



Making It Work:

**Best Practices for Ensuring
Success of AP Automation
Implementation**

MEET HELEE LEV

Goby CRO



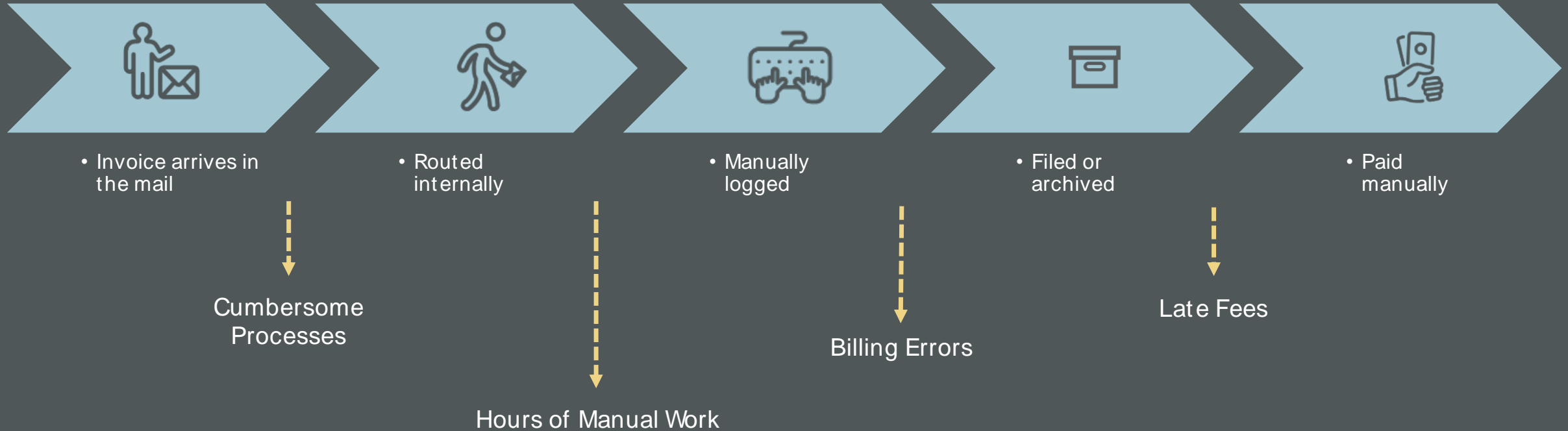
John McTighe


Cagan Management Group





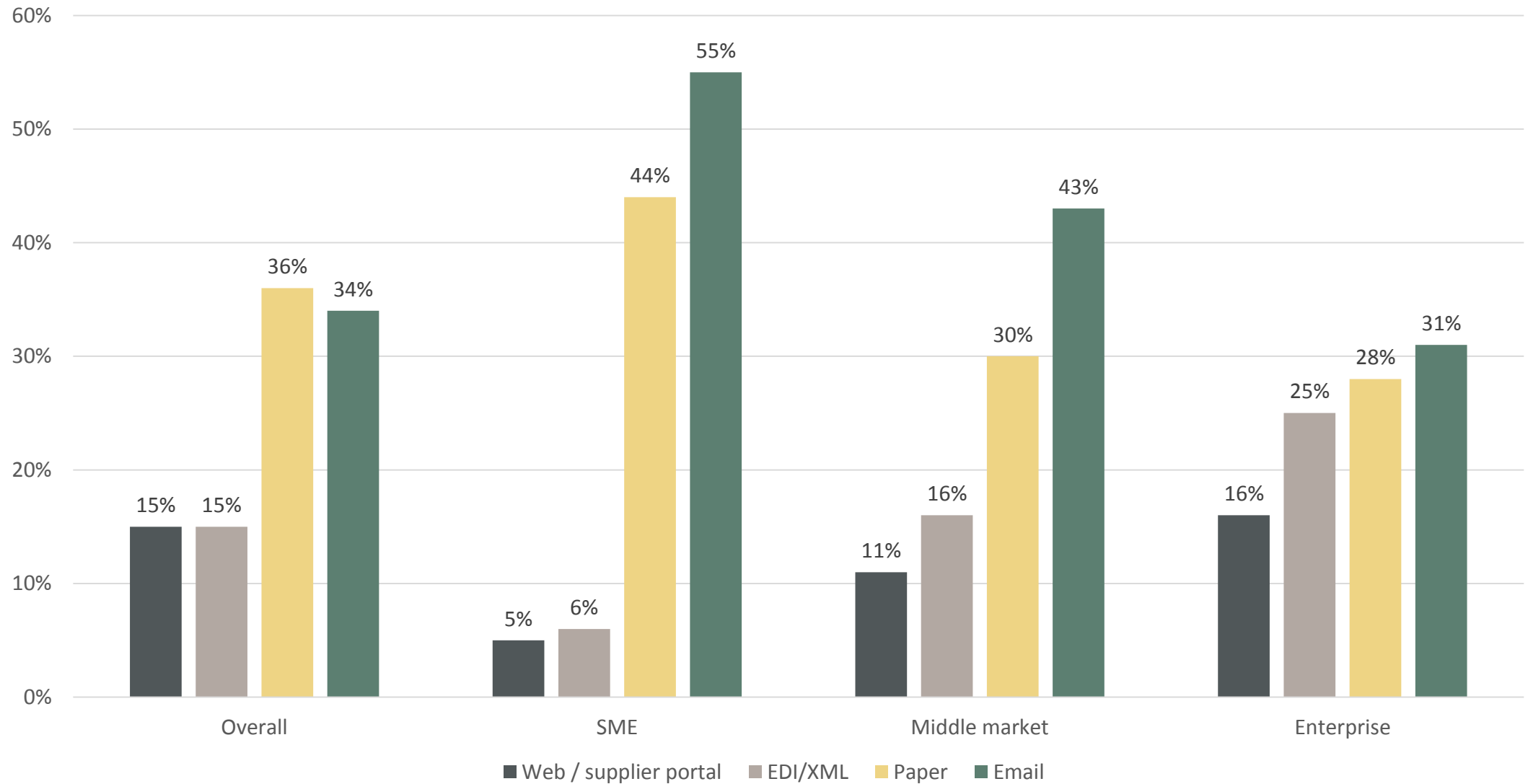
Today the accounts payable process at most businesses is a hands-on affair





