

# AP AUTOMATION TRACKER®

APRIL 2022

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Microsoft on how automation powers time and cost savings, inspires innovation

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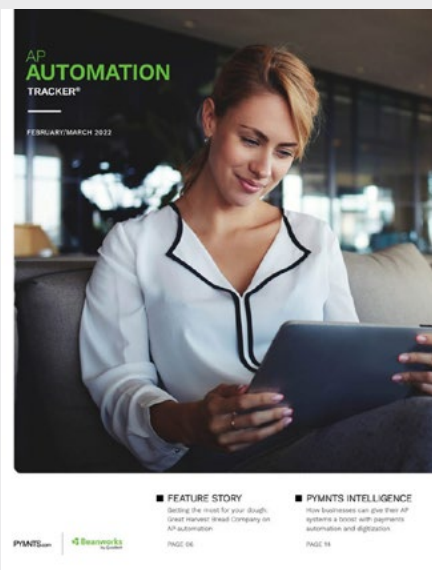
Leveraging AP automation to improve billing processes

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# AP AUTOMATION TRACKER®

Read the previous edition



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## ACKNOWLEDGMENT

The AP Automation Tracker® was produced in collaboration with Beanworks, and PYMNTS is grateful for the company's support and insight. [PYMNTS.com](https://pymnts.com) retains full editorial control over the following findings, methodology and data analysis.

■ FEBRUARY/MARCH 2022  
AP Automation Tracker®

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## EDITOR'S LETTER

**M**ore than \$120 trillion **crisscrosses** the globe in business-to-business (B2B) payments each year, and every transaction requires an accounting department to make, monitor, receive and log each payment. Some firms employ in-house teams and others outsource the work to third-party accounting firms, but wherever they operate, accounts payable (AP) and accounts receivable (AR) play critical roles in these transactions. Unfortunately, these key business functions often must handle a plethora of problems, including incorrect invoices, insufficient cash reserves and late payments — either from customers or to vendors. Sixty percent of businesses **worry** about their cash flows on a monthly basis, and almost one-third of organizations **say** they are unable to pay vendors, make loan payments or pay themselves or their employees due to AP or AR difficulties.

One of the major culprits in these complications is a reliance on paper payments and manual processes. These old-fashioned methods can be time-consuming and costly, with a business that sends just 500 checks each month **spending** more than \$2,000 per batch in labor, bank fees, check printing and postage. A recent **study** of law firms, meanwhile, found that more than half of accounting departments in the industry cite time-consuming invoice creation as their top billing struggle.

Many businesses are implementing automation and digitization to reduce the amount of money, time and employee effort they expend on their AP processes. Goals vary, with 61% of CFOs **saying** their primary objective in automating is to boost overall payments efficiency, while 45% hope to increase cash flow and working capital. Digitization and automation initiatives can have significant impacts on firms' bottom lines, **reducing** processing costs per invoice from \$6.30 to \$1.45 on average. This is to say nothing of the substantial downstream benefits of improved capital management, better cash flow and timelier payroll.

This edition of the AP Automation Tracker®, a PYMNTS and Beanworks collaboration, examines how the burden of paper-based AP affects businesses' capital management and cash flow. It also explores how automating AP systems can help businesses of all types reduce errors and delays and allow accounting staff to focus on the bigger picture to benefit the entire company.

Thought Leadership Team  
**PYMNTS.com**



■ Feature Story

# Microsoft On How Automation Powers Time And Cost Savings, Inspires Innovation

**From small firms to some of the world's best-known organizations, automation can help any business streamline processes, save money and ensure compliance.**

Tanner Busby, finance director in Procure to Pay strategy for **Microsoft**, is tasked with process innovation for one of the most influential technology companies in the world and uses automation technology to streamline and simplify the work his team members and others at Microsoft do.

“Process [innovation] and automation enables us to design and optimize trusted global accounting and disbursement solutions that create capacity for employees, value for our stakeholders and impact for our customers,” Busby said.

