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The State of ePayables 2023: Paving the Way for a Smarter Future

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The State of ePayables 2023: Paving the Way for a Smarter Future

As the world enters a new era of technological innovation, the accounts payable (AP) function is on the cusp of a major transformation. The emergence of new technologies, such as artificial intelligence (AI) and predictive analytics, has created a new wave of opportunities for AP professionals to streamline processes, reduce costs, and provide greater strategic value to their organizations. This report provides a comprehensive view of the current state of AP and how new innovations are paving the way for a smarter future.

Producing this annual report has kept Ardent Partners' analysts in constant dialogue with AP, finance, and P2P leaders and at the forefront of ePayables research for the past 18 years. This year's report examines the general competencies and capabilities of AP organizations, highlighting the management strategies and tactics that leading departments have utilized to drive their organizations forward over the past few years, as well as their plans and priorities for 2023 and beyond.

Ardent's State of ePayables 2023 report captures the experience, performance, perspective, and intentions of a wide range of AP departments via the response of 190 AP and finance professionals. The report also includes benchmark statistics, analysis, and recommendations that AP, finance, and P2P teams can use to better understand the state of AP today, gain insight into best practices, benchmark their performance against the best-in-class, and ultimately improve their operations and performance. The State of ePayables 2023 report also discusses the impact of AI on AP and provides actionable recommendations for AP professionals to take advantage of emerging technologies and pave the way for a smarter future.

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Chapter One: The State of AP

“The harder I work, the luckier I get.”

~ Gary Player

The story of human progress is one of constant innovation and technological advancement. From the printing press to the steam engine, electricity to the internet, history is widespread with examples of game-changing inventions that fundamentally altered the course of society and business. In each instance, those who embraced new technology and adapted quickly reaped the greatest rewards. Today, the world of accounts payable (AP) finds itself on the brink of another such breakthrough: the pervasive expansion of artificial intelligence (AI) within AP and P2P automation technologies.

In 2023, the world is very different and the importance of Big Data has reached a tipping point. The expanded usage and broad commercialization of AI tools have unlocked countless new possibilities for utilizing these potent analytical engines. While still emerging, it is clear that the growth and impact of AI tools for accounts payable over the next few years will be extraordinary. AP and finance leaders must recognize the crucial role that intelligence can and will play in shaping AP strategy and execution and go all-in on Big Data intelligence.

As with previous technological shifts, this new era of AP promises to revolutionize the way businesses operate, communicate, and transact with their trading partners. It will also change how AP teams interact, communicate, and collaborate internally. The potential benefits of intelligent automation are immense, ranging from faster and more accurate invoice processing to more strategic decision-making, improved cash flow, and greater supplier engagement. But as with any major technological transformation, the adoption of pervasive AI in AP will also bring its own set of challenges and risks — from data privacy concerns to potential job displacement. To fully realize the benefits of this new era, businesses must not only embrace new technologies, but also re-evaluate their existing processes, structures, and talent strategies.

While AI is a technology that is absolutely overhyped today, it must be taken seriously. In the near term, AI innovations will emerge as incremental improvements upon existing solutions and processes. But AI's promise is extraordinary and the aggregate impact of these innovations will ultimately deliver game-changing and potentially industry-redefining solutions. The implementation of AI in AP processes will take time and require careful planning, investment,



and training. While AP leaders need to pave the way for this smarter future, they must also continue driving their current year agendas and executing well in today's tough and uncertain market.

AP's Top 2023 Headline: Uncertainty

The perpetual state of uncertainty for AP and finance professionals which, began with the global pandemic three years ago, continues today. According to Ardent Partners' 2023 research, nearly half (44%) of all business leaders are feeling a "great deal" of uncertainty about what will happen this year, and most express at least "some" level of uncertainty. Market and economic factors contribute directly to this feeling of unease, as does the continual unraveling of longstanding institutions and societal norms, opening doors for extremists, catastrophists, and bad actors to gain more attention and promote their narrow agendas.

In 2023, AP finds itself in an increasingly complex and challenging business environment. Inflation, tightening monetary policies, supply chain disruptions, and the threat of a looming recession are just a few of the recent market conditions that have created significant uncertainty and posed sizable challenges for businesses in all sectors and most geographies. In tougher financial times like these, AP has the opportunity to step up and become more critical to operations and overall results by helping finance executives (i.e., CFO, treasurer, controller, etc.) better manage their cash flow and optimize supplier payments. AP can also play a more strategic role in supporting the enterprise and the CFO, managing risk and driving efficiencies.

Value, Thy Name Is AP

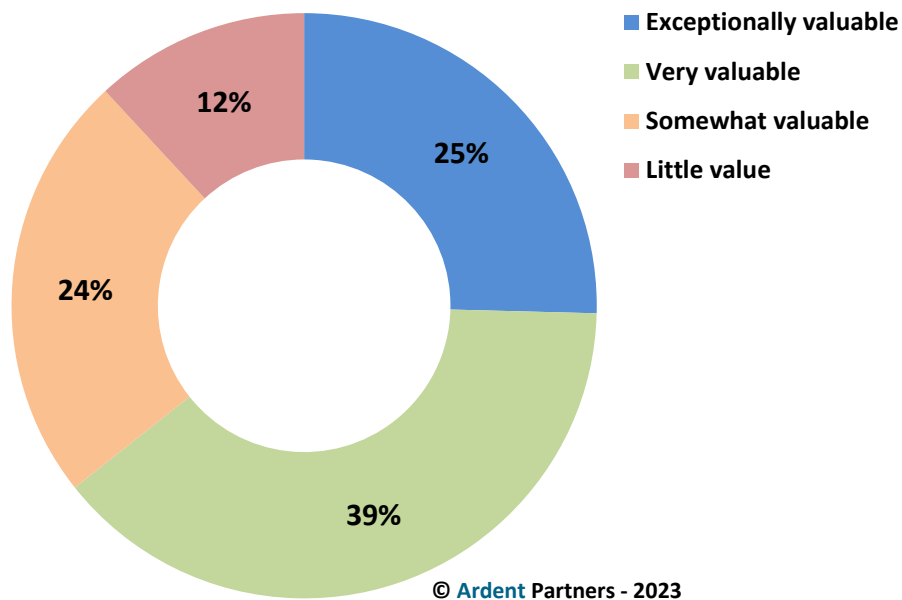
For many years, executives have failed to see the larger potential of AP and generally ignored the department's need for new resources, attention, and systems. That has changed over the past few years. Ardent Partners research has shown that a fundamental shift has occurred in how AP departments are perceived within an enterprise. This has been a welcome change, considering that perception has been a major issue holding AP groups down within the enterprise organizational hierarchy. The trend continues this year with Ardent's 2023 survey where a robust 64% of AP leaders believe that their AP unit is viewed by other enterprise stakeholders as either "very" or "exceptionally" valuable to the enterprise (see *Figure 1, next page*). The improved view of AP has delivered benefits in the form of larger budgets and more support, but it has also created a rising set of expectations for overall performance. No longer a bit player in the enterprise's annual "play," AP must not only know its lines and hit its mark, but it must also be compelling and convincing in its featured role on stage.

This also means that AP teams should be developing and executing a strategy that focuses on building its impact in each ensuing year, a baseline expectation of any strategic business function. However, this will be problematic for many teams as Ardent Partners research indicates that a significant number of AP departments are operating without a strategic plan. In 2023, 65% of AP departments are operating with an annual strategic plan, which means that roughly one-third (35%) are not. A deeper analysis shows that only 43% of all AP teams have linked their operating plans to overall business/enterprise objectives, and merely 5% of groups have AP staff and/



or executive compensation linked to the overall AP plan. While the perception of AP departments is strong, the underlying practices supporting many departments is *not*.

Figure 1: How Valuable is AP to the Enterprise?



While the pandemic enabled executives within finance and the business to see AP with new eyes and evaluate it based on its impact on performance and operations, there is still a long way to go in terms of fully integrating AP into the strategic business functions of the enterprise. It falls to AP's leadership to build the

necessary bridges to the executive team (and business leadership) so that it can better understand the direction of the enterprise and develop a plan that maps to those larger objectives. This will help AP become a self-sufficient function capable of supporting critical enterprise initiatives and providing reliable financial insights that can support important business decisions.

Operating more strategically will require strong leadership and a clear communication strategy that emphasizes the importance of AP's role in the broader organizational ecosystem. It will also require AP to look and act the part by developing a multi-year strategic plan that aligns with the overall goals of the enterprise, linking staff compensation to the overall AP plan, and actively seeking budget increases and special project approvals. All of this will help AP departments demonstrate that they are worthy of new investment and help them deliver better returns when they receive it.

Paving the Way: AP's Strategic Priorities in 2023

As the role of the accounts payable function continues to evolve, AP leaders are increasingly prioritizing initiatives that will help them pave the way to a smarter future. According to Ardent Partners' annual State of ePayables survey, AP's top priorities for 2023 include improving reporting and data analytics, enabling more suppliers to submit invoices electronically, implementing AP automation, eliminating paper and reducing manual tasks, minimizing processing costs, and improving collaboration and communication with procurement.

Improving reporting and data analytics remains the top priority

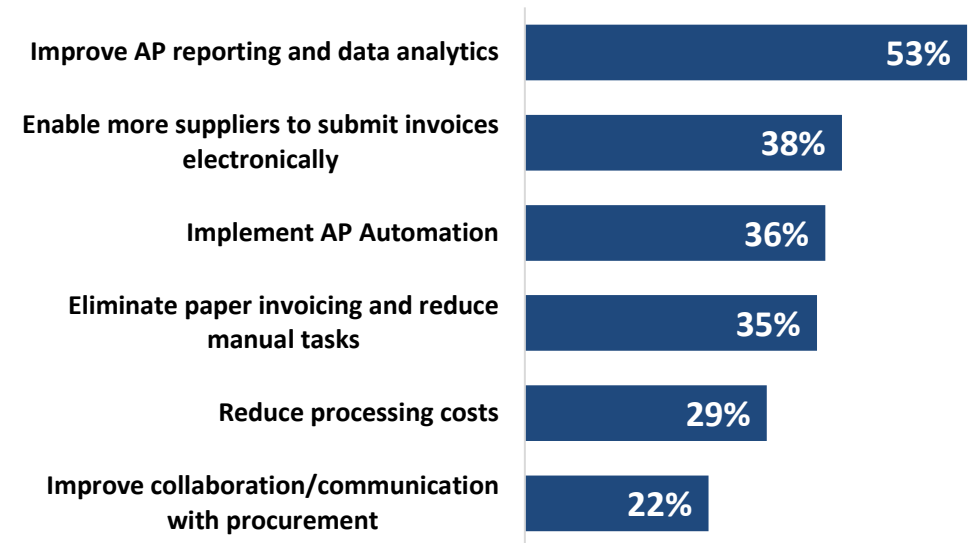


for AP leaders, with 53% of respondents citing it as a key area of focus (see *Figure 2*). Visibility into key information is essential for executive planning and making informed decisions. By capturing and analyzing the streams of data created across the function, AP professionals can gain valuable insights to help them improve their operations and help support the intelligence needs of functional partners in procurement, treasury, and the lines of business.

