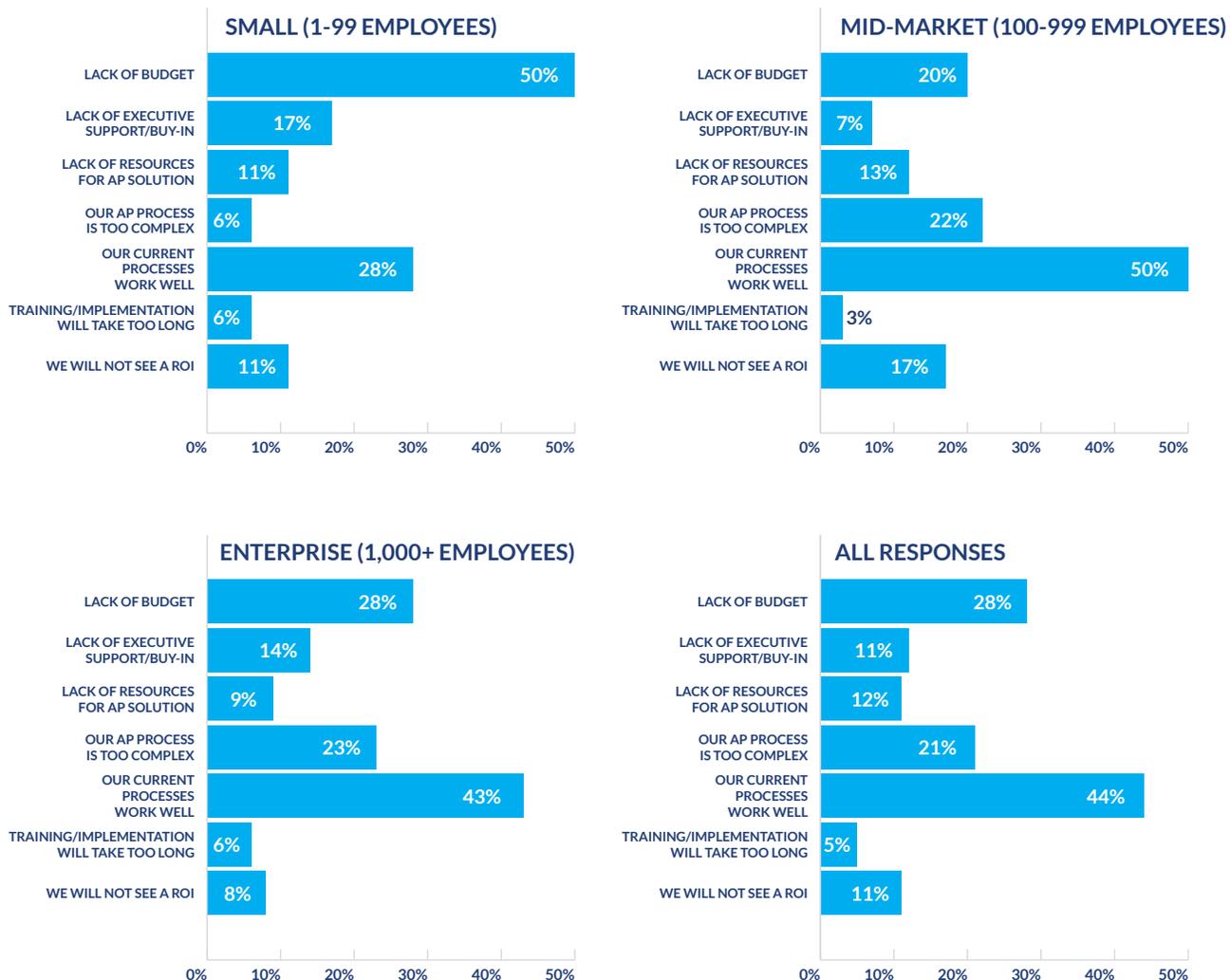|	
MULTIPLE ENTITIES AND/OR SUBSIDARIES	47%
PURCHASE ORDERS	37%
CUSTOMIZED LEVELS OF APPROVAL	28%
BUSINESS ENTITIES ACROSS INT. BORDERS	25%
SUPPLIERS LOCATED OUTSIDE THE U.S	24%
MAKE PAYMENTS IN MULTIPLE CURRENCIES	21%
WE ARE IN MANUFACTURING, ENOUGH SAID	16%