Busby said his organization strives to create processes and systems that are predictive, reliable and minimize the time employees spend buying and paying for goods and services. They call this concept “Zero Employee Time,” he explained, adding that his team often faces the challenge of identifying the automation areas that will provide the highest return on investment.

## **STREAMLINING ACCOUNTS PAYABLE AND BEYOND**

For Busby and his team, looking beyond operational efficiencies when streamlining processes is important.

“What we hear from our customers most is that they want simple solutions that are instant and intuitive,” he said. “In response, we introduced our Finance Digital Assistant, which is designed to provide quick answers to a user’s questions in the Procure to Pay processes. If the need is complex, the bot will bring the user to a live chat agent or create a support ticket online.”

The development of the Finance Digital Assistant allowed Busby and his team to retire over 200 email support aliases globally, which centralized the team’s global support infrastructure and provided real-time visibility into the performance data of the organization’s support needs. That data enables Busby’s team to observe whether users are satisfied and quickly adjust accordingly. The use of automation also creates a positive downstream impact that helps give employees time back.





“Where we have automated invoicing practices, such as withholding tax, our tax partners downstream have received the benefit of more audit-ready data and confidence in our withholding practices. ... We’ve also expanded our focus areas beyond operational efficiency to include broader business objectives that impact Microsoft and our customers, such as influencing cash flow, citizen development using low-code, no-code solutions and blockchain solutions,” he said.

### IMPROVING THE SYSTEMS THAT DRIVE INNOVATION

The driving force behind Busby’s team’s decisions has been connected data, which has enabled them to move from relying on qualitative user feedback to using data to help guide them as they make decisions around areas to improve. They also face increasing requirements from various governments to ensure tax compliance and other statutory regulations. These requirements drive an even greater need for automation to include readily auditable system-to-system invoice processing.

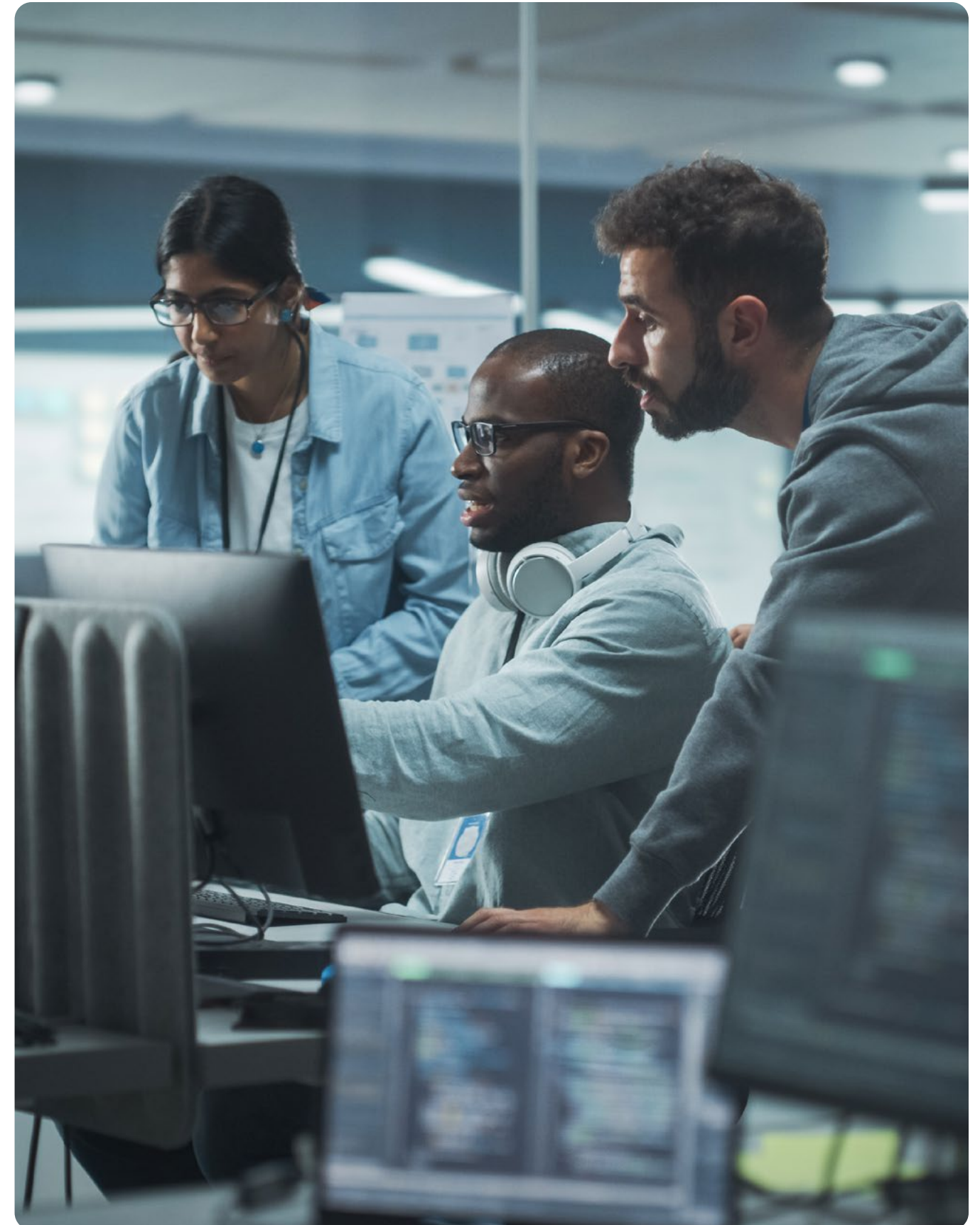
Other areas that have been recently automated include payee supplier setup and processing employee expenses, automating the process of expense report creation and submission for select expense categories. Microsoft developed the Risk Scores Engine using Azure AI and machine learning to provide the level of risk associated

