THE GUIDE TO CREATING A PAPERLESS AP PROCESS

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INTRODUCTION

Paper is a staple in offices around the world. From legal contracts to payments to presentations, paper-use can add up fast. Studies indicate that we use more than 700 pounds of paper per person each year in the United States, and much of that use takes place in the office.

Excessive paper-use is expensive, bad for the environment, inefficient, and insecure. Paper in the office might seem like a given, but the "if it's not broken, don't fix it" attitude is a big mistake. It is possible that outdated, paper-heavy processes cost more than you think.

In this guide, we will look at some of the most significant problems paper causes in business, as well as solutions to cut costs and improve efficiency. Every time you make a paper-based process digital, you are adding to your bottom line. When it comes to making payments, eliminating paper is easier than most business leaders may realize.

THE HIGH COST OF PROCESSING PAPER PAYMENTS

When you turn on a show like Mad Men, you get a glimpse into antiquated office procedures that rely on typewriters, paper inboxes/outboxes, and carrying folders around the office for signatures and approvals. Modern technology has made much of this way of doing business extinct. With the right focus, nearly every company can take it a step further.

The all-in cost of processing a paper check ranges from $4 to $20 for most businesses, according to the Wall Street Journal. That's a substantial cost. When you consider employee time to process, write, sign, mail, and enter into accounting systems, it is easy to see the dollars and cents add up.

If your company sends 50 payments per month, getting out of the business of writing checks may lead to more than $10,000 in annual savings. Larger organizations can save as much as $24,000 per year for every stack of 100 paper check payments eliminated.

Accounts payable (AP) automation systems allow your business to send payments electronically. Vendors get paid with the ease of direct deposit, and your business will save hours of valuable work time to focus on more profitable tasks.

To better understand the time and efficiency improvements of eliminating paper payments, consider the typical workflow your accounting or AP team must go through to process a manual payment.

First, the invoice shows up in your business mailbox. Someone sorts that item and delivers it to the right person or department. Next, your AP clerk, who earns an average of $22 per hour according to PayScale, must open the envelope, match the invoice to a purchase order, type the details into the accounting system or ERP, print the check, and take it to the appropriate manager for signing.
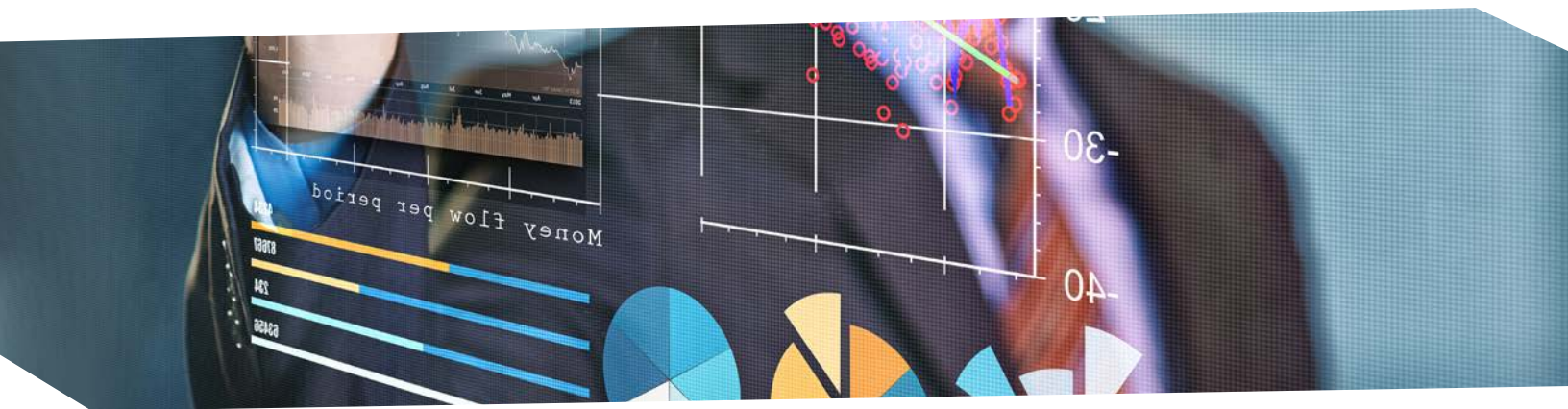
The check isn't done with its journey yet, though. After signing, it gets stuffed in an envelope, metered or stamped (another expense), and placed in the mail. Once it's out the door, accounting teams still must reconcile the payment when deposited and ensure the cost was accounted for properly.