**Controllers rank AP as
the most labor and
time-intensive finance
function**

Invoice receipt type by company size





36%

of an AP manager's time is spent on transactional activities rather than managing, planning, and analytics

84%

of AP personnel time is spent on activities considered mundane



21%

is the amount of available
early-pay discounts
captured by most
companies

27%

of AP processing
time is considered
waste

-PwC



78%

of AP departments operate in manual
or lightly automated environments

59%

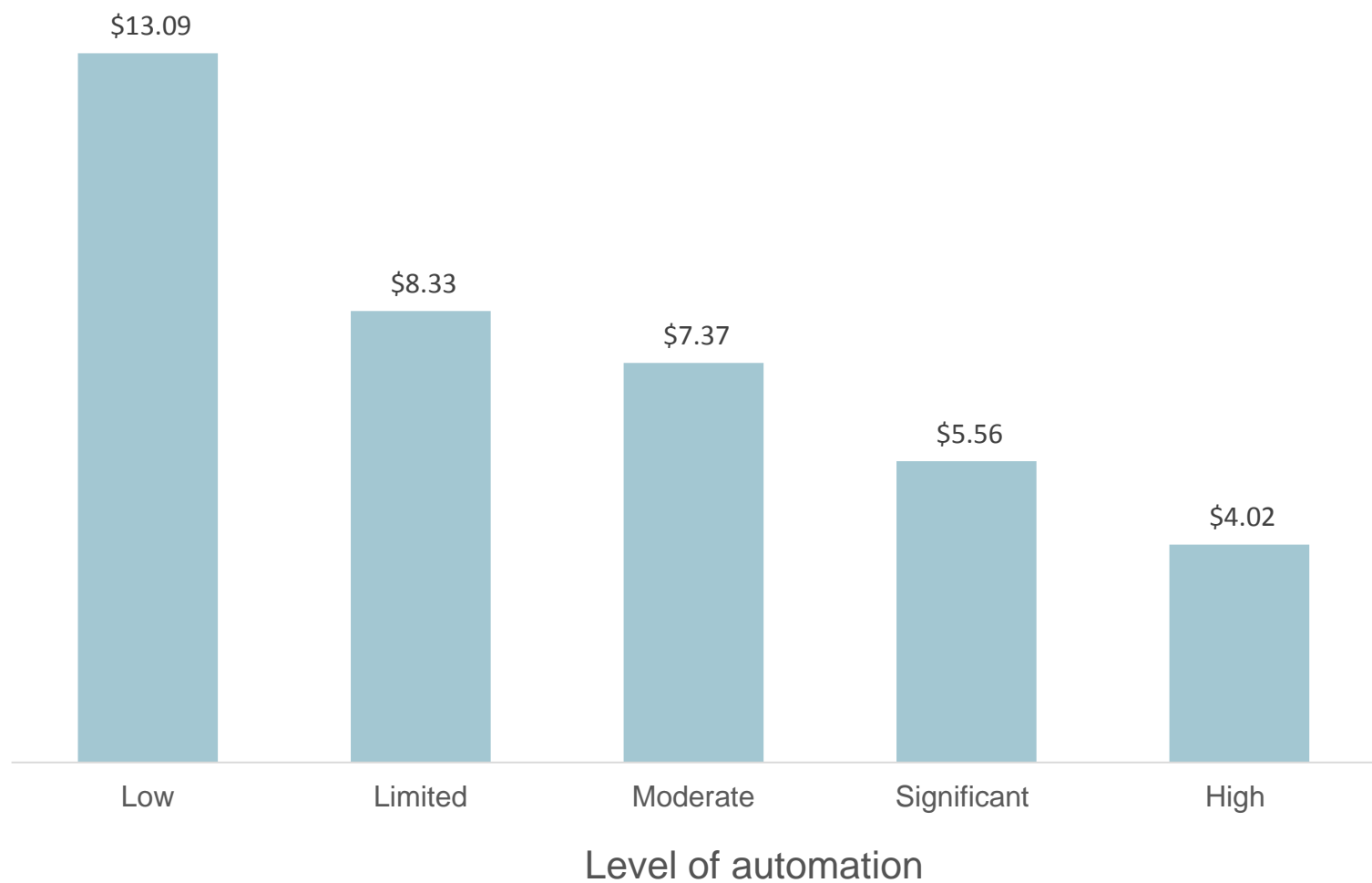
of supplier payments are initiated
electronically