Enabling more suppliers to submit invoices electronically was identified as a priority by 38% of AP leaders this year. This reflects a growing recognition that manual invoice processing is inefficient and error-prone, and that electronic invoicing can help to streamline the process while providing visibility and lowering costs. In addition, can also help organizations achieve compliance with government mandates. By encouraging suppliers to adopt eInvoicing. AP teams can also improve their relationships with key stakeholders and better support the wider business's strategic objectives.

'Implementing AP automation' (36%) and 'eliminating paper invoicing and reducing manual tasks' (35%) were also identified as key priorities for AP leaders in 2023. This reflects a clear recognition that manual processes are time-consuming, error-prone, and costly. As such, many AP teams are exploring automation solutions that will help reduce the amount of paper and manual tasks being managed today. These have been important priorities for the last few years, particularly since the global shutdown in 2020.

Figure 2: AP's Strategic Priorities in 2023



Reducing processing costs remains a key priority for AP leaders, with 29% of respondents citing it as a top area of focus. This reflects the ongoing pressure on AP teams to deliver cost savings and improve efficiency, while still maintaining high levels of service and accuracy. Finally, improving collaboration and communication with procurement was identified as a priority by 22% of AP leaders. This reflects a growing recognition that AP and procurement are interconnected and highly dependent. Strong collaboration between the two functions is essential for either group to achieve top performance. By improving communication and collaboration with procurement, AP teams can execute more efficiently and with greater precision, while providing a superior experience for internal stakeholders and suppliers.



AP's Big Data Usage in 2023

With the broad consumerization of AI technology over the past few months, it has become clear that modern society is on the cusp of a large technology breakthrough. Harnessing the power of data and intelligence is becoming increasingly important for finance teams in today's business landscape. When this year's survey respondents were asked how they currently utilize data and intelligence for various aspects of their finance team, their responses shed light on the evolving role of technology and analytics in driving strategic decision-making and operational efficiency (see *Figure 3, next page*).

- Forecasting, Budgeting, and Planning:** A significant portion (71%) of the surveyed professionals acknowledged the utilization of data and intelligence for forecasting, budgeting, and planning purposes. A clear majority of AP leaders now recognize the value that data-driven insights can bring in enabling accurate financial projections and aligning resources with organizational goals.
- Cash Flow Analysis:** Effective cash flow management is critical for businesses of all sizes. Sixty percent (60%) of all AP teams utilize data and intelligence to analyze enterprise cash flow patterns. By leveraging real-time financial data, organizations can gain better visibility into cash inflows and outflows, enabling proactive decision-making and ensuring optimal liquidity.
- Fraud and Compliance Management:** With the spike in fraudulent invoices during the pandemic, maintaining robust fraud and compliance management practices has become very important for AP organizations. Accordingly, 56% of AP organizations now rely on data and intelligence to enhance their fraud detection and compliance efforts. By leveraging advanced analytics, AI, and machine learning algorithms, organizations can identify anomalies, detect potentially fraudulent activity, and help ensure adherence to regulatory requirements.
- Invoice Exception Handling:** Managing invoice exceptions efficiently is crucial for streamlining the accounts payable process. In 2023, a majority (53%) of AP departments are using data better to manage their exceptions by identifying patterns, addressing the root causes of exceptions, and implementing proactive measures to minimize disruptions in the invoice processing workflow.
- Improving Collaboration between Finance and Procurement:** Efficient collaboration between finance and procurement departments is key to optimizing spend management and strategic supplier relationships. Exactly half (50%) of AP teams leverage data and intelligence to improve collaboration between these two functions. By sharing relevant data, organizations can foster transparency, align strategies, and drive mutual value creation across the P2P process.



- Enhancing Supplier Management:** Effective supplier management plays a critical role in delivering great products and services, controlling costs, and assuring supply. From an AP perspective, it is important for strategic suppliers to experience a “friction-free” invoice and payment process. In 2023, 41% of AP groups are utilizing data and intelligence to help in this area, from validating bank account and remittance information to enabling supplier visibility and automating smart matching capabilities.
- Developing Better Payment Strategies:** Optimizing payment strategies can lead to cost savings, improved cash flow, and strengthened supplier relationships. Slightly more than one-third (35%) of AP departments utilize data and intelligence to develop better payment strategies. By analyzing payment data, organizations may be able to identify opportunities for process optimization, take advantage of available discounts, generate new revenue opportunities, and implement payment solutions that align with the financial objectives set for them.

Figure 3: How Finance Teams Use Big Data in 2023





AP leaders are increasingly recognizing the value of data and intelligence in driving key aspects of their team's operations. By leveraging ePayables solutions and advanced analytics, organizations can unlock valuable insights, enhance decision-making capabilities, and position themselves for success in an ever-evolving business environment. The opportunities to leverage data to make smarter and faster decisions are going to increase dramatically over the rest of this decade — AP organizations must keep pace. Linking data intelligence to direct decision-making is where the rubber hits the road in value creation and where AP leaders should focus their efforts. The first step is a comprehensive AND successful digital transformation.

To fully realize the benefits of this new era of AP, businesses must not only embrace new technologies, but also re-evaluate their existing processes, structures, and talent strategies.



Accounts Payable 2023: BIG Trends

Each year, Ardent Partners publishes its Accounts Payable: *BIG Trends and Predictions* report which, not surprisingly, captures the BIG trends in accounts payable over the last few years and makes a series of equally BIG predictions for the year that will help AP, P2P, and finance professionals understand the key issues at hand and better prepare them for the year ahead ([click here to request the complimentary report](#)).

Here are some of the key trends that will impact AP this year.

BIG Trends

Economic Headwinds Impact AP Operations – Economic uncertainty is not a new phenomenon. Uncertainty is, and always has been, a constant since the beginning of time. AP departments are being asked to step up and contribute, not just tactically but strategically in a way that helps with reducing costs, improving supplier relationships, as well as maximizing cash flow.

Inflation Remains a Top Priority – Central banks across the globe are working hard to bring inflation under control, but make no mistake about it, inflation will remain with us for the foreseeable future. For AP, succeeding in an inflationary period requires greater collaboration with the rest of the organization, including finance, procurement, treasury, and directly with suppliers.

Cash Flow and Payment Terms are a Core Focus – The link between AP and overall cash management has never been more appreciated. When and how invoices get paid can have a huge impact on an organization's

cash flow, liquidity, profitability, as well as supplier relationships. It is crucial that AP provide intelligence around cash management in a timely and accurate way.

AP's Positive Impact on the Supply Chain – Accounts payable, while not traditionally associated with supply chain, is an important piece of the supplier relationship puzzle. AP can ensure that invoices can get paid in a timely and accurate fashion, which is critical to maintaining strong supplier relationships, especially in an uncertain economic environment.

Global Invoicing Mandates on the Rise – As the number of mandates increases, so does the complexity for companies trying to manage, comply, and stay current with the myriad of requirements. More than 60 countries worldwide have issued invoicing mandates, with more just around the corner.

Hyperautomation Gains Traction in AP – Over the past several years, more AP automation providers have incorporated AI, ML, and RPA advanced technologies in their solutions. These technologies make it possible to do more with less and do it faster, more accurately, and cheaper than ever before.

Visibility into AP Data is Becoming More Critical – Organizations are finally realizing the importance of the information that AP has been sitting on for decades. AP is now being viewed as a 'hub of intelligence' that business leaders are relying on for a clear and accurate picture of exactly what is happening across the entire organization from a spend management perspective.



Chapter Two: The State of ePayables

“The only place where success comes before work is in the dictionary.”

~ Vidal Sassoon

In today's rapidly evolving business landscape, the acceleration of technology is reshaping every aspect of organizational operations, and accounts payable is no exception. Smart executives know that deploying innovative technology solutions in tandem with transformative strategies is key to optimizing processes, capabilities, and results. It can no longer be a question of whether an AP team can transform its processes and capabilities; it is a matter of attacking the opportunity with force, adopting the right solutions, and paving the way towards a smarter future with better results. Fortunately, the ePayables (or AP automation) marketplace is undergoing a wave of innovation, making these opportunities more accessible to a wider range of organizations.

In 2023, the enterprise technology landscape is very different as the importance of big data has reached a tipping point. The expanded usage and broad commercialization of AI tools have unlocked countless new possibilities for utilizing these potent analytical engines. While AI's impact on AP is still emerging, Ardent Partners predicts that it is going to help the AP profession develop a new type of intelligence that will cause its leaders to view their operations differently and, by doing so, force these same leaders to redefine what is needed to successfully manage an AP operation.

The ability to make better-informed decisions across the entire AP operation can and will be game-changing.

To enable a smarter future, AP teams must have powerful analytics, a talented staff, and access to key decision-makers. Beyond that, AP leaders must ready their teams by beginning to develop these key organizational characteristics:

- 1. Comprehensive automation:** An operation where the goal is full invoice and payment automation and a high-level of technological proficiency for all staffers.
- 2. Increased agility:** An AP organization that can react dynamically to real-time pressures and challenges and dramatic shifts in business objectives.
- 3. Data mining capabilities:** An AP team that can use its data mining capabilities to identify cost-saving opportunities, detect fraud and errors, as well as support improved cash and supplier management.
- 4. Strong linkages to functional partners:** With better visibility into invoice and payment data, and the ability to convert that



data into intelligence, AP can help its functional partners in treasury and procurement improve their decision-making and overall operations.

5. **A culture of innovation:** This will encourage staff to adopt new technologies, generate and implement fresh ideas, and help to uncover opportunities and potentially create unique value propositions. Most importantly for today's market, it will drive teams to more quickly adopt emerging technology.

Given the extremely competitive labor market, AP leaders and hiring managers should work together to ensure their department is an attractive workplace to new talent. One great by-product of creating an "innovation-ready" culture is the ability to attract top talent. Talented professionals are often drawn to workplaces that embrace creativity, encourage problem-solving, and offer opportunities for learning and growth.

AP's Biggest Challenges

While AP's future burns bright, the barriers it faces today are sizable, but not nearly as large as they were during the pandemic. AP and finance professionals believe that there are considerable hurdles ahead of them this year and that a myriad of challenges will demand their attention and resources (see *Figure 4, next page*). Several critical hurdles stand in the way of AP's quest for efficiency and strategic impact — topping the list is the persistent issue of invoice and payment approvals taking too long, cited by 49% of respondents. These delays expose operational inefficiencies at the core of the department and highlight the risk of negatively

impacting supplier relationships. Addressing this challenge requires a proactive approach that leverages technology, process streamlining, and cross-functional collaboration to expedite the approval cycle and drive timely payments.

A closely-related concern identified by 47% of all AP and finance leaders is the high percentage of invoice exceptions, which add both complexity and inefficiency to standard AP operations. Exceptions are the bane of AP's existence, leading to delays, increased costs, and a drain on resources. Teams must work aggressively to minimize their exceptions by performing comprehensive reviews of existing processes and carrying out detailed root cause examinations. They should also take proactive measures such as providing supplier education and working to improve data accuracy.