For AP managers, cutting down on the time your staff spends on payments allows employees to redirect their time to value-add responsibilities. In some cases, companies can turn the AP

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department into a profit center: some large vendors may offer early payment discounts, which AP staff can optimize to grow the bottom line.

At small to mid-sized companies, AP automation can help you avoid the cost of a new dedicated staff member or alleviate the workload of a busy accounting team.

Not only does automating your AP process save money, but it is also something you can feel good about. One tree makes about 8,333 sheets of paper. Depending on the size and number of checks you write and mail per year, eliminating paper checks may save a few trees.

IMPROVED CONTROLS AND VISIBILITY

The benefits of moving away from paper help your business in some ways that are harder to quantify. For example, automated electronic payment systems remove opportunities for fraud, employee theft, inaccurate payments, mail theft, and other security issues that come with physical paper.

When vendors opt-in to get paid via automated AP, they can get paid faster and more securely. That is a win-win for both your company and your vendors. Opposed to the manual example above, here is a look at what an automated AP workflow looks like: First, the vendor enters the invoice information based on a purchase order, which already exists in your accounting system, into an online system or sends the invoice via email. The computer matches the invoice to the purchase order, adds it to an approval queue, and notifies the approving manager. That manager logs into the system at a convenient time, can review payment details and approve individually or in bulk, and the payment is sent.

That's it. The AP system takes care of the accounting based on the purchase order details. When the payment is approved, funds automatically withdraw from the sender's bank account and

deposit directly into the vendor's bank account via ACH, a system maintained by the Federal Reserve.

Without paper floating around the office or the mail, no one can steal your bank account numbers from a paper check. With a centralized payment approval system, accidental payments become a thing of the past. With automated accounts payable, fraud and embezzlement become much more challenging.

As an added check, automated AP systems give managers enhanced reporting on payments, another opportunity to spot problems before they spiral out of control. Quality management reporting helps business leaders make the best decisions with the best possible information.

Large companies employ teams of financial planning and analysis professionals to pull together data and look for trends and opportunities to improve profits. High quality automated AP systems give you many of these reports right out of the box. When attached to your accounting system, you can get even better reporting.

Managers and finance leaders are just a few clicks away from reports showing spend by vendor and average days outstanding for unpaid invoices to help you choose the right vendor for each job. The potential for savings in overall spending may even rival the savings of getting rid of paper payments. However, one thing is sure: more information on expenses can only help your business.

BETTER VENDOR AND CLIENT RELATIONSHIPS

When you need something in a hurry, it is essential to have healthy and trusting relationships with your vendors. Paid vendors are happy ones. As you save money when you eliminate paper from the office, your vendor doesn't have to open the envelope and deposit the paper check. The cash shows up in the bank by the due date.

When you move to automated AP, you might also eliminate paper for your vendor. When they send you an electronic invoice, they don't have to print or mail anything. Your vendor might find that they get many of the same savings as you. With more tightly integrated systems, your vendor is more likely to act as part of your team instead of an outsider.

If a dispute ever does arise between your company and a vendor, your AP system might even come into play to help find a speedy resolution. After all, digital purchase orders and records are securely stored in your AP system so that you can access them in just a few moments.

This improved access to payment information isn't limited to the office. Because modern AP systems, such as the automated AP solutions from AvidXchange, are based in the cloud, you can access payment systems from your laptop while traveling or even your smartphone. Rather than holding payments until you return from a conference, you can tap "Approve" on your phone anywhere in the world to push a payment onto the next step.

Access to digital files also comes in handy on the go. While out-of-office, you can instantly pull up purchase order and invoice history with up-to-date information. This can lead to better customer service and stronger client relationships.

No matter the industry, customer service is key to success. Automated AP systems help managers stay organized so that important client payments don't slip through the cracks. Your clients put a lot of trust in you as a manager. With paper all over the office, mistakes are inevitable. When you cut paper from the process, you can deliver a better quality of service with less work.

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AUTOMATING SUPPLIER PAYMENTS TO ELIMINATE PAPER

Accounts payable best practices today have left paper checks in the dust. Gone are the days of mountains of paperwork. From small businesses with just a few employees to enterprises, keeping old and outdated paper invoicing and check-writing process in place costs time and money.

Automation may sound like a costly and expensive proposal, but with the right partner, it doesn't have to be. AvidXchange integrates with most popular accounting systems for a seamless payment process. You can get up and running quickly so you and your staff can focus on what's most important: giving your clients the best possible customer experience.