The Why Not of AP Automation

In addition to uncovering why companies decided to invest in AP Automation, we also wanted to understand what might be holding companies back from investing. We asked respondents whose company had not yet invested in an AP Automation solution to share their reasoning. The biggest non-driver in **Figure 8** for mid-market (50%) and enterprise (43%) companies is that their current process works well. This was surprising, taking into account the proven benefit of AP Automation in improving existing AP processes by eliminating inefficient tasks. This suggests that mid-market and enterprise sized companies that have not invested in AP Automation are likely maintaining the status quo due to other factors, that, or they are happy with their current process which would indicate their P2P process is not overly complex and/or they don't quite have enough invoice volume to justify the investment. Then small companies (50%) indicated the number one reason they have not invested in AP Automation was due to a lack of budget.

Why Hasn't Your Company Invested in AP Automation?

Figure 8

SMALL (1-99 EMPLOYEES)

LACK OF BUDGET	50%
LACK OF EXECUTIVE SUPPORT/BUY-IN	17%
LACK OF RESOURCES FOR AP SOLUTION	11%
OUR AP PROCESS IS TOO COMPLEX	6%
OUR CURRENT PROCESSES WORK WELL	28%
TRAINING/IMPLEMENTATION WILL TAKE TOO LONG	6%
WE WILL NOT SEE A ROI	11%

MID-MARKET (100-999 EMPLOYEES)

LACK OF BUDGET	20%
LACK OF EXECUTIVE SUPPORT/BUY-IN	7%
LACK OF RESOURCES FOR AP SOLUTION	13%
OUR AP PROCESS IS TOO COMPLEX	22%
OUR CURRENT PROCESSES WORK WELL	50%
TRAINING/IMPLEMENTATION WILL TAKE TOO LONG	3%
WE WILL NOT SEE A ROI	17%

ENTERPRISE (1,000+ EMPLOYEES)

LACK OF BUDGET	28%
LACK OF EXECUTIVE SUPPORT/BUY-IN	14%
LACK OF RESOURCES FOR AP SOLUTION	9%
OUR AP PROCESS IS TOO COMPLEX	23%
OUR CURRENT PROCESSES WORK WELL	43%
TRAINING/IMPLEMENTATION WILL TAKE TOO LONG	6%
WE WILL NOT SEE A ROI	8%

ALL RESPONSES

|	
LACK OF BUDGET	28%
LACK OF EXECUTIVE SUPPORT/BUY-IN	11%
LACK OF RESOURCES FOR AP SOLUTION	12%
OUR AP PROCESS IS TOO COMPLEX	21%
OUR CURRENT PROCESSES WORK WELL	44%
TRAINING/IMPLEMENTATION WILL TAKE TOO LONG	5%
WE WILL NOT SEE A ROI	11%

The ROI of AP Automation

When investing in a new technology, there's generally an expectation for positive and meaningful (ROI). Another goal of this survey was to understand the ROI being realized by companies that had invested in AP Automation. **Figure 9** summarizes the most common benefits experienced by respondents, with faster invoice approvals, paper reduction, and employee productivity coming in as the top three. The wide array of benefits wasn't surprising. While the reasonings varied, the top two benefits being realized are faster approval of invoices and reduction of paper volume. Both of which address the biggest pain points and drivers previously identified in **Figure 5** and **Figure 6** (too much paper & workflow bottlenecks), which ultimately results in increased employee productivity when you provide the tools necessary for AP to perform their job.