While progress has been made in many areas of AP, the challenge of high invoice processing costs persists for some (22%). The costs, time, and resources associated with manual and paper-based processes, lengthy approval cycles, and exception handling constrain AP's ability to become more strategic. Addressing this challenge requires a strategic focus on automation and process optimization to reduce manual efforts, improve resource allocation, and achieve cost efficiencies.

Lack of visibility into invoice and payment data emerges as a top concern in 2023 for 21% of AP organizations. Without clear visibility, AP teams face hurdles in tracking invoice status, identifying bottlenecks, and making timely decisions. When these groups deploy solutions that provide real-time insights, robust reporting



Figure 4: AP's Hurdles to Success in 2023



and analytics capabilities, and integration with other financial systems, AP is empowered to optimize processes, enhance forecasting accuracy, and drive more improvements.

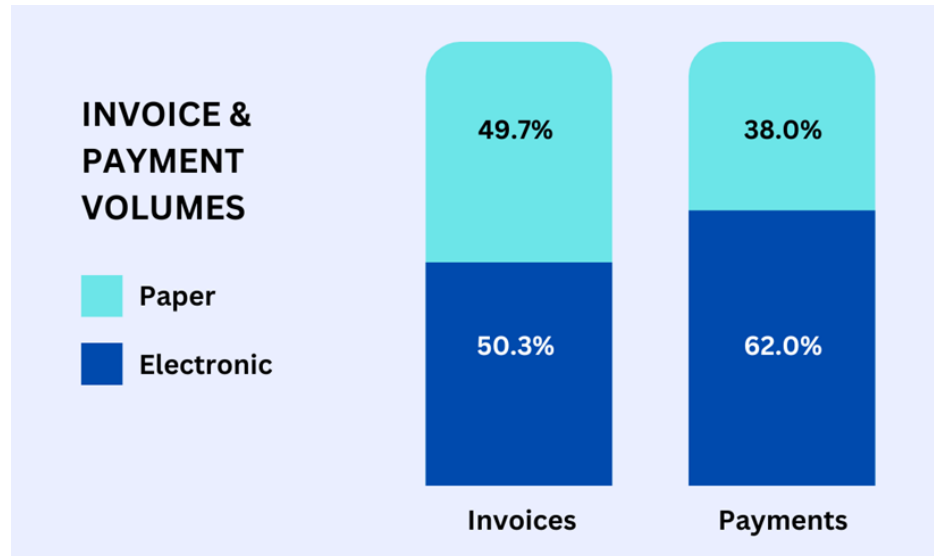
Lastly, the issue of late supplier payments, also cited by 21% of respondents, poses a significant challenge for AP teams and the greater enterprise. Late payments strain supplier relationships and erode overall supply chain stability. To address this challenge, AP leaders must prioritize efficient payment processes, leverage automation to streamline payment cycles, and foster open communication channels with suppliers.

Down Goes Paper! Down Goes Paper!

AP's arc of innovation is long and it bends away from paper. In this year's annual survey, electronic invoices and payments once again trump their paper counterparts in overall volume. This is great news for AP staffers and stakeholders because Ardent Partners research has shown that the primary obstacles to reducing processing costs and improving AP performance are paper-based invoices and payments that require manual handling. These include invoices received through mail, fax, PDF, and email attachments and manual/paper-based checks. Overall, paper-based invoices account for 49.7% of all invoices received by the average enterprise (see Figure 5, next page). While some AP organizations have invested in scanning, imaging, and data capture solutions to manage the influx of paper-based processes, these solutions are not always entirely accurate or 100% effective, and unfortunately still necessitate human involvement.



Figure 5: Invoice and Payment Formats



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Ardent defines electronic invoices as those originating and remaining in digital format, without the need for scanning or data capture support. Currently, the average AP organization receives approximately 50.3% of invoices electronically, which includes eInvoices, EDI, XML, PO-flips, portals, and invoices created using web forms. Notably, 79% of all AP organizations saw an increase in the level of eInvoicing last year, while 72% experienced a rise in ePayments.

Since the beginning of this annual research series 18 years ago, Ardent Partners research has tracked a slow, but steady, increase in the adoption of electronic B2B payments (ePayments). In 2023,

ePayments constitute 62.0% of all payments made by the average enterprise. While paper checks are still common, they are gradually being replaced by ePayment methods such as ACH, payment networks, commercial cards, virtual cards, and wire transfers. These alternatives not only reduce costs but also enhance visibility, control, and accuracy in the vendor payment process. More enterprises are now prioritizing their payment processes as part of AP/P2P transformation initiatives. These efforts occur alongside the emergence of new technologies, platforms, and strategies, highlighting the growing significance and impact of ePayments in overall business operations.

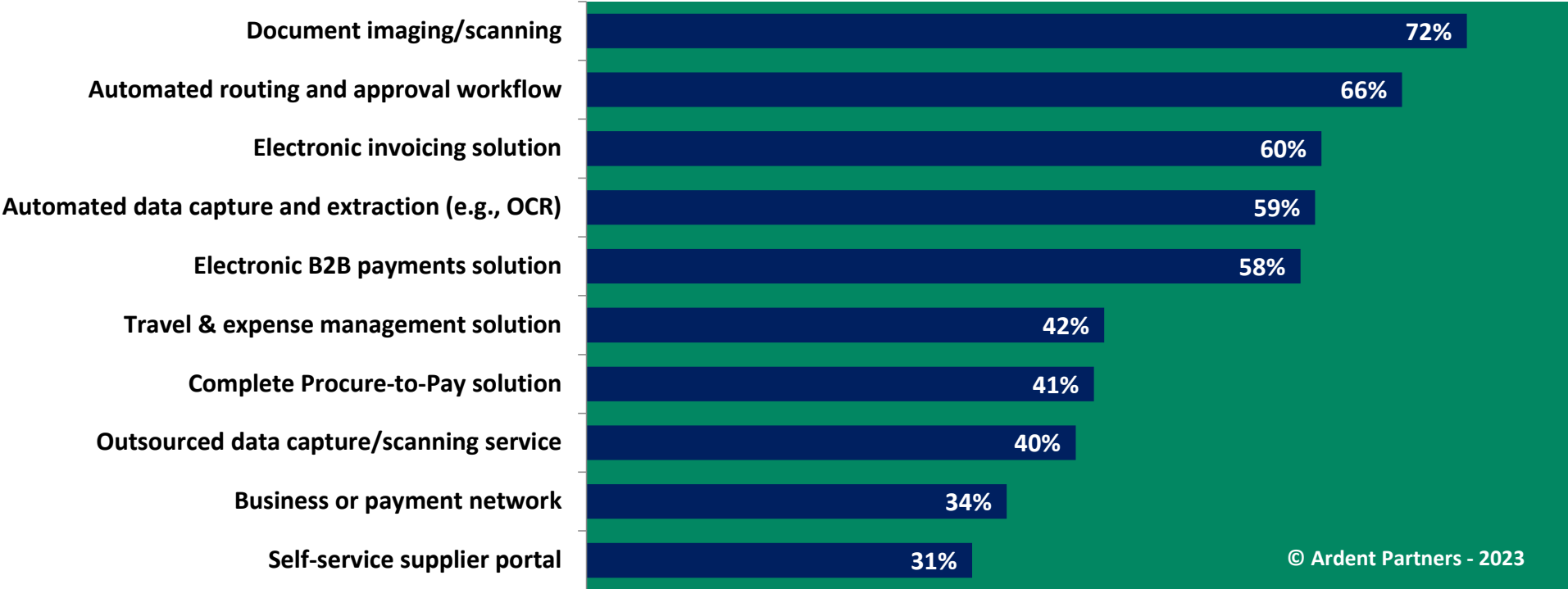
ePayables Adoption Rates

In today's business landscape, driving accounts payable transformation and continuous improvement is more crucial than ever. And as shown above (see Figure 5), the average AP department is dealing with less paper (invoices and payments) than ever before. Despite this, many enterprises have yet to fully automate their AP operations, which raises the obvious question — Why?

This research study (see Figure 2) highlights the desire to become a smarter operation with better data reporting and analysis, remaining the top priority for AP organizations in 2023. Ardent Partners research further reveals that automation is the clear solution to achieving this goal. It should also be said that automation is the most effective tool for combating high costs, enabling processing cost reductions of up to 60% - 80% when compared to manual- and paper-based methods. Refer to Figure 6 below for an overview of the main ePayables solutions currently in use. The discussion continues with a robust examination of these various solutions.



Figure 6: ePayables Adoption: Percentage of Enterprises Currently Using ePayables Solutions



Document Imaging/Scanning (72%):

Scan, capture, and workflow solutions/services aim to digitize paper-based invoices and supporting documents, enabling automated and efficient processing. Within this category (see Figure 6), three solutions stand out: document imaging/scanning, automated routing and approval workflow, and automated data

capture and extraction (e.g., OCR). These solutions primarily address the initial stages of the AP process. Document imaging/scanning involves converting paper invoices into digital images for streamlined routing. While widely adopted (72%), it does not significantly enhance the invoice approval process alone. Despite being transformed into digital images, these invoices still require manual data entry into accounting systems for approval



and payment scheduling. On the other hand, automated data capture and extraction solutions (59%) improve upon document imaging/scanning by automatically extracting data from scanned documents, greatly reducing or eliminating manual data entry efforts.

Automated Routing and Approval Workflow (66%):

These solutions complement document imaging/scanning and automated data capture solutions. In manual environments, invoice approvals often experience delays as invoices await final approval on desks or in email inboxes. These solutions eliminate such bottlenecks by streamlining the approval process through automation. Specific business rules are applied to the approval workflow, allowing for different invoice routing paths based on factors like invoice amounts, cost centers, organizational structure, tolerance levels, business travel, and vacation schedules. These solutions enhance the AP process by reducing waiting times for approvals.

eInvoicing Solutions (60%):

eInvoicing solutions eliminate paper from the AP process by generating and maintaining electronic invoices throughout the receipt, validation, matching, and approval stages. They offer process efficiencies and cost savings by eliminating the need for data capture or data entry. eInvoicing solutions are adopted by AP teams due to their simplification and cost-effectiveness, as well as their ability to improve compliance with governmental regulations and requirements. These solutions enable “straight-

through processing,” where submitted invoices are processed and approved without human intervention and at a minimal cost. Effective deployment of eInvoicing solutions requires participation from suppliers, often facilitated through business or payment networks (34% adoption) and supplier portals (31% adoption), providing suppliers with access and additional benefits.

ePayments (58%):

Ardent Partners research shows a steady rise in the use of B2B electronic payments (ePayments) over the past six years. Traditional paper checks are gradually being replaced by ePayment methods, such as ACH, payment networks, commercial and virtual cards, and wire transfers. These methods not only reduce costs but also improve visibility and accuracy in the vendor payment process. As part of AP or P2P transformation programs, more enterprises are targeting their payment processes for effectiveness and efficiency improvements. The convergence of corporate interest and emerging technologies indicates that ePayments are not only gaining usage but also increasing in prominence and business impact.