—United States Federal Reserve

How many invoices do you process annually?

1. Less than 500
2. 1,000 – 5,999
3. 6,000 – 11,999
4. 12,000 - 49,999
5. 50,000 - 99,999
6. 100,000 or more

Cost per invoice



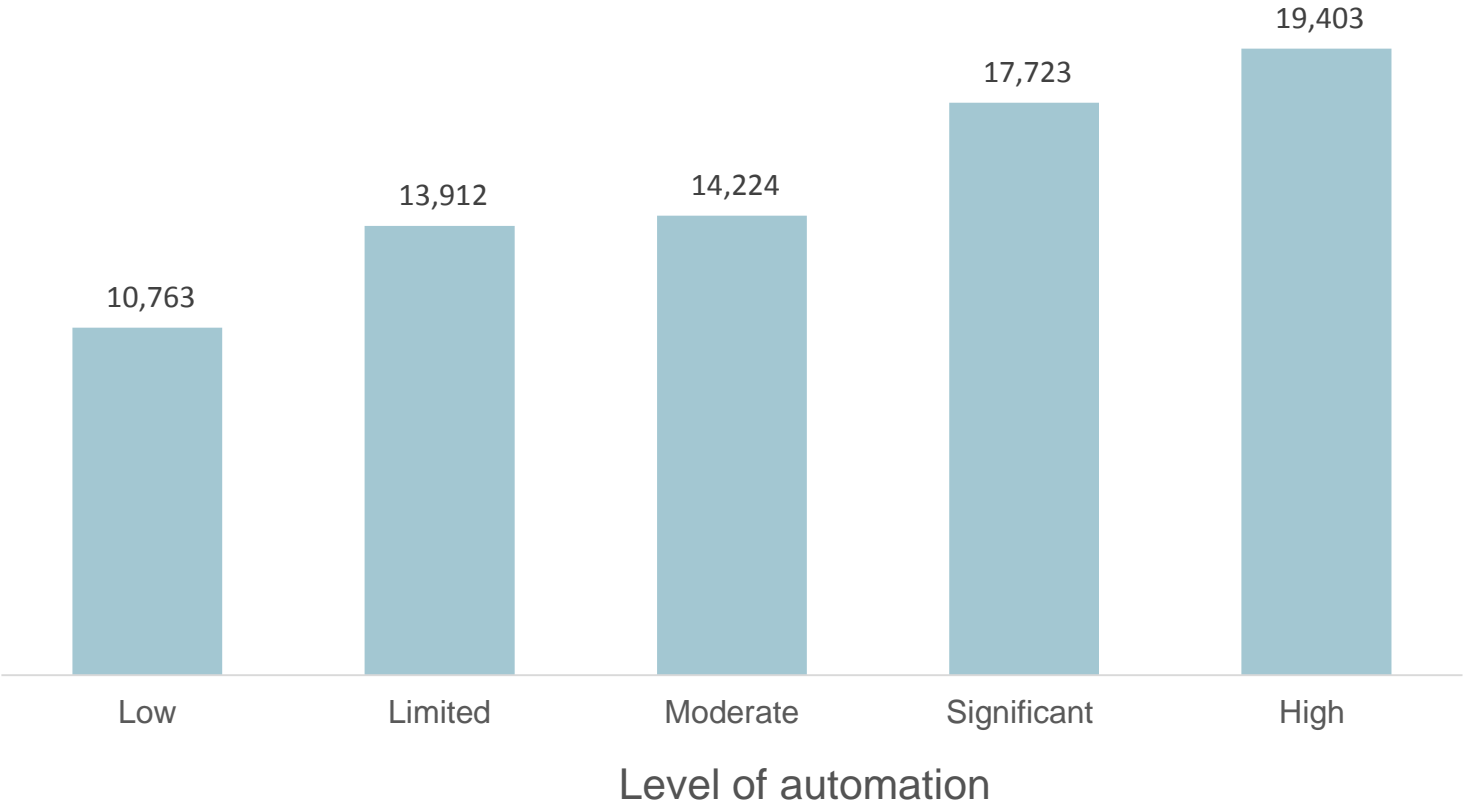
Share of e-invoices received requiring no manual intervention

Low	<10%
Limited	10%-29%
Moderate	30%-49%
Significant	50%-80%
High	>80%

What is the percentage of automation in your AP department?