Benefits of AP Automation

Figure 9
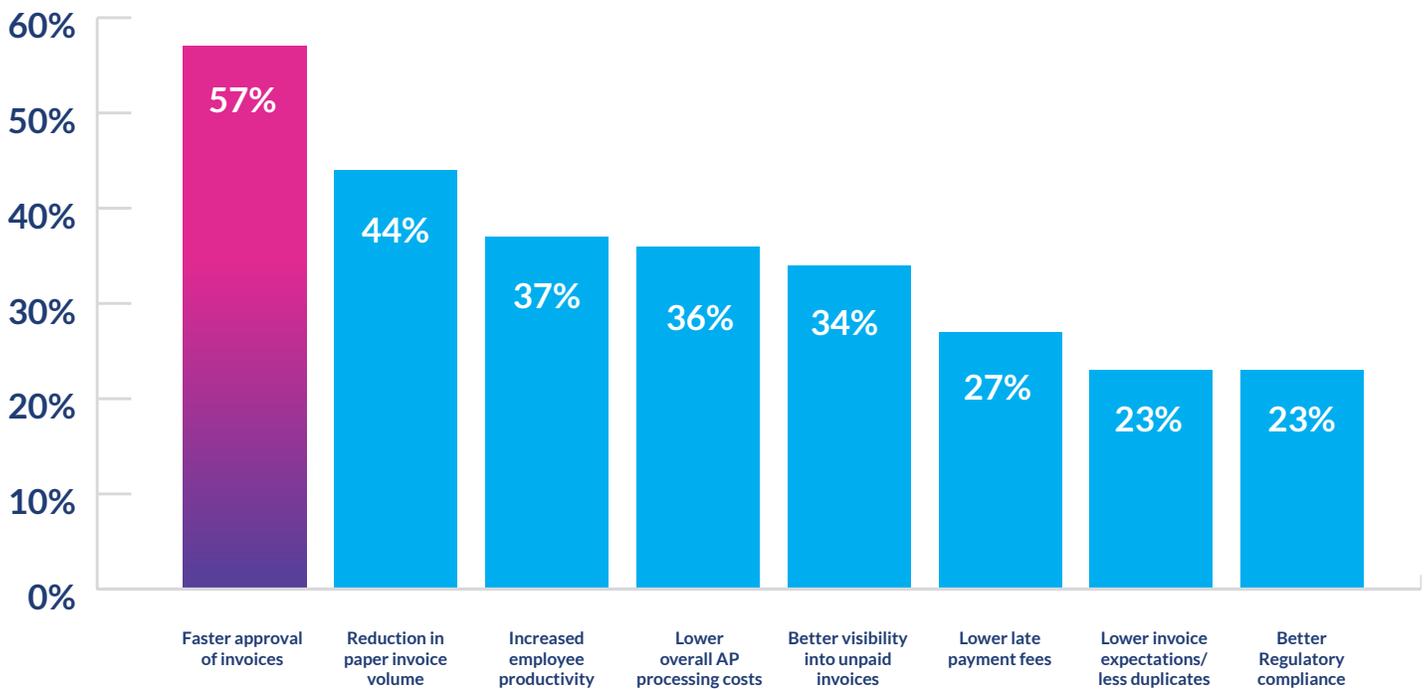
Recommendations for Action

It is important that companies understand all dimensions of value AP Automation has to offer where companies are able to measure, track and manage them.

- Take a deep and honest dive into your entire P2P process at least yearly. AP done right takes a continuous commitment, and the existing processes you believe are doing well may benefit greatly from AP Automation.

- If your company is looking to invest in AP Automation, ensure that your company understands the benefits your company wants and find the solution that offers the matching functionality your company needs to realize the ROI.

- If you need areas to focus on to better realize the ROI, start with deep integrations. Identify solutions with integrations that support your current financial system investments and said investment remains the source of truth.

- Take into consideration the flexibility of the AP Automation partner and capability to maintain your systems and P2P processes—no matter how complex. Your company investments should need not change to accommodate a new partner, rather, vet the AP Automation technology partner for both the ability to support your current systems for in the now and in the future for if/when your company changes processes, systems or workflows.