Procure-to-Pay (41%):

A well-aligned and automated procure-to-pay (P2P) process presents numerous opportunities for joint pursuit by procurement and AP, benefiting the entire enterprise. Visibility into spend, invoices, and processes across the P2P spectrum enables better decision-making and collaboration. A complete procure-to-pay solution (41%) integrates AP and procurement systems, offering



shared interfaces and information visibility throughout the P2P workflow. This integration allows for richer reporting, better compliance, and improved financial outcomes. Shared data access facilitates effective communication between departments, resulting in greater efficiency and a stronger P2P process.

Travel and Expense Management (42%)

Travel and expense management solutions play a vital role in streamlining and optimizing the processes related to business travel and other expenses. These solutions enable organizations to efficiently manage travel bookings, expense reporting, policy compliance, and reimbursement procedures. By leveraging travel and expense management solutions, organizations can achieve greater control and visibility over their travel expenditures. These solutions typically include online booking tools, expense report automation, receipt capture, and policy enforcement. Through the use of cloud-based platforms, travel and expense management solutions enable seamless integration with corporate travel providers, credit card systems, and financial software, facilitating real-time data capture and analysis.

Business and/or Payment Networks (34%):

Business networks, including supplier or payment networks, are web-based platforms that enable interconnected buyers and sellers to trade, communicate, and collaborate. In an increasingly globalized and interconnected business landscape, the competitiveness of enterprises relies on effective engagement

with suppliers and seamless communication across supply chains. Business networks, combined with cloud technology, hold the potential to drive a new era of enterprise technology by connecting businesses and facilitating efficient communication and interaction throughout supply chains.

Supplier Portal (31%)

These portals serve as “windows to the world” for global suppliers, facilitating transactions and communication throughout the P2P process with their customers. These cloud-based solutions offer substantial value to buying organizations. Portals enable self-service registration and onboarding, streamlining the supplier enablement process. Acting as a platform, portals provide visibility and facilitate communication and transactions between trading partners. Additionally, they deliver significant financial benefits to the enterprise by reducing the time, costs, and resources previously allocated to supplier enablement and information management tasks.

While AI's impact on AP is still emerging, Ardent Partners predicts that it is going to help the AP profession develop a new type of intelligence that will cause its leaders to view their operations differently and, by doing so, force these same leaders to redefine what is needed to successfully manage an AP operation.

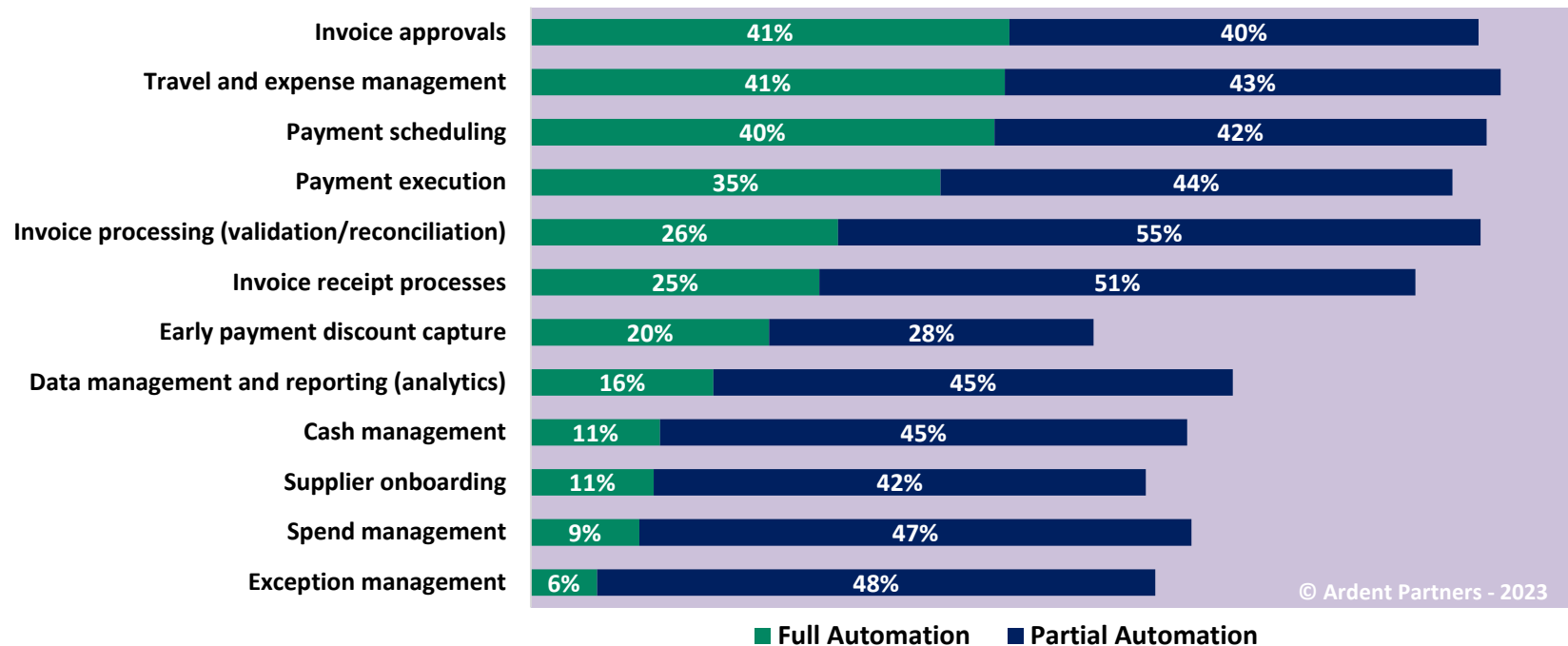


Technology Impact: Adoption vs. Transformation

ePayables solutions automate invoice and payment processing, transforming AP departments into self-sustainable centers of excellence. By replacing manual tasks with repeatable processes, businesses gain value beyond cost savings. Automated AP teams can take advantage of early payment discounts, mitigate fraud risks, and achieve visibility into specific invoices and payments. The 2023 ePayables adoption numbers indicate that more AP organizations are relying on technology to support their goals, marking an ongoing shift from manual-driven environments. With

more user-friendly and better-integrated solutions, the adoption of ePayables solutions is gradually increasing, enabling AP teams to focus on strategic aspects like relationship-building. In retrospect, the COVID-19 pandemic has served as a catalyst to drive greater emphasis with AP and finance ranks on the crucial role of technology in operations. This has led to more digital transformations across enterprises and within AP. The digital transformation of AP departments reimagines operations by leveraging technology as the core process. It requires sponsorship, collaboration, vision, expertise, and a robust technology infrastructure, with superior program design influencing its speed and impact.

Figure 7: Automation Levels Across Core AP Subprocesses





But there is a difference between digitally transforming operations and simply adopting new technology. A digital transformation encompasses the comprehensive integration of digital technologies into all aspects of an organization, including its strategies, operations, and interactions. It involves leveraging digital tools and data to drive innovation, improve efficiency, enhance user experiences, and gain a competitive edge in a rapidly evolving digital landscape. Digital transformation goes beyond mere automation and encompasses a fundamental shift in mindset, organizational structure, and processes to embrace the potential of digital technologies for long-term success. The level of full automation in the market today (see *Figure 7 above*) shows that the majority of AP organizations today, including those that have adopted the ePayables solutions shown in *Figure 6*, have not been able to make technology their default process. In fact, less than half of all teams have fully automated a single AP subprocess.

Management consultants who collectively bill millions, if not billions, annually driving digital transformation initiatives tend to highlight three critical priorities (or variations thereof) for a holistic transformation:

2. **Process optimization and automation:** The second priority is to optimize and automate processes with technology.
3. **Data-driven decision-making:** The second priority is to optimize and automate processes with technology.

When mapped out on a whiteboard, these priorities make clear and logical sense. And yet, the vast majority of initiatives that follow these and/or similar plans, fail to accomplish their desired goal. Building on its belief that high and strong usage of ePayables technology is achievable by any organization, Ardent Partners introduced its “Extreme Technology Adoption” plan in the 2022 edition of this report ([click here to request the plan](#) – it is a quick and worthwhile read). The plan takes an admittedly more tactical approach by mandating fast and complete usage of tools while also setting aggressive multi-year targets for supplier enablement. The main point is that when it comes to digital transformation, the “tried” is NOT true, and other, more aggressive approaches should be taken. Additionally, AP teams should laser focus on aggressively increasing straight-through processing; this major operational metric is a leading indicator of digital AP transformation success and should be actively tracked and continually increased. Chapter 4 will discuss why there should be more urgency in achieving a true digital transformation in AP this year and next.

1. **Cultivating a digital mindset:** This involves developing a shared understanding of the potential of digital technologies and their impact on the business. It requires creating a culture that embraces change, encourages innovation, and promotes continuous learning. Without a digital mindset, it becomes challenging to drive the necessary shifts in processes and behaviors required for a successful digital transformation.



Accounts Payable 2023: Predictions

Each year Ardent Partners publishes its *Accounts Payable: BIG Trends and Predictions* report, which, not surprisingly, captures the BIG trends in accounts payable over the last few years and makes a series of equally BIG predictions for the year that will help AP, P2P, and finance professionals understand the key issues at hand and better prepare them for the year ahead ([click here to request the complimentary report](#)). Here are some of the predictions made at the end of last year that could impact AP in 2023:

Predictions for 2023

The Rise of Autonomous AP – Until recently, the main technologies (AI, ML, RPA, Chat-bots, predictive analytics and load-balancing, process mining, etc.) associated with Autonomous AP were often developed independently of each other. Going forward, Ardent Partners expects these technologies will be utilized collectively, enabling a much higher rate of autonomous invoice processing from invoice submission through to invoice payment at the most advantageous time for both suppliers and buyers.

The Pace of AP Digital Transformation Gains Momentum – Automation of AP has proven itself to be an effective means of lowering costs, improving efficiency, and helping organizations remain resilient in turbulent times. And for all these reasons and more, we see interest in automating the AP function getting stronger as we move deeper in 2023.

Economic Challenges Begin to Ease Starting in Q3 2023 – Aggressive moves being taken by many central banks around the world to curb inflation are beginning to have the desired effect. As a result, Ardent

Partners believes that starting in Q3 2023 there will be lower levels of inflation and positive signs of an economic recovery.

Spend Management Becomes a Priority for CFOs in the Mid-Market

– Financial leaders, especially those in mid-market enterprises, are becoming much more sensitive to their organizational spending and realizing they don't have the necessary tools and controls in place to manage it properly. In order to be successful, (and remain viable), better spend management will be prioritized by CFOs.