1. Less than 10%
2. 10%-29%
3. 30%-49%
4. 50%-80%
5. More than 80%

Invoices per FTE



Share of e-invoices received requiring no manual intervention

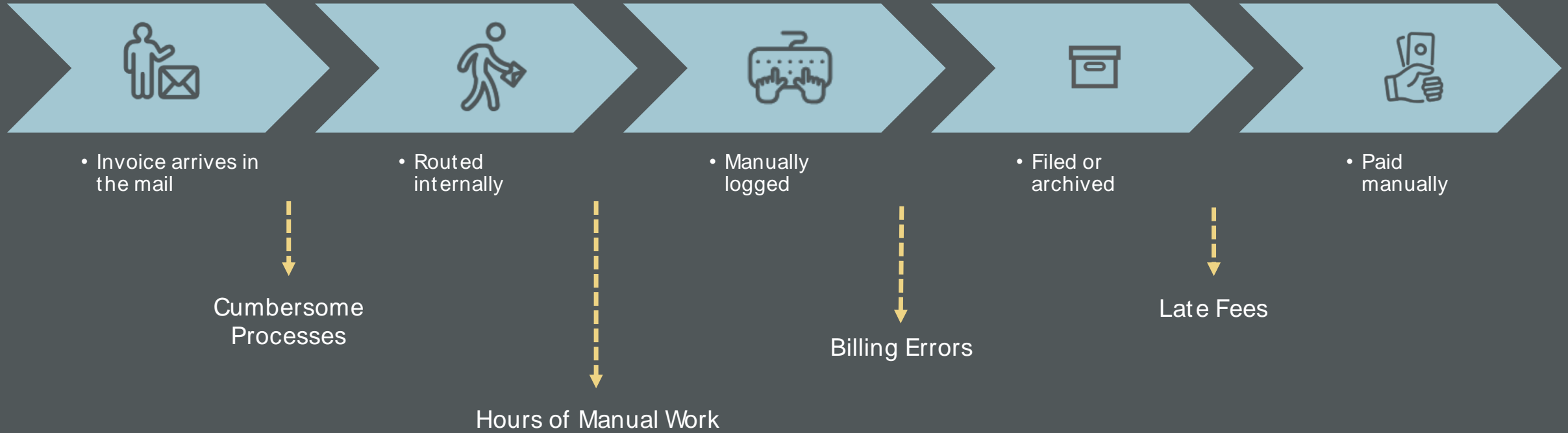
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*IOFM 2019 Benchmarking study

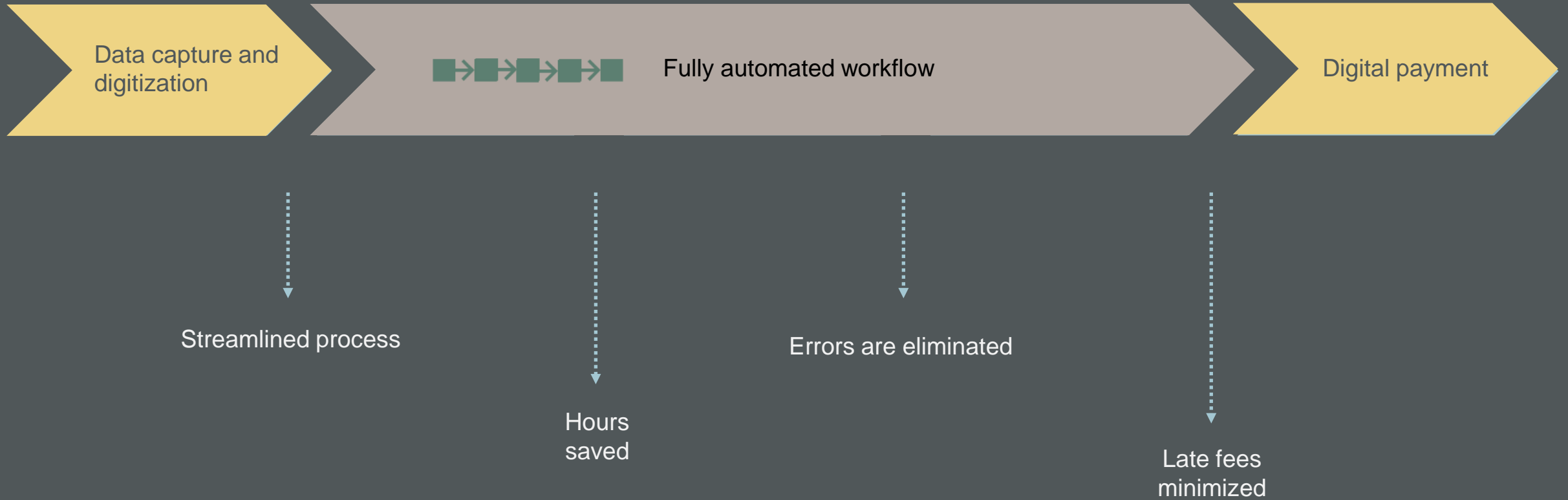
Live interview



This becomes 100% hands-off



This becomes 100% hands-off





MAKING THE BUSINESS CASE

What is the biggest pain point of your AP department?