- Communications is key and creates ripples be it good or bad throughout your P2P—from approval times and processing costs to productivity. Find a solution that supports communications so your company can realize benefits across multiple AP Automation benefit types.

- Invest in the right technology and the right technology partner related to AP Automation. This includes looking for a partner that will support you pre- and post-implementation and also offer insights into how your company might most successfully leverage your AP Automation solution over the short- and long-term.

- If you have invested in AP Automation, make sure your company understands and is measuring the benefits you are realizing as a result. Set benchmarks, conduct routine reviews, solicit feedback, etc.

- If you have invested in AP Automation, ensure that your company is not missing out on all that AP Automation has to offer. The right AP Automation technology partner should be more than capable to offer insights into and opportunities on how to further increase your ROI.

Survey Demographics

AP Automation: The How, The Why, and The ROI survey included 418 valid participants from industries including Healthcare/Health Services, Manufacturing, Government, Education, Software/Technology, and Insurance (**Figure 10**).
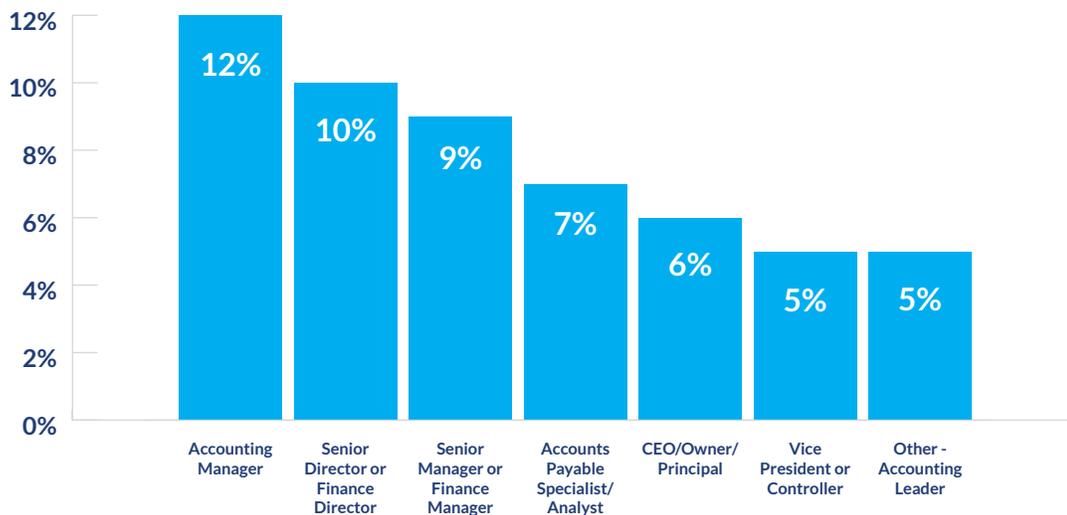
Top Industries