AP and B2B Payments Automation Accelerates in the Mid-Market

– Automating accounts payable and eliminating paper invoices and payments makes sense for businesses of all sizes. However, for far too long, many mid-market enterprises believed that AP automation was something primarily for larger enterprises. Automation of this critical function has become harder for mid-market enterprises to ignore and adoption will increase dramatically over the coming years.

Supplier Onboarding Leverages AI and ML to Improve Adoption –

One of the biggest obstacles faced when implementing AP and B2B payment automation is the onboarding of suppliers to submit invoices and receive payments electronically. Technological advances in AI and ML will allow AP organizations to more efficiently, accurately, and safely capture the required information needed to get vendors onboarded into AP and B2B payment processes.

Ardent's Final Trend and Prediction:

This is the best time in history to be working in accounts payable ... and the future looks even brighter.



Chapter Three: Best-in-Class Accounts Payable

“We are what we repeatedly do. Excellence, therefore, is not an act, but a habit.”

~ Aristotle

This chapter on AP performance is designed to help readers accomplish three things:

- Benchmark their performance to industry averages and understand how they perform relative to the average AP program in the marketplace.
- Understand which operational and performance metrics define Best-in-Class performance levels for accounts payable programs today.
- Discern the wide range of capabilities that Best-in-Class AP departments use to outperform the market.

Accounts payable executives and professionals can achieve significant and strategic outcomes by delivering value when it is most needed, driving innovation and becoming a focal point for efficiency and informed decision-making. To attain these objectives, modern AP departments must embrace the path paved by Best-in-Class AP organizations (described below). This entails building upon core competencies and capabilities, adopting effective cash management techniques, implementing supplier management principles, and leveraging intelligence-led strategies.

The 2023 Accounts Payable Benchmarks

The measurement of key performance metrics is an important part of understanding just how far AP has come over the past several years. Accounts payable and finance leaders, as well as organizations as a whole, can use the benchmark statistics in Table 1 to compare their performance to the overall market and then better identify and understand the gaps that must be addressed in order to drive AP transformation. The average performance across the primary AP-related metrics continues to elevate, while still leaving significant room for improvement. Readers can reference these values as milestones on their path to a smarter future.

Table 1: The 2023 AP Benchmarks

Metrics	Average
Cost to process a single invoice (all-inclusive cost)	\$9.87
Time to process a single invoice	10.1 days
Invoice exception rate	20.7%
Invoices processed "straight-through"	32.4%
Suppliers that submit invoices electronically	48.0%
Percentage of invoices linked to a purchase order (PO)	59.3%
Staff time spent managing supplier inquiries	19.3%

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- Invoice processing cost (\$9.87):** The average organization spends slightly less than \$10 to process a single invoice (the all-inclusive staff and operating costs that cover receipt, processing, and approval as well as salaries, benefits, technology, overhead, etc.). This represents a reasonable decline over the past decade — when the 2013 edition of the State of ePayables report was written, the average cost was more than \$13 per invoice. However, when multiplied by the hundreds, thousands, or tens of thousands of invoices processed each month, enterprises of all sizes (including small- and mid-sized) are spending sizable dollars to manage their invoices. The average cost to process an invoice is lower than in recent years, but there is still plenty of room to improve efficiency.
- Invoice processing time (10.1 days):** With the average time to process an invoice now at 10.1 days, the typical AP function continues to trim the amount of time taken to complete the function's core duty. Nonetheless, many groups report that they experience significant bottlenecks and value erosion because of delays across the overall process. Lengthy approval times indicate opportunities to digitize a higher percentage of invoices and serve as a reminder of how critical speed is to the AP transformation journey. With greater financial pressure on enterprises due to inflation and higher interest rates, AP teams need to push forward and reduce this metric over the next 12 months.
- Exception rate (20.7%):** While invoice-processing costs and invoice cycle times are critical metrics to track and analyze (as discussed previously in this report), it is also incumbent on today's AP professionals to understand their invoice exception rates and develop a plan to reduce them. Simply put, exceptions are the bane of AP's existence. Invoices that are flagged due to missing information, approval bottlenecks, coding errors, lack of PO data, among other reasons, bog down the AP staff. Their time spent addressing invoice exceptions can be better utilized pushing the function forward to become more digitized and more strategic. Invoice exceptions remain the biggest barrier that is keeping AP from fulfilling its ultimate destiny. Somehow, roughly one in five invoices is an exception. This number remains far too high.
- Straight-through processing (32.4%):** Processing invoices without human intervention is the industry's "holy grail" and an extremely high rate is the desired future state for all AP organizations. On average, AP teams see about one-third of their invoices processed "straight-through." AP groups that are pursuing (or have pursued) a digital transformation should keep this metric front and center in how they define success.
- Suppliers able to send electronic invoices (48%):** By encouraging suppliers to transition to digital invoicing, organizations can significantly reduce manual errors, streamline invoice processing, and improve overall operational effectiveness. Furthermore, enabling suppliers is critical to



driving a digital transformation, while also serving to enhance supplier relationships and fostering innovation across the P2P ecosystem.

- **Staff time managing supplier inquiries (19.3%):** The allocation of approximately 20% of overall staff time spent managing supplier inquiries raises concerns about inefficiencies within the AP department. While supplier relationship management holds significance, investing a considerable portion of resources in invoice and payment-related inquiries is not ideal for fostering strategic partnerships. Ideally, customers should focus on building relationships at a more strategic level, rather than burdening suppliers with doubts about payment timelines. When suppliers raise inquiries, it often indicates their concerns regarding payment certainty, which is not an ideal situation for strategic suppliers that should be able to trust and rely on consistent payment flows.
- **PO-based invoices (59.3%):** The decades-long call for “No PO, No Pay” by procurement and P2P leaders continues to resonate as the number of PO-based invoices for the average AP team approaches 60%. This metric represents a win for procurement by helping to reduce or control maverick spending and a win for AP by streamlining the reconciliation and approval process.

Best-in-Class AP Performance

For the past 18 years, Ardent Partners’ analysts have leveraged

a unique framework to highlight the performance of the leading group of AP organizations (which are referred to as the Best-in-Class) by analyzing a specific set of performance benchmarks. In this research study, Ardent Partners has defined Best-in-Class performance as the 20% of enterprises with the lowest average invoice-processing costs and shortest average invoice-process cycle times.

The transformative power of technology has propelled top-performing enterprises to elevate their AP operations, resulting in increased efficiency and the ability to engage in more strategic endeavors. These exemplary organizations, recognized as Best-in-Class, have demonstrated unparalleled performance across both traditional and modern AP metrics. Their accomplishments serve as resounding evidence that elite AP performance is achievable. Moreover, their impressive outcomes exemplify the substantial impact that effective AP management can have on financial operations and the overall success of an enterprise in today’s challenging and uncertain market.

The metrics showcased in Table 2 epitomize the culmination of skills and efforts exhibited by these Best-in-Class AP teams, setting them apart from the All Others maturity class. These leaders show that mastery of AP is indeed attainable, with AP leaders gaining a significant competitive advantage and challenging the boundaries of what has traditionally been deemed possible for AP. The subsequent sections of this chapter shed light on the specific advantages and programmatic approaches that empower these Best-in-Class performers.



Table 2: The 2023 AP Maturity Framework

Metrics	Best-in-Class	All Others
Cost to process a single invoice (all-inclusive cost)	\$2.81	\$13.70
Time to process a single invoice	3.4 Days	17.9 Days
Invoice exception rate	11.2%	27.4%
Invoices processed "straight-through"	48.9%	22.7%
Suppliers that submit invoices electronically	58.4%	39.6%
Percentage of invoices linked to a purchase order (PO)	83.7%	47.7%
Staff time spent managing supplier inquiries	12.9%	26.3%

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As depicted in Table 2, these high-performing organizations hold significant performance advantages over their peers in the marketplace. A detailed analysis reveals the wide range of benefits enjoyed by Best-in-Class organizations compared to the All Other group, representing 80% of AP departments in the market. According to this year's survey, Best-in-Class AP departments exhibit the following advantages:

- **The Best-in-Class achieve 79% lower invoice processing costs**, showcasing their efficient program management and reliance on core capabilities and ePayables solutions.
- **They boast an 81% faster time to process a single invoice**, leveraging automation and efficiency to enhance invoice receipt, approval workflow, and payment scheduling. The

combination of lower costs and faster processing time underscores the prowess of Best-in-Class AP functions in tactical financial operations.

- **These teams realize a 59% lower invoice exception rate**, demonstrating their ability to minimize bottlenecks and efficiently handle exceptions, leading to improved productivity, early-payment discounts, and reduced disruptions compared to their peers.
- **They also achieve a 2.1-times higher rate of straight-through processing (STP)**, indicating the maturity of their AP operations and the success of their AP transformation initiatives. STP represents the ability to process invoices seamlessly, avoiding the need for manual intervention, and aligning AP with the digitized enterprise.
- **Best-in-Class AP groups enable 47% more suppliers to submit electronic invoices**, emphasizing the significance of receiving invoices electronically and the dedicated efforts of Best-in-Class organizations to onboard and empower suppliers in adopting digital invoicing practices.
- **And, they spend 51% less time responding to supplier inquiries** compared to All Other departments, highlighting the transformative impact of automation.



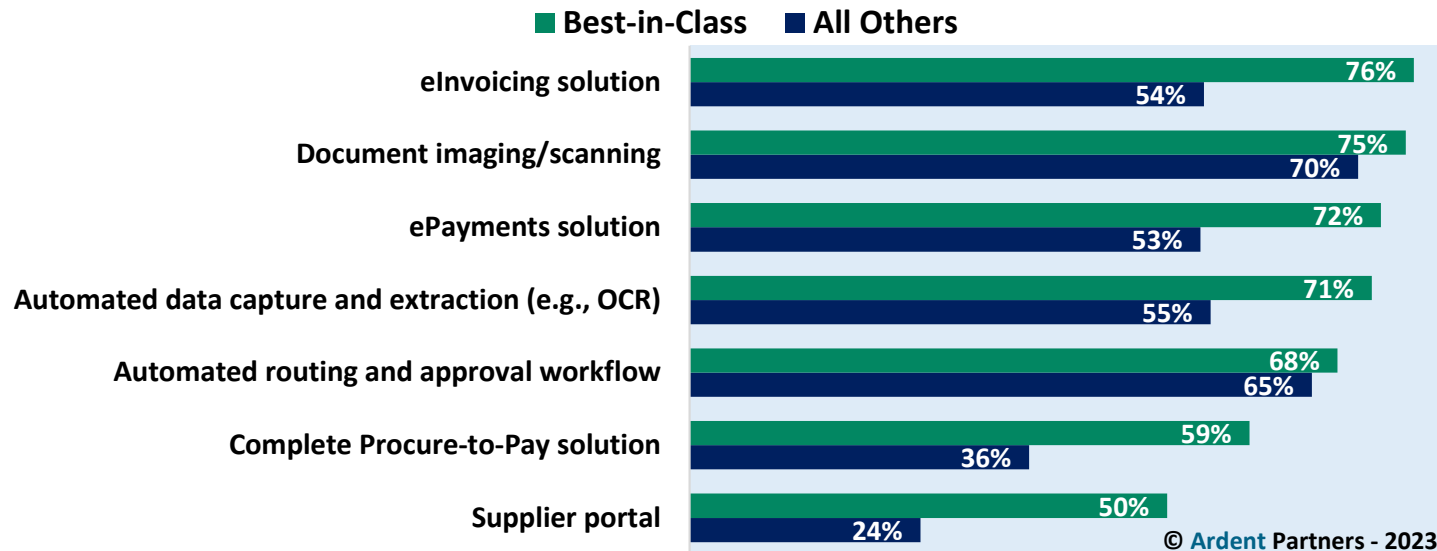
By automating manual invoice processes, AP departments free up time from transactional tasks, such as data entry, manual routing, and managing exceptions, enabling staff to focus on strategic activities and value-added initiatives. The focus on the Best-in-Class continues with an analysis of the characteristics that drive their performance.