1. Late fees
2. Billing errors
3. Long invoice processing time/delayed approvals
4. High operational costs
5. Missed opportunities in early pay discounts, cash back rebates etc



Save Money & Time

+

Avoid Costs

+

Make Money

ROI

How will we save time & money?

Fix this:



Invoices do not get into the process as quickly as possible



Errors in keying the invoice data



Lost or misplaced invoices



Long approval and exception resolution cycles



Coding errors



High paper storage and retrieval costs



Delays uploading data on approved invoices to downstream systems



Difficulty implementing operational best practices

How will we avoid costs?



Stop paying late fees



Don't be defrauded



Stop over-paying



Hire less people per invoice as you grow



Stop double-paying

How will we make money?



Capture
early-pay discounts



Celebrate
cash-back rebates



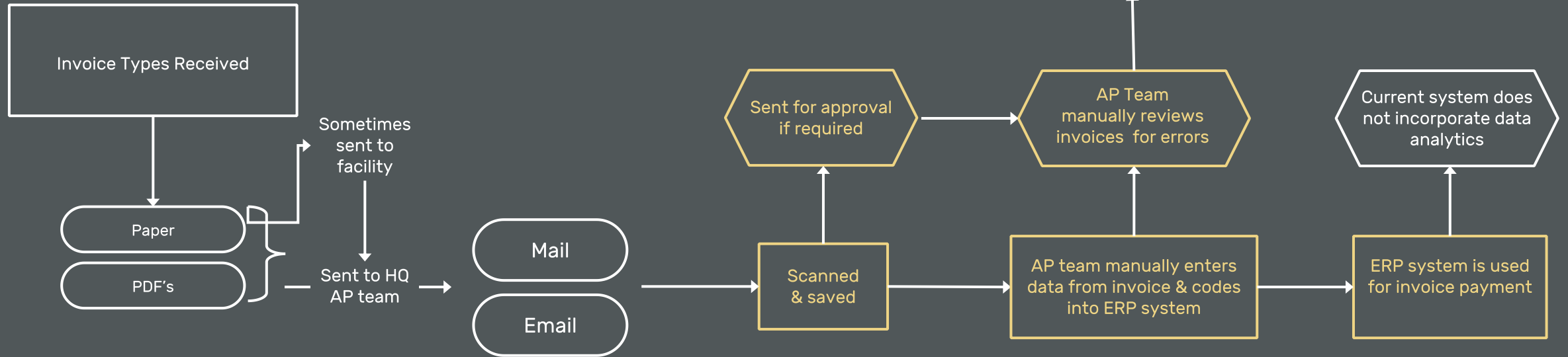
Negotiate
favorable terms

STEP 1

Diagram an overview of your
current process



As-is process...



Challenges: Significant manual processing and data coding, manual integrations, dark data, keeping up with the growth of the company. Manual comparison review for quality.

Document known challenges

Quantify issues such as

- **Lost invoices** and duplicate copies
- **Manual data entry**
- **Matching errors** and other invoice exceptions
- **Supplier inquiries** and escalations
- **Duplicate payments**
- **Late payments**
- **Missed discounts**



A black and white photograph of a city skyline at night, with numerous skyscrapers illuminated and their lights reflected in a body of water. A large, semi-transparent grey circle is overlaid on the left side of the image, containing the text.

STEP 2

Benchmark your current
performance

Best in class AP department performance



An average cost of \$1.77 to process a single invoice.



More than 23,000 invoices processed per full-time equivalent.



A duplicate invoice rate of less than 1 percent.



An on-time payment rate of more than 96 percent.



An early-payment discount capture rate of more than 85 percent.

Cost savings breakdown:

Step	Role	Current Time in Mins	Cost in Time		Time in Mins with Goby	Cost in Time with Goby
Receive, open envelope, scan, upload	low-level	6	\$3		0	-
Manual Coding	mid-level	5	\$3.33		0	-
Review of invoices for quality	mid-level	5	\$3.33		.5	0.33
Import of data into ERP	mid-level	0	\$0		.5	0.33
Total Cost Now:			\$9.66		Total Cost with Goby:	\$.66
				Total Monthly Cost in time at 10,000 Invoices/month with Goby:		6,600
				Goby Software Fees of \$4/invoice* at 10,000 Invoices:		40,000
Total Monthly Cost in Time at 10,000 invoices/month:			\$96,600	Total Monthly Cost in Time + Goby Fees:		\$46,600
Total anticipated savings per month:			\$50,000			
Total anticipated savings per year:			\$600,000			

*Note this price is inclusive of all mailbox fees, access fees, software fees, approval fees, Goby Bill Concierge, etc. No hidden/other fees.

