Accounts Payable Automation in Five Easy Steps

A Digitech Systems, LLC eBook

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Executive Summary

Have you tried to automate your Accounts Payable (AP) processes in the past? Or perhaps you are currently examining options for "going digital." IOFM reports that between 70 and 80% of invoices in the United States are still paper-based, and about 70% of invoice processing costs are related to document handling and manual data entry.[1] This reliance on paper leads to slow processes, lower overall accuracy rates, higher costs, and higher potential for fraud.

Digitech Systems is a leader in the AP automation space, which helps businesses reduce operating costs and simplify compliance with financial regulations, driving efficiency across various industries, including Accounts Payable.

Through its innovative approach to intelligently automating invoice verification and approval processes, Digitech Systems is helping businesses worldwide stay competitive in an increasingly digital world. By adopting Sys.tm®, organizations can unlock new opportunities for growth and profitability.

1 Retrieved from: https://www.iofm.com/ap/process-improvement/automation/special-report-true-costs-paper-based-invoice-processing-disbursements

The Accounts Payable Automation Market is Growing

The global accounts payable automation market size was estimated at $3 billion in 2023 and is projected to reach $7.1 billion by 2030.[2]

- Grandview Research

Accounts Payable automation is the use of software and technology to digitize and automate routine tasks in the accounts payable process, from invoice reception and data entry to approval routing, payment, and reconciliation. AP automation manages the entire invoice-to-pay workflow.

2 Retrieved from: https://www.grandviewresearch.com/industry-analysis/accounts-payable-automation-market-report

Why does AP Automation Matter?

> **"** It costs an average of $11.76 to manage just a single paper invoice, and the average organization receives 1,200 invoices every month.[3] **"**   -IOFM

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The Accounts Payable landscape has advanced rapidly in the last few years as technology tools automate and streamline more of the process for companies. Firms are prioritizing sophisticated AI-driven systems that enhance efficiency and accuracy to address the specific needs of different industries.

3 Retrieved from: https://hkbain.medium.com/how-can-intelligent-automation-help-streamline-your-accounts-payable-processes-5ffc80d01180

Real Customer, Real Results:
$88,000 Annual Savings and 100% of Bills Instantly Searchable

Prestige Care, Inc. needed a solution for opening, sorting, and paying invoices and an update to their time-consuming manual processes.

"The time it takes us to process invoices has been reduced by 57%. We can now spend less time on accounts payable processing and more time providing the support our facilities really need"

~Tyler R. Nelson, Cash Manager and AP Supervisor

AP Automation can be used to reduce operating costs by saving money on every invoice, simplifying compliance, improving data security, and intelligently automating the entire process.

For example, Prestige Care, Inc. was manually managing 2,000 invoices a month and needed a better solution. Through automating their invoice process and real-time integration between all systems, they are now processing bills within one business day.

" **60% of businesses are turning to AP automation as a way to strengthen and minimize exposure.**[4] "

- IFOL

Improve Security & Compliance:

Under GLBA, SOX, and Dodd-Frank, organizations are required to disclose how customer data is protected, shared, and secured. With Sys.tm, document tracking is automatically applied, making audits a breeze and saving you valuable time and money while keeping information secure.

4 Retrieved from: https://acarp-edu.org/wp-content/uploads/2024/06/Accounts-Payable-Automation-Trends-2024-RESEARCH-REPORT_compressed.pdf

" AP invoice automation can reduce invoice processing costs by 80% and improve invoice processing speed by 70%.[5] "

- ZenWork Payments

Reduce Inaccuracies:

Minimized manual data entry leads to fewer inaccuracies and financial mistakes. By eliminating manual data entry, AP automation reduces human error, leading to more reliable financial data, preventing duplicate or erroneous payments, and avoiding late payment fees.

5 Retrieved from: https://www.zenwork.com/payments/blog/how-invoice-automation-improves-accuracy-and-reduces-costs/

> **36% of US businesses said payment automation is saving their finance teams time, with average reported savings of nearly 10 hours a week, or more than 500 hours per year.**[6]
>
> - CFO.com

Automated Processes Save Time:

You can streamline three-way matching by automatically comparing details from purchase orders, invoices, and goods received receipts. Plus, you can route records through approval processes to eliminate delays.

"In the US, 33.8 million employees now engage in some form of telework, embedding hybrid work deeply into the workforce.[7]" - The Global Statistics

Support Remote & Hybrid Work:

AP automation allows cloud-based access to all AP functions, so employees can approve invoices, process payments, and access reports from anywhere. This enables business continuity, maintains real-time visibility for a connected workforce, and automates workflows, which speeds up processes and reduces bottlenecks regardless of physical location.

7 Retrieved from: https://www.theglobalstatistics.com/united-states-hybrid-work-statistics/

The Five Steps of Accounts Payable Automation:

Step One: Scan

1 Your automation journey starts by converting any invoices you still receive in paper format to digital files that are more secure and easier to work with. Once digital, they benefit from the same electronic security, retention, and routing as their electronic counterparts.

Step Two: Index

2 Now that you've digitized your paper invoices, the next step is to index your new digital invoices, so you can find them again using keyword search. This will enable you to sort invoices into categories automatically and extract critical data to automatically populate index values.

Step Three: Reconcile

3 Once received, invoices are typically compared to purchase orders and goods received records to cross-check line items and totals. This process is known as a three-way-match, and is a critical step in invoice processing, because it is so important to validate invoice accuracy before cutting a check.

Step Four: Remit

4 Many suppliers have negotiated discount terms that offer companies incentives if they pay invoices early. Streamlining invoice processing times by routing invoices through approval processes electronically dramatically reduces the time spent processing each invoice, enabling your business to take advantage of more early payment discounts.