with each expense report. This tool allows for a more accurate and efficient review of expenses and lays the groundwork for future auto-approval. Microsoft Power Apps have also enabled financial professionals to become citizen developers, automating many functions across Procure to Pay without requiring the efforts of Microsoft’s internal engineering teams.

While there have been many benefits to this, including innovation, the greatest has been in allowing the organization and its customers to save costs and direct resources to higher-value activities, said Busby. This enables their focus to be on core business instead of operational worries. Automation also empowers users to interact and experience zero- to low-touch processes with the flexibility to edit and review throughout.

“It also allows compliance by design, embedding machine learning and rule-based categorization with real-time risk flagging, leading to a more insightful approvals process and decreased audit volume,” he said.

Improved customer experiences and productivity gains were “intentional byproducts” of automation, he said. Offering a repeatable and predictable AP process without weakening compliance thus provides business groups and stakeholders a higher level of confidence.





# Q&A

CATHERINE DAHL  
CEO



**Eighty-nine percent of small to mid-sized businesses (SMBs) in Australia use paper-based or PDF invoices. What are the downsides to these manual methods, and how can they negatively affect downstream capital management and cash flow?**

“Paper is simply super inefficient, not to mention doesn’t stand up to the test of time and it can burn! And pushing paper from one person to another either by hand or through email is slow and you lose visibility into what your true liabilities are. There is a greater risk of fraud and duplicate invoice payments. Fast and accurate access to information leads to faster and better business decisions and that leads to better business outcomes. Manual processes do not give you a view into your cash out needs. Your cash flow [accuracy] drops and you risk business continuity. Controlling the outflow of cash is a critical business process. Vendor relationships can be damaged when invoices sit in someone’s inbox or on their desk. Services can be cut off, seriously risking your own customers paying you. Having the right person approve things at the right time cannot even be done in a manual, paper-based process. It’s physically impossible unless everyone involved works in the same room. Manual purchase orders are rarely created 100% of the time ahead of a purchase and instead get ‘written up’ to match an invoice already received. The type of controls automation offers allows any size company to have 100% control and visibility into spend management and control.”