With automated AP, each payment costs just cents to process and deliver. For less than the cost of a few stamps, you can do what used to cost up to $20. Automated payment systems offer a high ROI. Depending on your check volume today, you could see a swift payback. In any case, you should see a near-instant improvement in efficiency on the finance and accounting side of your business.

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GO GREEN, MAKE MORE GREEN

Cutting paper from an outdated AP process is something any business can be proud of. You may even want to turn the environmental benefit into a marketing angle for your company. You can be known as the most environmentally friendly AP manager in town. When coupled with the excellent service you provide to each client, you may then become the most popular manager around.

It's never too late to improve your business and going paperless is an ideal way to increase efficiency and profits while also helping the planet. Banks and credit card companies have made statements paperless. Insurance and utility providers give customers auto-pay. It's time for your company to get on board with the paperless revolution.
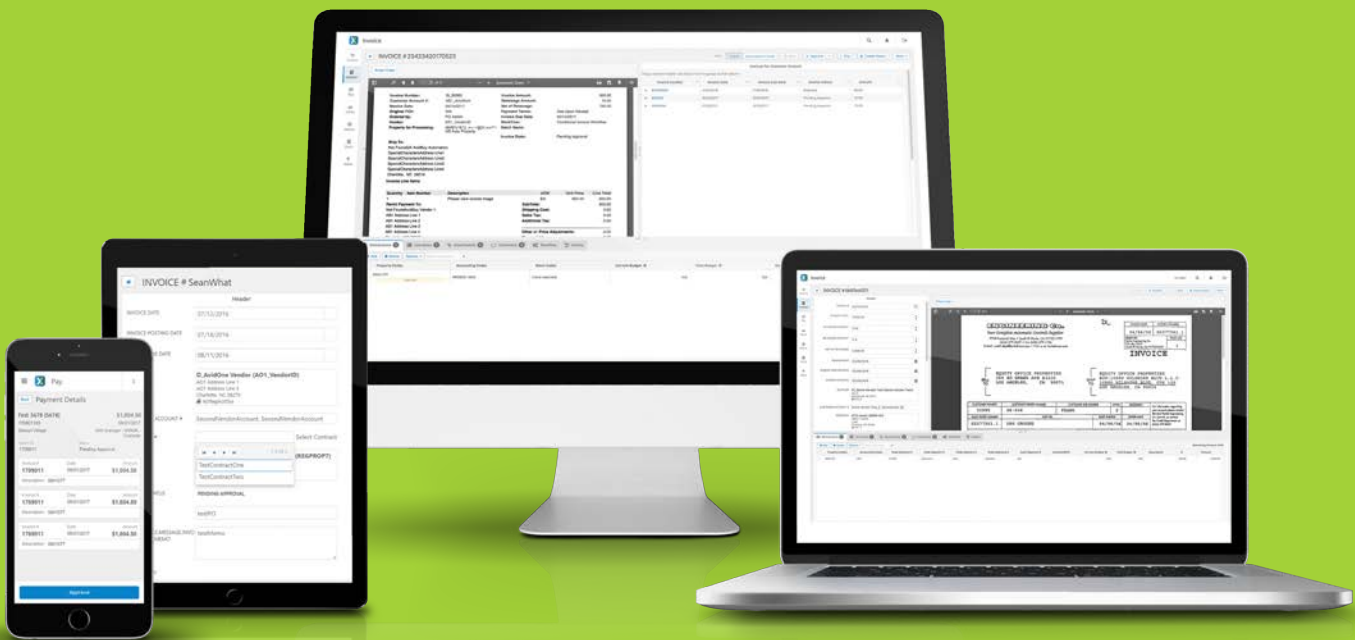
Don't let the savings, efficiency, and environmental benefits pass you by. Automated AP solutions are affordable and easy to implement.

AvidXchange can help you better manage your spend while lowering costs to process invoices and send payments. At the same time, automating AP gives you and your team more time to focus on clients, tenant needs, and marketing your business to take in new clients.

Interested in learning more? AvidXchange's automation specialists would be more than happy to schedule a customized demo for you. Call us at (888) 918.2843, email the sales team directly at sales@avidXchange.com, or click here to schedule a demo today

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ABOUT AVIDXCHANGE

AvidXchange™ created this guide. AvidXchange revolutionizes the way organizations pay their bills. Serving more than 5,500 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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