A black and white photograph of a city skyline at night, with numerous skyscrapers illuminated and their lights reflected in a body of water. The Burj Khalifa is the most prominent building in the center. A large, semi-transparent grey circle is overlaid on the left side of the image, containing the text.

STEP 3

Create a plan

**IDENTIFY KEY
STAKEHOLDERS**

AP Team

CFO

Procurement

CIO

Controller

Treasury

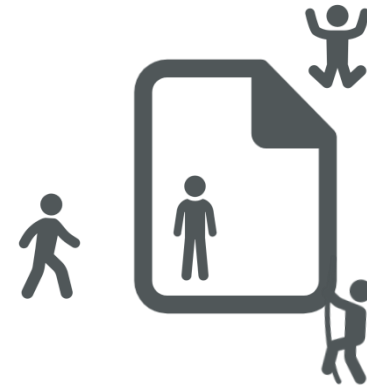
Setting goals



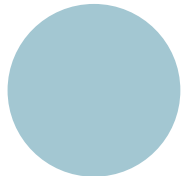
Align department
with enterprise goals



Prioritize your goals



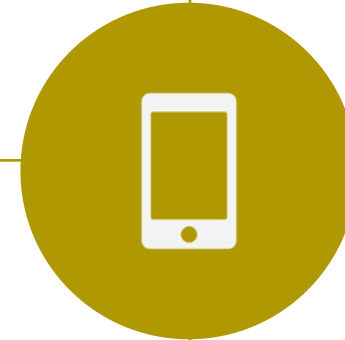
Get everyone
on the same page



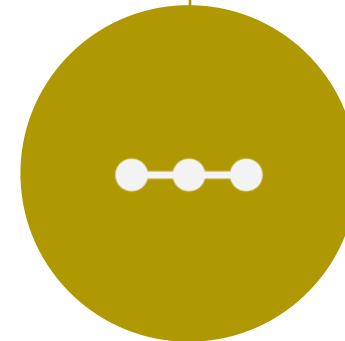
Identifying a good solution



Cloud based

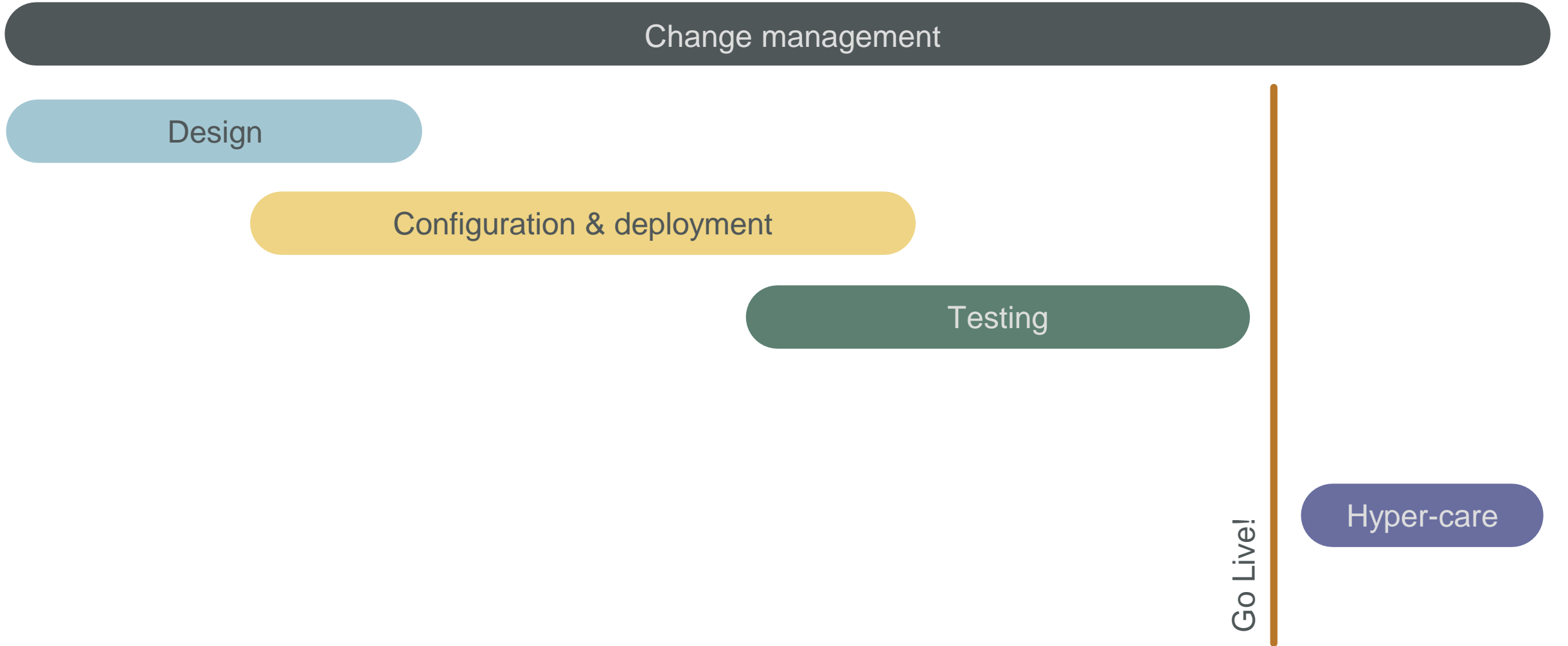


Mobile ready



CX focused

Project Gantt



Specific
Measurable
Attainable
Relevant
Timely

Goals

Common KPIs in accounts payable include:

- ✓ Average **cost to process** a single invoice
- ✓ Average **number of invoices processed** per full-time equivalent (FTE)
- ✓ Percentage of **invoices received electronically**
- ✓ Average **time to process an invoice** (from invoice receipt to posting to an ERP for payment)
- ✓ Percentage of **invoice exceptions per month**
- ✓ Percentage of **invoices paid on-time**
- ✓ Number of **duplicate invoice payments** per month
- ✓ Number of **late payment penalties** paid per month
- ✓ Percentage of **early-payment discount offers captured** (as a percentage of spend)



**Implementation
Best Practices**

Define success:

- Is it because you need to **remove inefficiencies**?
- Is it because your organization needs **better visibility** into corporate spend?
- Is it because of a desire to **optimize working capital performance**?
- Is it because your organization is **susceptible to compliance and fraud risks**?