**Fifty-nine percent of CFOs say that digitizing their payment operations is key to improving the health of their balance sheets. What benefits can firms realize from AP digitization and automation?**

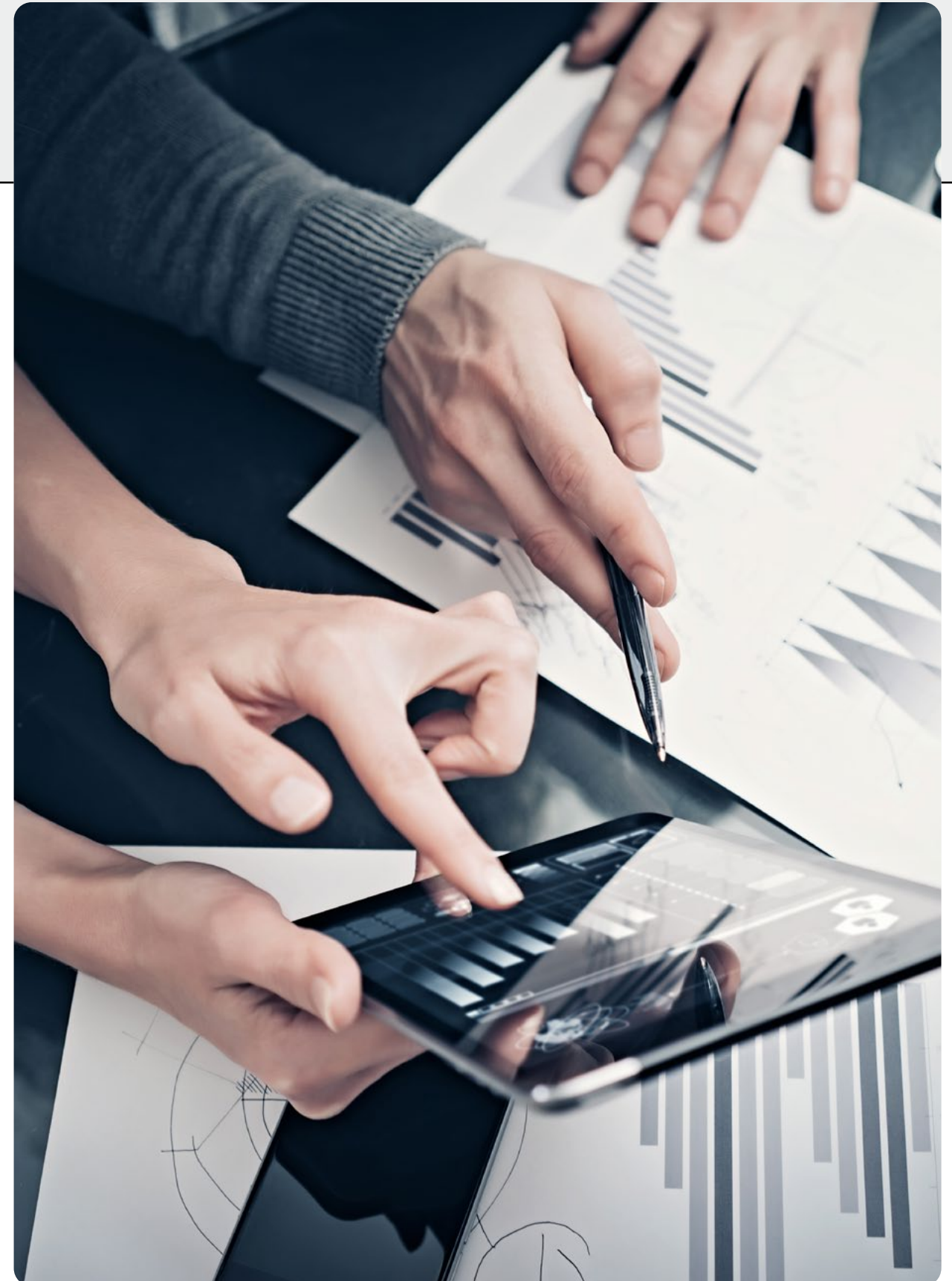
“AP automation empowers businesses to see everything and control everything. From the start of a purchase order or an invoice coming into the business, you have visibility. If a vendor sends it again, it is flagged as a duplicate and you can easily delete and stop processing the second one. You can see when cash is needed to make your payments. You can ensure accurate and correct data enters the accounting system, which reduces coding variance errors. You can easily pull reports to see where you are spending with the source documents at your fingertips. You can have as many eyes on the invoice as you want, it’s easy to process many approvals. Communication stays with the document so back and forth gets done in seconds and is easy. But as AP automation gets more AI, not only do you get this but you also save massive amounts of data entry time. The best systems capture the invoice data and use your coding history to predict the coding. This reduces invoice processing effort by 80% [to] 90%. Take a company with 500 to 800 invoices a month that would employ at least one [full-time employee] to AP for this volume can reduce that to 0.2 [full-time employees] and give that person more interest[ing] and strategically important work to do. No one wants to key in data all day. AP automation saves time, money, errors and can eliminate fraud completely. You can empower the entire company to participate in spend management, and it’s an environmentally friendly thing to do, reducing paper and paper transportation costs.”