Figure 10
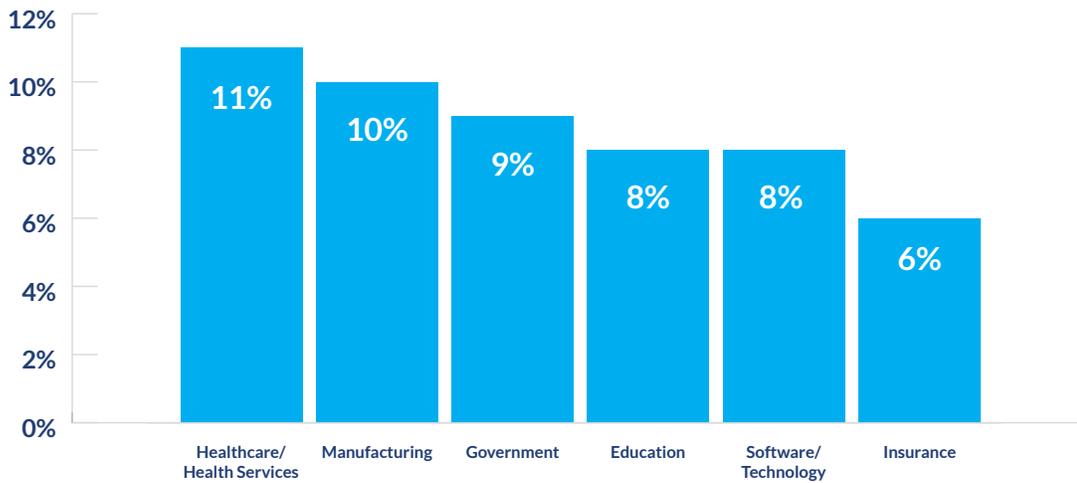
Respondents represent a variety of roles ranging from Accounting Manager, Finance Manager, Finance Director and VP of Finance to CFO (**Figure 11**).
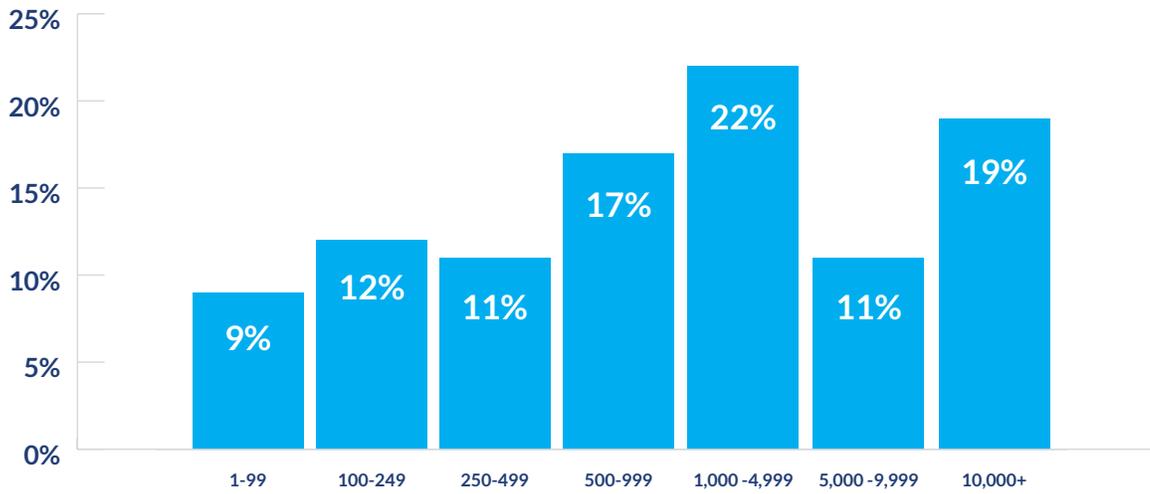
Demographics: Roles Represented

Figure 11

The largest share of organizations (22%) have between 1,000 and 4,999 employees (**Figure 12**).

Demographics: Number of Employees

Figure 12

About Stampli

Stampli is a collaboration-based AP Automation platform designed to make each stage of the AP lifecycle empowering and efficient for all involved. Stampli carefully tailors the invoice processing experience by stakeholder – AP Staff, Management, Approvers, and Vendors – giving every individual a delightful experience based on their unique workflows and needs. The right information is always presented to the right person at the right time, resulting in invoice processing times that's 5x faster.

Stampli reduces effort spent on time-consuming processes by utilizing its AI, Billy the Bot, to automate GL-coding, approval selection, notifications, and duplicate identification. This solves for human error and gives your AP team time back to focus on higher value activities.

In addition, Stampli is payment agnostic, letting you decide how you want to pay your vendors. Stampli offers an optional service with maximum payment flexibility called Stampli Direct Pay. Use Direct Pay to pay vendors directly inside of Stampli by ACH, paper checks, or even outside of Stampli.

Lastly, Stampli fits in wherever teams need it. Integrations are available for popular ERPs, including NetSuite, Sage Intacct, QuickBooks, SAP and more.

Visit us at *www.stampli.com* learn how you can make AP best practices your practices.

If you're interested in reading additional studies conducted by Stampli, visit our **resource library.**