Key Characteristics of the Best-in-Class: Technology Usage and Proficiency

The Best-in-Class organizations demonstrate a strong commitment to embracing AP automation solutions, resulting in improved efficiency, accuracy, and cost savings. Their higher adoption

rates of ePayables solutions help to highlight the advantage that technology delivers in driving superior performance within the accounts payable domain. The benefits include reduced processing time and costs, fewer exceptions, increased visibility, and enhanced efficiency which are game-changing. By minimizing the manual and tactical workload, organizations can unlock the potential for significant improvements in their overall operations and allocate resources to more strategic endeavors, ultimately driving greater value across the enterprise. The Best-in-Class organizations truly stand out when it comes to the adoption of AP automation solutions, showcasing their commitment to leveraging technology for optimal performance. Figure 8 shows the percentage of Best-in-Class and All Others that have adopted different solutions.

Figure 8: The Best-in-Class Technology Advantage





This year's survey highlights significant advantages in adoption rates for several key solutions, further emphasizing the impact technology has on overall AP operations.

The Best-in-Class organizations lead the way in adopting **eInvoicing solutions**, with an impressive 76% adoption rate compared to 54% for the All Others. This technology streamlines the invoicing process, enhances accuracy, and reduces manual errors, enabling organizations to achieve substantial operational efficiencies and cost savings.

The adoption of **ePayments solutions** is another area where the Best-in-Class organizations excel with a notable adoption rate of 72% compared to 53% for the All Others. This technology enables organizations to optimize cash flow, enhance security, and streamline payment processes, ultimately leading to improved financial management and strengthened supplier relationships.

Automated data capture and extraction also see a significant gap in adoption rates, with the Best-in-Class organizations at 71% compared to 55% for the All Others. By automating data entry and extraction, organizations can improve accuracy, accelerate invoice processing, and free up valuable resources for more strategic activities.

Furthermore, while the adoption rates for **automated routing and approval workflow** show a smaller gap, the Best-in-Class organizations still lead with a 68% adoption rate compared

to 65% for the All Others. This solution streamlines approval processes, minimizes delays, and enhances collaboration, enabling organizations to expedite invoice approvals and improve overall workflow efficiency.

Notable Characteristics of the Best-in-Class: Key AP Capabilities

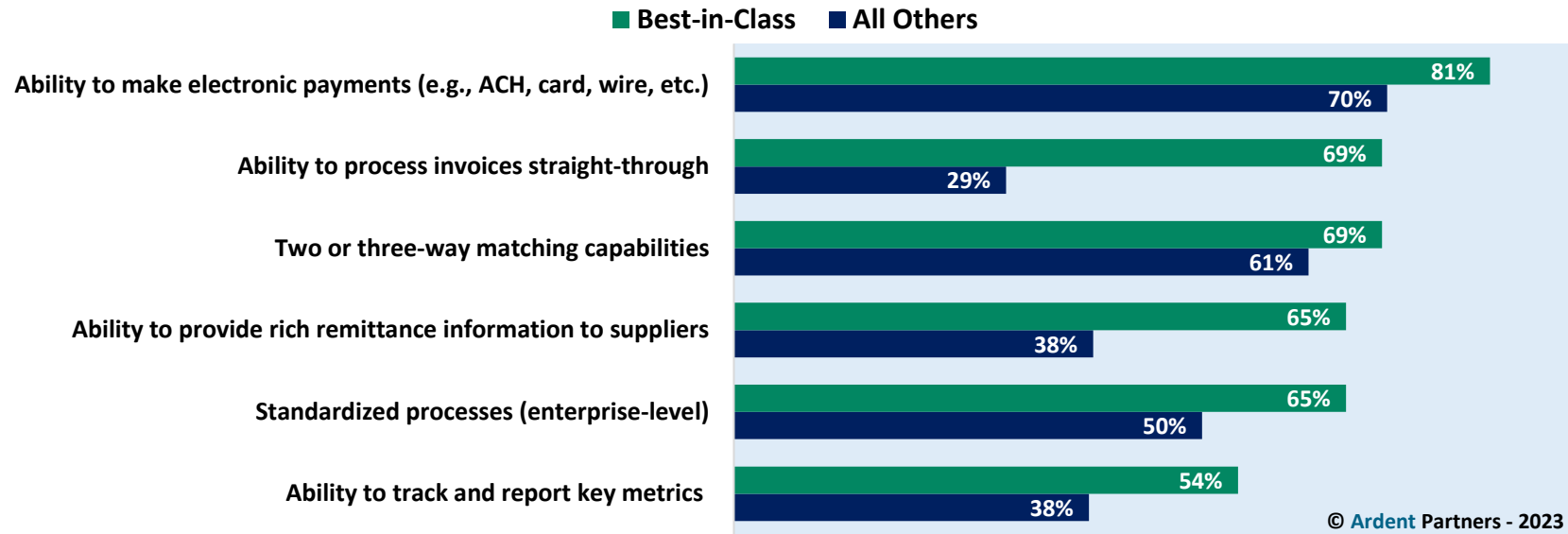
The Best-in-Class organizations possess key AP capabilities at a significantly higher rate (see Figure 9), allowing them to gain a competitive advantage in the marketplace. It is important to note that technology alone is not the sole factor driving their success; rigorous processes and top talent play a crucial role in their outperformance as shown below. Figure 9 shows the percentage of Best-in-Class and All Others that possess key AP capabilities.

When it comes to the ability to make electronic payments, the Best-in-Class organizations shine with 81% possessing this capability compared to 70% for the All Others. By leveraging electronic payment methods such as ACH, card, and wire transfers, these organizations streamline their payment processes, improve cash flow management, and enhance transaction speed, contributing to overall operational efficiency.

The measurement of key performance metrics is an important part of understanding just how far AP has come over the past several years.



Figure 9: The Best-in-Class Key Capabilities Advantage



Another significant capability where the Best-in-Class organizations stand out is two- or three-way matching. A solid 69% of the Best-in-Class possess this capability compared to 61% for the All Others. These organizations leverage automation and sophisticated systems to match purchase orders, receipts, and invoices, ensuring accuracy, reducing discrepancies, and enabling efficient invoice reconciliation.

The ability to process invoices straight-through is another area where the Best-in-Class organizations demonstrate their prowess. While only 29% of the All Others possess this capability, a

strong 69% of the Best-in-Class organizations can process invoices without manual intervention, the elusive “holy grail” of invoice management.

In addition to technology-driven capabilities, the Best-in-Class organizations prioritize standardized processes at the enterprise level. A significantly higher rate of 65% among the Best-in-Class possesses this capability compared to 50% of the All Others. These organizations ensure consistency, efficiency, and compliance across AP operations, resulting in improved accuracy, reduced errors, and better controls.



Figure 10: Best-in-Class Accounts Payable Characteristics

Best-in-Class Accounts Payable Characteristics

Best-in-Class AP organizations enjoy a compelling advantage over their peers across all major performance benchmarks. They also achieve a significantly higher ROI. They align themselves more closely with executives, think about their processes more holistically, and adopt and utilize technology to a greater degree, driving better visibility and superior performance. Wherever possible, Ardent Partners recommends modeling these key characteristics as a direct way to improve performance.





The ability to provide rich remittance information to suppliers is another area where the Best-in-Class organizations have a significant advantage. While only 38% of the All Others possess this capability, an impressive 65% of the Best-in-Class organizations offer detailed remittance information, enhancing transparency, fostering stronger supplier relationships, and facilitating efficient cash application on the supplier side.

Finally, the Best-in-Class organizations prioritize the ability to track and report key metrics, with 54% possessing this capability compared to 38% for the All Others. By monitoring and analyzing key performance indicators, these organizations gain valuable insights into AP operations, identify areas for improvement, and drive continuous process enhancements.

The Best-in-Class organizations not only possess key AP competencies but also demonstrate a significantly higher prevalence of capabilities compared to the All Others, giving them a distinct competitive advantage. By combining advanced technology, streamlined processes, and skilled professionals, the Best-in-Class organizations achieve superior AP performance, driving efficiency, accuracy, and cost savings, and positioning themselves as industry leaders in the evolving landscape of accounts payable. Figure 10 (see above) summarizes many of the key characteristics of the Best-in-Class.



The Increasingly Crucial Role of Governance and Compliance to Accounts Payable

In an increasingly complex business landscape, adherence to invoicing and payment regulations and government mandates is crucial for maintaining ethical practices, ensuring financial transparency, and avoiding legal complications. Governance, Risk, and Compliance (GRC) refers to a set of rules, processes, and systems that exist to ensure information is protected, laws and regulations are followed, and policies are observed.

It is essential that AP professionals understand the significance of regulatory and governmental compliance and develop a strategy that includes invoicing and payments. Governance, risk, and compliance are all interrelated and should not be addressed individually in a vacuum. Let's start with a definition of each part of GRC:

Governance is the process of implementing policies, procedures, and systems that need to be followed and monitored as prescribed.

Risk is the possibility of loss, while risk management is the process of understanding uncertainty and creating governance that addresses how best to minimize it.

Compliance refers to the requirements for adhering to all internal business rules and policies — as well as all local, state, federal, and foreign government laws and regulations.

Next, let's look at a list of top reasons why GRC should be a priority for AP departments.

Legal Compliance. Compliance with regulatory and governmental guidelines for invoicing and B2B transactions is not just a matter of best practice, but a legal obligation. Failure to comply can result in severe penalties, fines, and legal repercussions for both individuals and organizations. AP professionals can shield themselves and their organizations from avoidable legal risks by abiding by these rules.

Financial Transparency. Invoicing and payment compliance plays a pivotal role in ensuring financial transparency within an organization. Accurate and comprehensive invoicing and payment data provide a clear record of financial transactions, facilitating audit trails and financial reporting. By following regulatory guidelines, AP professionals contribute to maintaining transparent financial operations, fostering trust among stakeholders, and reducing the risk of financial improprieties.

Improved Efficiency. Regulatory and governmental compliance frameworks for invoicing and payments provide detailed guidelines and processes for standardized formats and data requirements. By adhering to these procedures, AP departments can streamline their processes, enhance data accuracy, and reduce errors. Compliance ensures that invoices are clear, complete, and easily understood by all parties involved, leading to smoother payment processes and enhanced productivity.