# Q&A

**Fifty-two percent of accounting departments in the legal industry cite time-consuming invoice creation as their top billing struggle. How can AP automation accelerate the invoicing and payments process?**

“This is the next step in AP automation. AP automation by itself is great; but AR and AP together or FA — financial automation — is the future! Quadient is doing just this, marrying these to digital functions through combining YayPay, Beanworks and Impress — intelligent document automation — into a single platform that will speed up time to cash and control of cash in one platform. The entire back office is going digital all around the world! Intelligent communication automation is the next step — communication internally [to approve a] buyer and externally, for customers and suppliers. AR automation connected to the supplier side adds power to the entire process. If you can send out an invoice and watch what’s happening to it when it reaches your supplier, it has only been available to large enterprises with large volume and large vendor networks, and then those systems are mostly one way. AR automation can supercharge your accounting team and save even more time. It can predict the likelihood your customers will pay you and if they will be late or not. It gives you tools to automate collections and streamline the invoice creation process as well. Combine that with bill presentment — Impress — and payment — Beanworks or Yaypay — [and] you are saving massive costs on people and process.”



# Leveraging AP Automation To Improve Billing Processes

Capital management is a constant challenge for all types of businesses, requiring them to invest vast sums to manage cash flow, AP, AR and other related tasks. Problems range from incorrect invoices to lack of cash on hand to late payments, all of which demand considerable time and labor to correct. Businesses in the United States produce approximately 400 billion invoices each year, 49% of which go on to become overdue. In the United Kingdom, meanwhile, 63% of businesses produce duplicate invoices, 33% of which are mistakenly paid.

The costs of these delays and errors are leading many businesses to develop or purchase advanced technological solutions to fix them. Some of the most promising solutions leverage artificial intelligence (AI), machine learning (ML) or some other form of automated software, both to reduce the incidence of complications and to address those that do arise. This month, PYMNTS explores the various AP automation solutions that businesses are deploying and how they cut costs, reduce errors and improve the overall billing process for better capital management practices.

## AP CHALLENGES

Many of the current problems with B2B payments stem from their continued reliance on paper checks and manual processes. A business that sends just 500 checks each month could spend more than \$2,000 monthly on the labor, bank fees, check printing and postage needed to process them, to say nothing of the opportunity cost of having staff spend valuable time printing and mailing these checks. Paper-based invoices drain significant sums as well, with estimates showing that electronically processed invoices could save up to \$20 per invoice over paper versions. These expenses quickly add up, considering how many paper invoices are processed each year: more than 1.2 billion in Australia, for example, where 89% of SMBs use paper-based or PDF invoices.



