How to transition to AP automation

An automated AP transition roadmap

What to do when you know it's time

You are sold on accounts payable (AP) automation, but you aren't sure exactly where to begin. Don't worry, we have you covered. Follow these 10 steps to transition from manual processes to automated solutions in no time.

1. Understand your costs and potential savings

The first step in your organization's transition to a more efficient AP department starts with you. Gather important data like invoice volumes, average cost per invoice, and other key metrics to create a business case. Your business case needs to provide clear numbers that show how much your company can save with AP automation. To demonstrate this, compare the current cost per invoice with a new, projected cost per invoice under an automated paradigm. The difference, your cost savings, will help sell upper management on the idea of investing in automation.

Upgrading to automated AP can cost anywhere from a few thousand dollars at a smaller company to millions at larger businesses. Providing an estimate of this cost with a projected return on investment (ROI) will help to further make your case. Remember to take into account resources on your team, IT, and other groups when estimating both the costs to upgrade and the long-term cost savings.

2. Partner with senior management

Take your business case up the chain of command. AP managers, controllers, and CFOs are all key leaders in the transition process from manual to automated accounts payable. Showing leaders across the company clear numbers that articulate how much you can save will help convince them to get on board.

For such a large project, you need leaders from around the company to come together and support the new process. Getting their support is much easier when the CEO and CFO are on your team touting the benefits and cost savings to everyone involved. To reach success faster, consider setting up a committee of leaders from departments including accounting, procurement, supply chain, and other impacted teams to establish a consensus around the best solutions, planned ROI, and other benefits as your new system rolls out.

3. Build a list of your unique system requirements

While some AP solutions can provide great automation out of the box, many companies require some custom development to integrate with existing software packages plus some custom features. Use these to build a project roadmap that shows development and operational milestones and target dates over the course of the upgrade project.

4. Issue an RFP and pick a systems provider and partner

Now that you know what your company needs, it's time to find the right partner to implement your solution. While AvidXchange offers unparalleled solutions, your business is best-served issuing a competitive request for proposals (RFP) that solicits several competitive bids.

In most cases, AvidXchange is able to handle the challenges laid out in the RFP, and we are confident our solutions to your business problems are among the best available worldwide.

Your RFP should include business requirements, unique challenges you need to overcome, and existing systems that require integration. Additionally, you can include questions, requirements, and more. Be sure to ask tough questions about references, past successes and failures, and costs and timelines to integrate.

5. Hammer out the pricing and details

When you have a prospective winner, the next steps involve legal teams and financial decision-makers. While some providers offer out-of-the-box solutions with an existing contract, others work with your legal team to ensure the best win-win result for both companies.

When negotiating your contract, take into account your budget, costs for implementation and ongoing service, termination penalties, service level agreements, and liabilities in the event of a system failure. If you engage your own legal team from the start, then you know you are covered and the language, terms, and conditions will be acceptable.

6. Run a small test and build an implementation roadmap

Once your contract is in place, you may want to get started with a small test, known as a pilot project or proof-of-concept. The test doesn't require installing everything and integrating all systems from the start. Instead, it gives your team quick insight into how everything can work, which allows you to revisit and improve your project roadmap and what timeline to deploy.

You may find the pilot shows critical weaknesses you hadn't yet considered or bigger opportunities for improvement you hadn't thought of. There are costs involved, including work hours, but you might end up with an exponentially better result thanks to testing.

7. Strengthen communication around the upgrade project

Unless everyone impacted by the project is included, you may find some resistance and push-back from internal teams. Strong communication as the project is planned and deployed will help get your employees excited about the change and be more supportive.

Sending regular communications may be necessary for the most impacted workers. Sending wider announcement emails sharing recent victories and planned implementations can boost morale around the AP automation project. If you don't know where to start, then monthly is a good schedule. From there, you can adjust to meet the needs of your team.

8. Turn suppliers into partners

AP automation can lead to accepting e-invoices from your suppliers, but that won't happen unless those suppliers are a partner in the upgrade process. Remind your vendors that the upgrades will help them too. They can cut costs and get paid faster thanks to your new system.

Your automated system won't save as much time and money if your vendors keep sending you multiple copies of invoices and sending paper invoices in the mail. The biggest economies of scale come from getting each and every supplier on board and participating with your new AP system.

Create an onboarding plan you can use for each supplier once your new system is live, so you can efficiently integrate them into the process.

9. Assess successes and areas for improvement

Once you have flipped over to the live, automated AP system, you can't just trust that everything will work as expected. Through testing, data, and evaluations you can keep a constant cycle of upgrades and improvements for the future.

Look at key metrics and consider creating a monthly "scorecard" that tells leaders and team members how they're doing. Create benchmark goals that you expect to surpass with the new system and investigate any failures and opportunities for improvement.

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10. Establish ongoing monitoring, check-ins, and improvement cycles

Congratulations, you've made it! If your company is at step 10 in this guide, then you have a working, trusted accounts payable process in place that is saving you money every single day. But that doesn't mean you can just go back to ignoring AP.

With new technologies and changing business needs, there may be more opportunities to continue improving and upgrading in the future. Repeat step nine, assessments and improvements, and build this into your company culture. There is always room for improvement in AP and elsewhere in your business.

Stick with a continuous cycle of improvement and process development as you strive for best-in-class account payable operations and management.

How does each role prepare for an AP automation implementation?

As a finance organization leader, you have an important role to play in this process. Don't discount how important your involvement is. Whether you are a CFO, controller, AP manager, or hold a different title, you have unique and important insights into the AP process and how it can improve through automation at your company.

CFO

With a higher-level focus, but much more control over the entire finance team, the CFO is in the best position to create positive change in any finance-related process. The CFO is the champion who pushes the project forward and approves the funds for the project.

This job is not incredibly demanding but does require expending some political capital at your company. If the project gets push-back or resistance from any department heads, the CFO can declare that the new system is the route forward ensuring everyone gets on board.

Controller

The controller is more concerned with the details of how the implementation fits in with the larger accounting organization. The controller also wants to ensure nothing is forgotten or dropped during the transition process.

The controller won't be using the new system daily. Rather, he or she will draw on reports and data from the new system. Instead of getting too deep in the details, the controller should focus on ensuring the AP manager has everything needed for success.

AP Manager

This role does deal with the AP system daily. The AP manager hears all the complaints and problems with existing procedures and has intimate knowledge of processes and systems across accounts payable.

The AP manager should be a member of the committee guiding the upgrade project, if not the chair, and work with AP clerks and staff to iron out the details and fix issues that arise during the implementation and rollout.

Who is AvidXchange?

This guide was created by AvidXchange. AvidXchange revolutionizes the way organizations pay their bills. Serving more than 5,700 clients throughout North America and 400,000 vendors nationwide, AvidXchange is the leading provider of cloud-based, purchase-to-pay solutions for enterprise and midmarket organizations, spanning multiple industries including real estate, financial services, energy, non-profit, and construction.

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