Risk Mitigation. Unfortunately, bad actors are always looking for ways to game the system and commit acts of fraud and theft. Mitigate risks associated with fraud, tax evasion, and money laundering through adherence to invoice and payment compliance and regulations. By following established guidelines, organizations can implement robust controls and verification processes that deter acts of fraud



as well as identify irregularities and anomalies on invoices and supplier payment information. These efforts enable early detection and prevention of potential financial risks.

Reputation and Trust. Complying with invoice regulations demonstrates a commitment to ethical business practices, enhancing an organization's reputation and fostering trust among partners, suppliers, and customers. By maintaining compliance, accounts payable professionals contribute to a positive image for their organizations, resulting in increased brand awareness, incremental revenue, and improved supplier and buyer relationships.

International Business Operations. For global organizations, compliance with the ever-increasing number of governmental eInvoicing and payment mandates is critical. To date, more than 60 countries have issued their own eInvoicing mandates that must be followed to conduct business in their country. In addition, every country has its own set of tax requirements and reporting obligations. Guideline adherence ensures seamless cross-border transactions, minimizes delays, and avoids penalties and fines associated with non-compliance. Complying with such mandates is not optional. A comprehensive understanding of them is required, or work with an experienced partner that can help the organization successfully and legally conduct business on the global stage.

Data Security and Privacy. Requirements for data security and privacy are typically included as part of complying with payment and invoicing mandates and regulations, helping to protect sensitive financial information from unauthorized access, data breaches, and potential cyber threats. Compliance measures contribute to maintaining the integrity and confidentiality of financial information, mitigating the risks associated with data loss or misuse.

Conclusion

It can be overwhelming to comply with the myriad of external rules and regulations for invoicing and B2B payments. Partner with experts with the ability, knowledge, and systems in place to ensure compliance. GRC requires a collaborative strategy because it involves all areas of the enterprise. Understand the critical business process impacts and organizational objectives. Ultimately, a strong GRC strategy helps organizations minimize exposure to threats, risk, and noncompliance with external regulations, as well as contribute to the overall success of their enterprise.



Chapter Four: AP's Smarter Future

“Success is no accident. It is hard work, perseverance, learning, studying, sacrifice, and most of all, love of what you are doing.” ~ Pelé

What Got You Here, Won't Get You There

An AP department's ability to drive process standardization and general efficiencies across the entire operation has been a defining characteristic of Best-in-Class performance for the past decade. Another key attribute has been the ability of top AP teams to digitize their processes and convert a high percentage of paper invoices and payments to electronic formats. Certainly, most AP leadership teams view their department's work on a performance continuum, and the transformations they lead are typically multi-year journeys with clearly-defined milestones, but generally, no final destination — continuous improvement, after all, is a standard business practice.

Nonetheless, most AP teams have room for immediate improvement this year. And, what has worked in the past is no longer good enough in 2023; it will be even less so in the future. This means that AP teams must take bold new steps if they are to maintain their momentum and pave their way to a smarter future.

Paving the Way to Better Performance

The accounts payable industry is consistently evolving and shifting, forcing AP and finance professionals across the globe to prepare

for change and innovation in technology, business regulations, and the general speed of commerce. It would be an understatement to say the past several years have been challenging. Through it all, AP departments have persevered and showcased the important role they can play in the overall success and stability of the enterprise. In fact, the past few years have made it clear to many business leaders that a strong AP operation can be a strategic, value-adding boost to bottom-line performance and overall operations. When asked about getting to the next level of performance in the future, AP leaders' responses revealed their overall understanding of the important role technology must play (see *Figure 11, next page*). For example, a large majority (71%) emphasized the importance of “smarter” systems that drive more efficiencies. This reflects the growing recognition that advanced technologies and automation solutions will be critical to future improvement.

Almost half (48%) of AP leaders identified deeper and more agile analytics and reporting as a crucial requirement. This highlights the need for organizations to leverage data-driven insights and real-time reporting capabilities to make faster, smarter decisions as they maximize AP's impact. By adopting advanced analytics tools, organizations can gain a deeper understanding of their financial



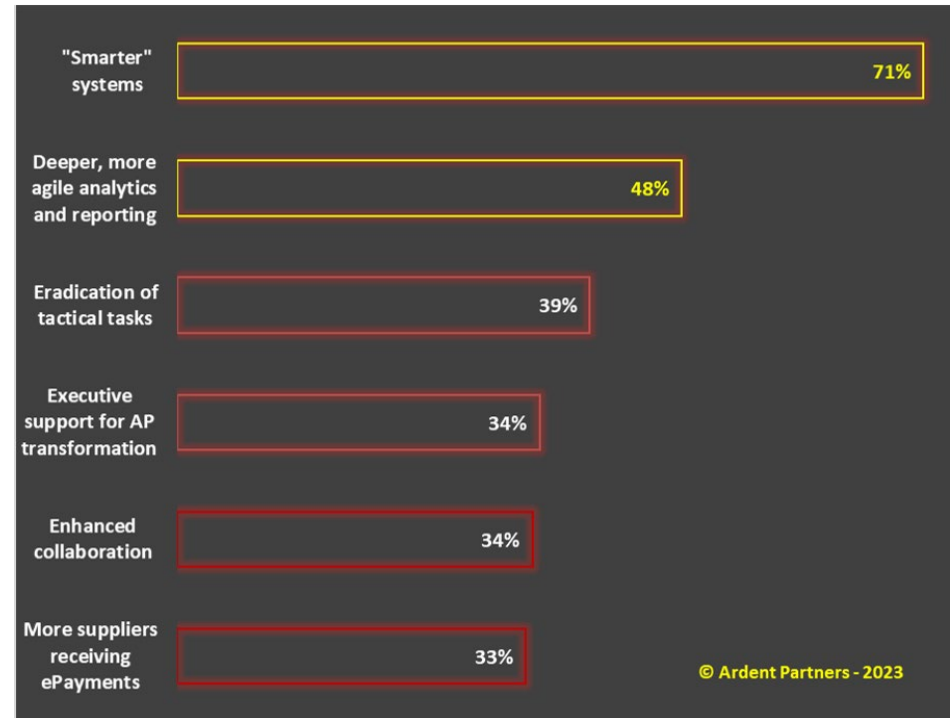
operations, identify areas for improvement, and drive continuous process enhancements.

AP leaders next emphasized the eradication of tactical tasks, with 39% highlighting the need to automate and streamline core activities like data entry and invoice processing, lending more resources to value-added activities. Additionally, executive support for total AP transformation and enhanced collaboration with stakeholders were critical factors, mentioned by 34% of respondents. This drives successful AP initiatives, enabling organizations to achieve higher performance. Finally, 33% of AP leaders identified the need for more suppliers to receive ePayments, enhancing efficiency and reducing costs for both AP and suppliers.

AI's Expanding Impact on Accounts Payable

Nearly three-quarters of all AP, P2P, and finance leaders have identified smarter systems as the new innovation that will drive their organizations to the next level of performance. In 2023, it is clear that Artificial Intelligence (AI) is a key technology in those systems. The emergence of innovative technologies in recent years has the potential to fundamentally transform how business is conducted. New and rapidly maturing technologies are entering the marketplace at a pace never before seen. One area that has witnessed extraordinary advancements is AI, a technology that is transforming accounts payable and the way businesses manage their financial operations.

Figure 11: AP's Path to Better Performance



For most enterprises, smart investments in ePayables automation will be critical to their success. Today's AP teams are better positioned to move beyond their transactional past and demonstrate their strategic value as organizations focus on streamlining internal processes. To do this successfully, it is critical for AP and finance leaders to monitor and understand the latest innovations in the market and the benefits they portend.



What Is Artificial Intelligence?

Simply put, AI is a broad term that refers to simulated human intelligence performed by machines, including learning, reasoning, and decision-making. AI leverages algorithms and tools that can ultimately make an AP operation smarter through cause-and-effect processing without a human interface. Solutions with AI capabilities can operate independently following the initial setup and programming phase, enabling decision-making based on algorithmic and internal rules. AI is designed to mimic human thinking and discover key patterns that users can leverage for efficiency gains and transformational insights.

AI's Use in Accounts Payable

Artificial intelligence is a concept most people are already familiar with in name if not general function. However, many AP professionals do not fully understand the impacts AI is already having on business and its potential to revolutionize the ePayables industry. Let's look at some examples of how AI is being used for the receipt, processing, and payment of invoices.

Invoice Capture and Data Extraction

Traditional data capture involves manual handling of paper invoices as well as rekeying data from invoices received electronically. Extracting invoice data such as purchase order numbers, payment terms, invoice numbers, pricing, quantities, dates, etc., is not only time-consuming and costly but also prone to errors. However, with AI-powered data capture technology, invoices can now be scanned

or digitized to automatically extract critical data. AI algorithms learn from previous patterns and adapt to new formats, improving accuracy over time. By automatically capturing and categorizing invoice data, AI eliminates the need for manual data entry, minimizes human errors, expedites processing time, and lowers costs, allowing AP professionals to focus on value-added activities rather than tactical tasks.

Invoice Routing and Approval

After invoices are received, checked, and appended to ensure all the necessary information is accurate, it then begins its journey for approval. With paper-based processes, this is accomplished manually where the invoice is routed from place to place, and person to person, for review, validation, and approval (or rejection due to inaccurate or missing information) before arriving for manual exception handling.

However, AI-powered AP systems can automatically approve invoices without human intervention, leveraging their knowledge of the process, user feedback, historical data, etc., from previous transactions. And, if exceptions or discrepancies are found, AI-powered solutions can identify the issue and correct it, if possible, leveraging the same knowledge of the process and those involved. Or alternatively, flag and reroute invoices for handling by a person. Automating and improving the number of invoices flowing untouched through the approval process minimizes exception handling, reduces delays, improves transparency, and optimizes cash flow management for the AP organization.



Fraud Detection and Prevention

Fraud has significantly increased over the past several years. Compromised business emails, altered banking information, falsified invoices, etc., pose significant risks to organizations' financial health. Preventing fraud with traditional automated AP solutions provides a good foundation. You can achieve next-level results and protection by leveraging the advanced technology of AI. Combining AI with automated AP solutions enables analysis of historical transaction data, vendor behavior patterns, payment and banking information, and invoice details to detect anomalies and flag suspicious activities. By utilizing AI in fraud detection, enterprises can minimize financial losses, safeguard their reputation, and ensure compliance with regulatory requirements.

Data-Driven Insights and Reporting

AP sits on a wealth of data collected over years that unfortunately has gone largely untapped in most organizations. Combining AI technology with AP automation solutions offers the promise of unlocking this data and making it more easily available to enterprises of all sizes. By analyzing vast amounts of financial data, AI algorithms can generate real-time reports and provide critical insights on a wide variety of areas for accounts payable and the enterprise including: outstanding invoice liabilities, cash flow forecasts, early payment discounts, vendor performance, cost center and spending patterns and forecasts, budget allocations, and deliver them not as reports but included in role-based dashboards, enabling AP managers, CFOs, treasurers, procurement, and lines

of business to make better-informed decisions and optimize their financial operations.