Manual accounting processes can also bog down AP departments. A recent study of law firms found that 52% of accounting departments in the industry cite time-consuming invoice creation as their top billing struggle, followed by 47% citing difficulty reconciling trust accounts. Another study found that 71% of AP employees blame manual processes and paper payments for a lack of visibility into their payables — a problem that could lead to fraud going unnoticed. Seven in 10

respondents said the lack of transparency makes financial forecasting more challenging, and 63% said they were forced to work overtime because opaque accounting processes made their jobs more difficult.

With all the money and labor wasted due to paper billing, manual accounting processes and other inefficient AP workflows, it is no surprise that many firms are looking to automated solutions to improve AP efficiency and make billing more seamless.

## HOW AUTOMATION IMPROVES AP

CFOs' exact reasons for automating and digitizing their payments vary, with 61% saying their objective is to improve overall payments efficiency and 45% aiming primarily for improved cash flow and working capital. There is no dissent, however, regarding automated and digital payments' advantages over their paper-based counterparts. Fifty-nine percent of CFOs say that digitizing their payments operations is key to improving the health of their balance sheets, and 96% agree that AP optimization is "very" or "extremely" important to keeping their balance sheets healthy. CFOs at the largest organizations express these beliefs in even greater shares.

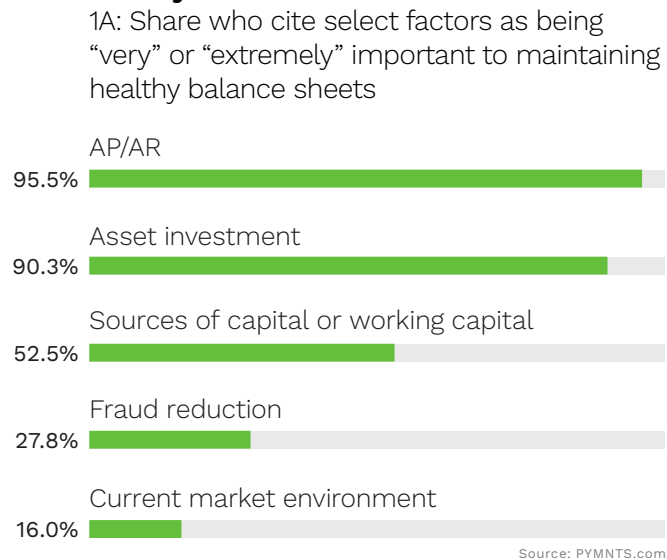
consequential decisions. These gains have led companies to adopt accounting automation in record numbers. While just half of companies automated their accounting processes before the pandemic, 77% of companies currently have some kind of AP/AR automation in place.

Businesses that have made the switch to AP automation are seeing their investments pay off. Firms with fully automated AP systems were 20% more likely than other businesses to invest further in improving automation due to cost savings, and 89% reported decreased labor costs after their automation systems went into effect.