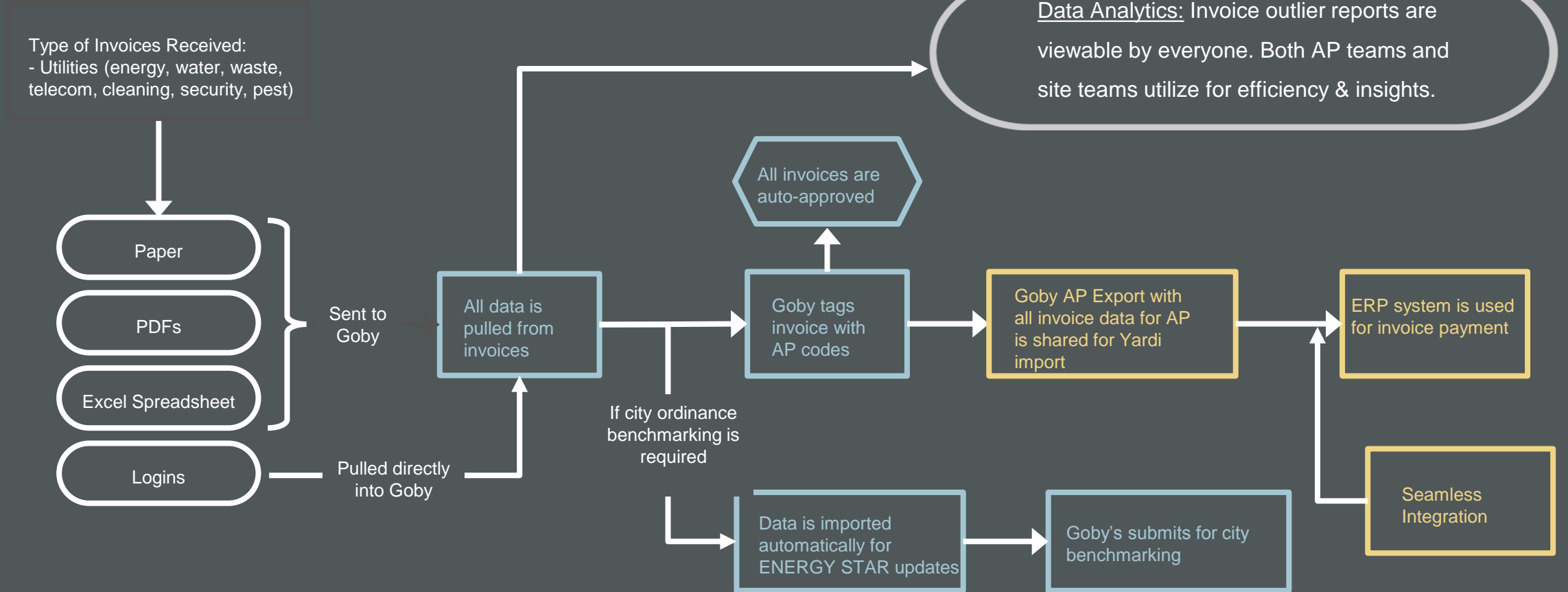


Rules of the Road

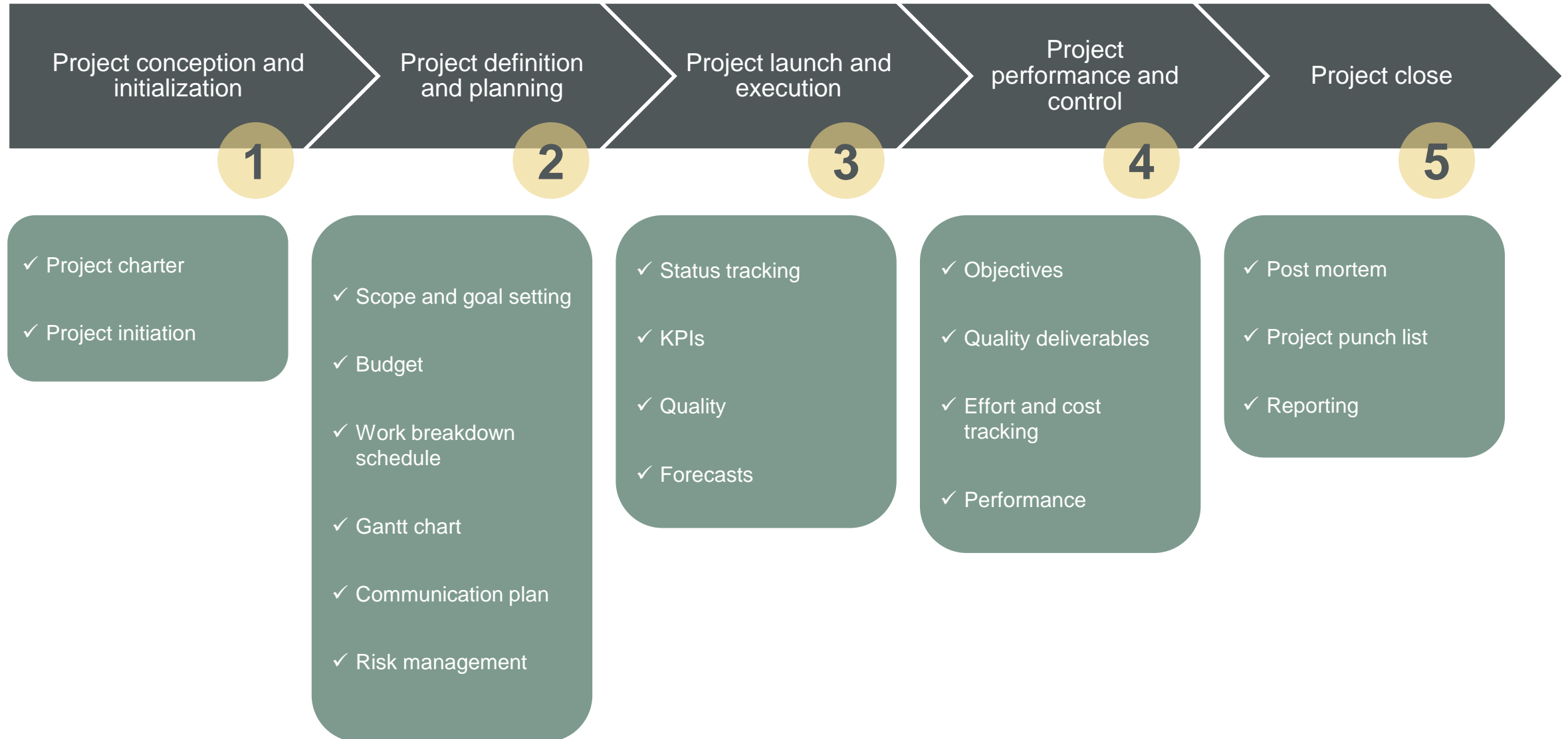
- Establish **status sharing norms** and **involvement expectations** for senior stakeholders
- Find a good **solution provider or implementer**
- Do not underestimate **change management**



To-be process...



Project management





**EXPECTED
OUTCOME**

Best-in-Class AP Departments



Have **cut invoice processing** times in half



Capture 7 times more **early pay discounts**



Have **reduced per invoice cost** by 50% or more



Increase DPO without changing payment terms



Process **3 times more invoices** per FTE



Make most of their **payments electronically**



Earn some cash-back rebate on 30% of spend

Expect payback period of 9 to 15 months on AP automation investments

Continuous Improvement

- Maintain easily accessible audit trails
- Improve position in supplier negotiations
- Offer incredible reporting across the company

**Compliance
risks are
mitigated**

Success

A best-in-class AP department with inspired people ready for scale and being celebrated for their passionate corporate citizenship and value impact on the company



Strategic

A well designed big data strategy is associated with strong financial performance

* The Economist Intelligence Unit



What is holding you back?

1. My team is afraid of change
2. I am afraid of change
3. The business case is not clear enough for our leadership/we do not have the budget for this
4. We already have a high % of automation in our process
5. We don't know enough about the various solutions



Questions?





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**THANK
YOU**