Step Five: Retain

5 Once paid, the active life of most invoices is over, but financial records are subject to particular retention schedules that require businesses to keep copies for years. Electronic records are easier and more cost-effective to retain than mountains of paper invoices filling up filing cabinets and offsite storage. In addition, many document management systems include the ability to set up retention schedules as financial records are received. These schedules can notify administrators when documents are due for destruction and can prevent records from being destroyed without proper authorization.

What Business Types Can Benefit from AP Automation?

Accounts payable automation is transforming industries by addressing common operational challenges. Some key industries that benefit from these innovations include:

Healthcare

AP Automation is a game-changer for the healthcare industry, where precision, compliance, and speed are non-negotiable. Automation ensures accurate payments and audit trails, reducing risk, fraud or duplicate payments.

Financial Services

In an industry where every transaction is scrutinized via financial regulations, AP automation helps financial institutions stay agile, compliant, and competitive.

Manufacturing

Manufacturers often modernize their assembly lines but overlook back-office processes. AP Automation bridges that gap, aligning financial operations with the speed and precision of production systems. This can also help identify bottlenecks and cost-saving opportunities by analyzing payment patterns.

Legal & Compliance

Law firms and compliance departments juggle sensitive financial data and strict regulatory requirements. AP automation not only streamlines workflows but also acts as a safeguard against financial missteps and reputational damage.

▶ Gain significant competitive advantage by leveraging Digitech Systems' powerful intelligent information management technology:

By using Digitech Systems technology, Commercial Metals Company spends 33% less time on AP processing and saves $132,000 annually. "Migrating from paper-based AP processes to an ECM system was easy, because ImageSilo® is so simple and user-friendly. We've seen a high level of buy-in at every location."

- Alberto Centeno, Director of Shared Services

Digitech Systems: Leading the Way with AP Automation

Digitech Systems has long set the standard in information management, pioneering the use of advanced Artificial Intelligence to transform how organizations handle information. With solutions like Sys.tm, you can ensure secure document management and storage enhanced by next-generation capabilities such as generative AI, identity and expense recognition, and Intelligent Document Processing (IDP). These innovations empower businesses to automate accounts payable workflows, streamline document processing, and unlock actionable insights from data.
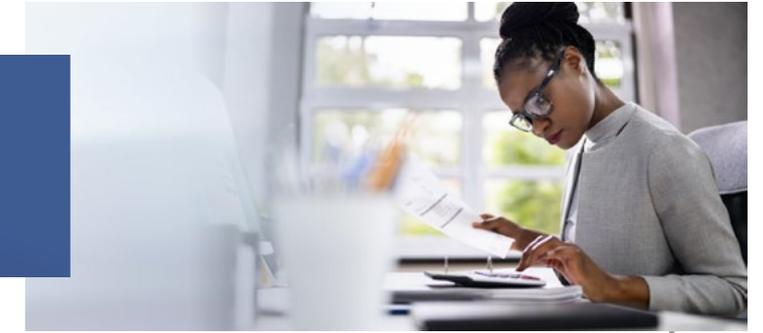
Key Features:

Expense Recognition: AI technology can interpret the context of invoices and receipts, automatically classifying expense data into key categories such as vendor names, transaction dates, invoice or receipt numbers, total amounts, payment terms, and detailed line items (including individual prices). This intelligent automation ensures accuracy and consistency across accounts payable processes.

Sys.tm Intelligence: Integrates industry-leading generative AI models directly into Sys.tm, enabling organizations to analyze, translate, summarize, classify, and extract information from their data. With this capability, users can ask Sys.tm targeted questions about their finance documents, uncovering critical information quickly and with precision.

Content Extraction & Searching: Instead of leaving information buried in PDFs or scanned documents, Sys.tm transforms unstructured content into structured, searchable data that feeds directly into AP workflows. With content extracted from financial documents, AP professionals can search Sys.tm for vendors, dates, PO numbers, and more.

Sys.tm Flows: Sys.tm Flows is designed to simplify and automate information management by embedding AI-driven workflows directly into everyday business processes. Its key features include intelligent data extraction, seamless integration within familiar environments like Windows, end-to-end security controls, and automation powered by AI and Robotic Process Automation (RPA).

Conclusion

AP automation is not just a trend—it's a transformative technology reshaping the business landscape. By integrating AP automation, companies can achieve new levels of productivity, insight, and efficiency. Reach out, if you'd like to learn more about Accounts Payable automation or any of the other solutions Digitech Systems provides.

By using Digitech Systems technology, Seafood Producers is able to find information faster and has already saved $891,000 in office space and storage units. "Every time we set up a new invoice or form, the system is very consistent in recognizing them, so we no longer have to go back and review if the data is correct."

– Sherri Willand, Accounts Receivable Administrator

➤ **Contact us today to learn more about microservices and microtransactions-based billing for your business!**
www.digitechsystems.com/solutions/accounts-payable
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A Trusted Leader in Information Management for Over 28 Years

Digitech Systems is the most trusted choice for intelligent information management and business process automation. Preferred by thousands of businesses worldwide from global conglomerates to Main Street, teams count on Digitech Systems to pave the path to more meaningful work by transforming how they handle digital files, processes, documents and more.

Celebrated by industry analysts and insiders for creating the best enterprise content management and workflow solutions on the market, Digitech Systems has an unsurpassed legacy of accelerating business performance by streamlining digital processes for organizations of any size with the PaperVision® and ImageSilo® brands. For decades, Digitech Systems' technologies have kept their customers on the knowledge management leading edge. To learn more about Digitech Systems and their award-winning suite of information management, Sys.tm®, Artificial Intelligence (AI), Business Process Management (BPM), electronic forms, and Robotic Process Automation (RPA) technologies, visit www.digitechsystems.com.

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