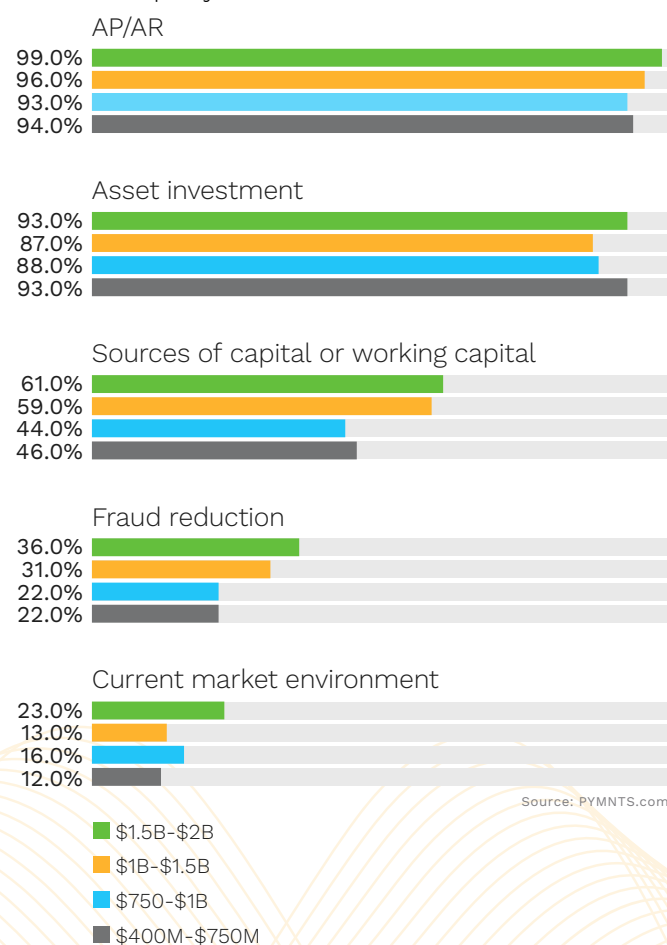
AP is essential for any business that deals with vendors or suppliers, making standard practices in this area a major liability. Automation, digitization and other efficiency boosts can punch far above their weight in giving businesses a competitive edge.

Automation can also have a significant impact on businesses' bottom lines by reducing B2B payment processing costs. A recent study found that AP automation reduces processing costs per invoice from \$6.30 to \$1.45 on average. Automation also saves accounting teams significant time, freeing them to focus on more

**FIGURE 1:**  
**Factors that CFOs believe contribute to healthy balance sheets**



1B: Share who cite select factors as being "very" or "extremely" important to maintaining healthy balance sheets, by company size





# NEWS & TRENDS

## B2B PAYMENT TRENDS

### 56% OF BUSINESSES THINK THEY COULD IMPROVE CASH MANAGEMENT BY SIMPLIFYING CROSS-BORDER PAYMENTS

Cross-border payments are a perennial pain point for businesses that operate internationally, resulting in several downstream issues in addition to their slow processing times. One of their major impacts is on cash flow management: If money is not available when it needs to be, companies can experience payroll problems, late payments to vendors and a host of other troubles. A recent [study](#) found that 56% of U.S. businesses said cross-border payments innovation would improve their cash management — a sentiment echoed by 51% of U.K. businesses.

One particular problem was the cost of these international payments, with 62% of U.K. businesses saying that reducing cross-border payments' costs is one of the key benefits of innovation, and 54% of U.S. businesses agreed. Another benefit of improved cross-border transactions is cybersecurity, with 52% and 51% of businesses in the U.K. and in the U.S., respectively, saying they expect those innovations to reduce fraud.



### UK SMBs ARE OWED £23.4 BILLION IN LATE INVOICE PAYMENTS

Delayed payments have become widespread throughout the pandemic as businesses face economic struggles, reduced cash flows and other complications. The U.K.'s Small Business Commissioner, Liz Barclay, [estimates](#) that large corporations in the country currently owe SMBs £23.4 billion (\$31.2 billion USD) in late invoice payments, with two-thirds of SMBs reporting overdue invoices with no indication of when or whether they will be paid. These late payments have contributed to a supply shortage in the country, and two-thirds of SMBs say that a lack of supplies will adversely affect their output over the next quarter.

The pandemic has introduced a number of other payment issues as well. One-third of U.K. businesses say they will be unable to repay their government-backed aid loans, for example, a total of £20 billion (\$26.7 billion USD) that will likely never return to the public coffers.



## AP IMPROVEMENTS

### BEANWORKS LAUNCHES IN THE UK AND FRANCE

Reducing the burdens of B2B payments is one of the main jobs of corporate accounts payable, and AP staff have several automated solutions available to make their jobs easier. AP automation system Beanworks recently **introduced** its services to the U.K. and France. The system includes automatic data capture, multilevel invoice approval channels and purchase order matching, all of which are designed to reduce the manual workload for AP staff and produce more accurate invoices. Beanworks also provides real-time status updates and payment approvals to reduce payment delays and thus minimize downstream cash flow issues.

Beanworks originally launched in North America in 2012. AP automation solutions such as these are becoming popular around the world, with experts predicting that the global AP automation market will reach \$4 billion by 2025.

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### MASTERCARD UNVEILS NEW VIRTUAL CARD FOR INSTANT B2B PAYMENTS

Virtual cards are one solution that is rapidly gaining momentum as a means of navigating B2B payment challenges. Mastercard recently **revealed** a first-of-its-kind virtual card solution that leverages ML to reduce the amount of manual accounting necessary for B2B transactions, as more than 90% of virtual card transactions are still typically performed by hand. The ML system in the Mastercard Track Instant Pay solution analyzes invoices to determine which ones are most likely to be rejected, allowing the rest to be authorized en masse. The straight-through processing system then sends payments directly to suppliers' bank accounts.

AI and data science company Previsio designed the card's ML capabilities, according to Mastercard's press release. The system aims to reduce cash flow and working capital pitfalls by accelerating AP processes and reducing payment errors.



# Improving the billing process through AP automation

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## How AP digitization and automation can make billing cheaper, faster and more accurate.

Accounts payable can be a perpetual challenge for businesses, despite its necessity for maintaining healthy cash flows. How can digitization and automation reduce errors, lower transaction times and free up accounting personnel for more big-picture issues?

## Digitizing AP processes can reduce errors and accelerate payments.

The most sophisticated AP automation systems leverage AI and ML to predict when payments need to be made and process them automatically, resulting in a more efficient accounting department.



91%

Portion of CFOs who say accelerating payment digitization has made their payment operations more efficient



71%

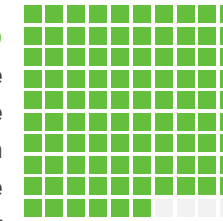
Portion of financial and insurance firms that believe digitization is key to improving their balance sheets

## Most businesses still rely on cash and checks to pay vendors and suppliers.

Paper checks can be expensive and time-consuming to process, mail and clear, resulting in cash flow issues. Businesses are slowly reducing their reliance on both paper checks and cash, especially amid the pandemic's economic squeeze.

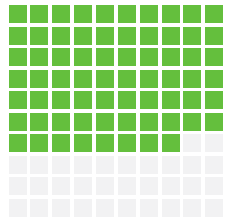
96%

Share of real estate companies that have been using cash less often since the pandemic's onset



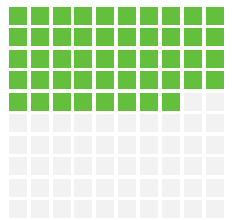
68%

Share of companies that have been using automated clearing house payments more frequently since the pandemic's onset



69%

Portion of CFOs who say the pandemic has made it more difficult to optimize costs

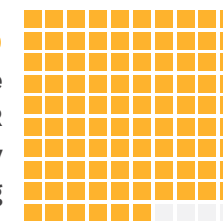


## Improving AP can result in significant downstream improvements.

Faster and more accurate AP directly translates to improved capital management, which can ensure timely paychecks and accounts receivable as well as a host of other business improvements.

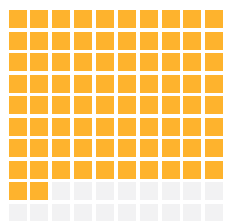
96%

Share of CFOs who believe optimized AP/AR processes are highly important to maintaining healthy balance sheets



82%

Share of real estate CFOs who say digitized AP/AR functions will help them build more collaborative customer ties





# AP AUTOMATION TRACKER®

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## ABOUT

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Beanworks by Quodient is an essential all-in-one cloud-based accounts payable automation solution for the world’s accounting teams. Beanworks helps companies transform their AP workflows from end to end and empowers accounting teams to succeed by giving them complete control over their AP processes remotely, from anywhere in the world.

For more information, visit  
<https://www.beanworks.com>.

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