These insights empower organizations to negotiate better terms with vendors, identify cost-saving opportunities, and drive strategic decision-making. AI is also being used for generating predictive analytics to analyze historical data and identify patterns, trends, and anomalies within accounts payable processes which can be used and shared throughout the enterprise. With such insights in hand, organizations can make better-informed decisions and identify potential issues or opportunities that were previously below the surface waiting to be unlocked.

The speed of innovation within the world of finance is accelerating, elevating new technologies like AI that are already impacting the AP industry. However, the adoption of AI in AP is not without challenges. Organizations will need to address concerns related to data security, privacy, IP infringement, and the ethical use of AI. Additionally, ensuring effective integration and user adoption of AI systems requires careful planning, training, and change management strategies. With that said, AI has the potential to be a game-changer for accounts payable, delivering immediate and long-term advantages. As AI takes hold in the market, the enterprises equipped to reap the most benefits will be those with core AP automation solutions in place.

Paving the Way for a Smarter Future

For those AP organizations struggling to gain a basic level of efficiency while buried in a tsunami of paper invoices and



manual payments, the discussion of smarter systems and the fast-approaching impact of AI on AP, can seem like some fantasy P2P-multiverse. The reality is that smart technologies have been a driving force in AP's growth and evolution for decades. The recent commercialization of AI within enterprise technology has triggered massive investment by solution providers in their "Manhattan Project" style race to deliver breakthroughs. This will, in turn, increase the number and impact of AI innovations and, inevitably, shorten the timeline for AI to broadly impact this industry.

Even if the solutions are over-hyped, which they most certainly are, their time to impact AP is decreasing dramatically and all leaders must take notice, especially the laggards. No matter the current level of maturity and automation, it is essential for AP leaders to recognize the crucial role that intelligence can and will play in shaping AP operations and go all-in on big data intelligence. Here are a few recommendations to help do that:

- **Embrace ePayables automation:** AP, P2P, and Finance professionals can start by adopting and using ePayables solutions to streamline processes and reduce manual efforts.

As AI takes hold in the market, the enterprises equipped to reap the most benefits will be those with core AP automation solutions in place.

Implementing automated invoice processing, payment solutions, and data capture systems can significantly enhance efficiency and accuracy, paving the way to a more digital and much smarter future.

- **Aggressively push for higher invoicing and ePayment volumes:** Increased invoicing and ePayment volumes contribute to greater efficiency and cost savings. It also minimizes the risk of errors, duplicates, or lost invoices, resulting in improved data quality and increased trust between trading partners. Higher volumes also enhance data accuracy and integrity, which will serve as the foundation for new AI capabilities to create value.
- **Leverage analytics and reporting:** Begin developing better data management skills as fast as possible. Utilize advanced analytics and reporting tools to gain actionable insights into AP and P2P processes. Analyze key metrics, identify bottlenecks, and uncover areas for optimization. By leveraging data-driven insights, finance professionals can make better-informed decisions, identify trends, and drive continuous improvement in financial operations.
- **Foster collaboration and integration:** Break down silos within departments and promote collaboration between AP, procurement, and treasury. Encourage open communication,



knowledge sharing, and cross-functional collaboration to streamline processes, align objectives, and drive efficiency gains. Integrating systems and processes across departments also enhances data visibility and facilitates a more cohesive digital ecosystem.

- **Stay updated on technological advancements:** Prepare for the future by thinking about it. Keep abreast of the latest technological advancements and industry trends in AP and

P2P automation. Attend conferences, webinars, and training sessions to stay informed about emerging technologies such as AI, machine learning, and robotic process automation. By staying ahead of the curve, AP professionals can proactively identify opportunities to leverage new tools and technologies to drive digital transformation in their organizations.



The AP Launching Pad

While AP's profile within the enterprise continues to grow, it remains underappreciated as a whole. The fact is that Accounts Payable and AP professionals play a pivotal role in maintaining the continuity and success of enterprise operations. This was borne out during the early days of the pandemic and continues today.

Accounts payable professionals perform varied tasks that are vital to the financial health of the enterprise, such as producing financial records, recording transactions, processing invoices, reconciling statements, issuing payments, maximizing cash flow, maintaining compliance with governmental and societal regulations, managing supplier relationships, and acting as a 'hub of knowledge and intelligence' that can be shared and leveraged by the rest of the organization.

The analytical, organizational, communication, and problem-solving abilities learned and developed working in AP are valuable for any career path. The skills acquired and honed in accounts payable are transferable to other parts of an enterprise and can open opportunities in accounting, finance, procurement, compliance and ESG, auditing, budgeting, and the greater supply chain to name just a few.

Accounts Payable can serve as a valuable launching pad for an employee's career, providing them with a strong foundation of skills and experience that can be leveraged across various professional paths. By excelling in AP roles, individuals can develop key competencies and traits that are highly valuable for the future workplace. Here are some areas to consider:

Financial acumen: Working in AP offers an opportunity to gain a deep understanding of the broader financial landscape within an organization.

Attention to detail: Accounts Payable demands meticulous attention to detail and cultivates a keen eye for detail, an essential skill applicable across various industries and roles.

Analytical skills: Analyzing data to identify trends, assess vendor performance, and generate reports enhances problem-solving capabilities to make data-driven decisions and contributes to organizational efficiency.

Communication and collaboration: AP's interaction with suppliers, internal stakeholders, and other departments fosters collaboration and enables individuals to build relationships, resolve conflicts, and improve productivity.

Technology proficiency: Embracing ePayables automation tools (i.e., AI-driven solutions and cloud-based platforms) enables AP staff to adapt to emerging technologies, maximize efficiencies, and stay ahead in an increasingly digitized work environment.

Problem-solving mindset: AP roles often present complex challenges that require analytical thinking and problem-solving skills and can showcase one's ability to tackle challenges — a trait sought after in career advancement.

By embracing these skills and traits, AP professionals can position themselves for future success outside of accounts payable. Whether it's transitioning to broader finance roles, pursuing management positions, or exploring diverse career paths, the strong foundation established in AP equips professionals with the transferable skills needed to excel in a rapidly changing business landscape. Many people underestimate the value of the AP profession as a launching pad for other careers. Here is a proof point: Ardent Partners' current SVP of Research began his professional career working in AP.

The simple truth is that there has never been a better time to be working in AP than right now!



Appendix

About the Authors



Andrew Bartolini, Founder & Chief Research Officer, Ardent Partners

With 24 years in the industry and 14 years leading the charge at Ardent Partners, Andrew Bartolini is a globally-recognized expert in sourcing, procurement, supply management, and accounts payable.

As the Chief Research Officer at Ardent Partners, Andrew oversees all research and client programs including the annual State of the Market and Metrics that Matter eBook Series', Technology Advisor Reports, Ardent's monthly webinar series, as well as its in-person and virtual CPO Rising Summits.

Andrew is also the publisher of CPO Rising, the news and research site for Chief Procurement Officers and other procurement leaders (www.cporising.com) and the host of the industry's exciting podcast, [Procurement Rising](#).

Advisor to corporate executives and leading solution providers alike, Andrew is a sought-after presenter, having lectured and presented more than 575 times in nine different countries. Over the past decade, Andrew has benchmarked thousands of enterprises across all facets of their sourcing, procurement, supply

management, and accounts payable operations and his research has been part of the Supply Chain Management curriculum at several US universities.

He actively covers the technology marketplace as well as trends in sourcing, procurement, supply management, and accounts payable and has been published or quoted in leading business publications including *The Wall Street Journal*, *Business Week*, *Investor's Business Daily*, *Forbes*, and *Fortune*, as well as the major trade publications focused on accounts payable and supply management.

Prior to becoming an industry analyst, Andrew developed, packaged, deployed, and used supply management solutions on behalf of enterprises in the Global 2000 while working for several prominent spend management solution providers. Additionally, his experience in strategic sourcing (where he managed sourcing projects totaling more than \$500 million in aggregate client spend), business process transformation, and software implementation provides a "real-world" context for his research and writing).

Andrew's post-MBA work started in management consulting and investment banking where he structured, managed, and advised on large capital market transactions. Andrew began his professional career running a homeless family shelter in Los Angeles. He welcomes your comments at abartolini@ardentpartners.com or 617.752.1620.



Bob Cohen, Vice President, Ardent Partners

A seasoned professional with more than 20 years of experience helping enterprises transform their Procure-to-Pay operations. In recent years, Bob has become the industry's lead analyst covering AP and ePayables.

At Ardent Partners, Bob heads up the ePayables practice, which includes coverage of accounts payable, B2B payments, business networks, and travel and expense management. Prior to joining Ardent, Bob spent 12 years working as a Vice President at Basware, where he helped establish the firm's U.S. presence in the AP automation and Procure-to-Pay spaces. He has also worked at American Express where he enabled the commercial card giant better align its products and services with a continually evolving market.

Over his career, he has helped hundreds of AP and P2P teams achieve Best-in-Class performance via their use of ePayables, B2B Payments, P2P, and Business Network solutions. He is a sought after speaker having given hundreds of presentations at industry conferences, user group meetings, webinars, and customer-facing events. He is also the publisher of Payables Place, the news and research site for Accounts Payable and Finance leaders (www.payablesplace.com). Bob holds a B.A. in Marketing from Bryant University and an M.B.A. in Finance from The University of Connecticut. He welcomes your comments at [rcohen \[at\] ardentpartners.com](mailto:rcohen@ardentpartners.com).



About Ardent Partners

Ardent Partners is a next-generation analyst firm that leverages its data-driven research to help business executives make smarter decisions and achieve better results. Ardent's clients (and global community) understand and appreciate that when we publish research and guide our clients, we do so based upon literally thousands of data points collected and analyzed over the past two decades. Our unique primary research methodology, high-impact research publications, and deep domain focus set Ardent apart from its competition. Our community is expansive, our influence is extensive, and our research is unrivaled. Register for exclusive access to Ardent Partners research at <https://ardentpartners.com/subscribe/>.

Research Methodology

Ardent Partners follows a rigorous research process developed over years spent researching the accounts payable market. The research in this report represents the web-based survey responses of 190 AP and finance leaders captured between March and May 2023, and includes direct interviews with several survey respondents. These 190 participants shared their strategies and intentions, as well as their operational and performance results to help us define Best-in-Class AP performance and understand what levers the leading groups pull to obtain their advantage. This primary research effort was also informed by the experience and analysis of the report author and the entire Ardent Partners research team. Complete respondent demographics are included to the right.

Report Demographics

The research in this report is drawn from 190 respondents representing the following demographics:

Job Function: 47% accounts payable; 14% finance/accounting; 13% procurement; 12% P2P; 10% information technology; 4% treasury

Job Role: 37% VP-level or higher; 15% director-level; 28% manager-level; 20% staff-level

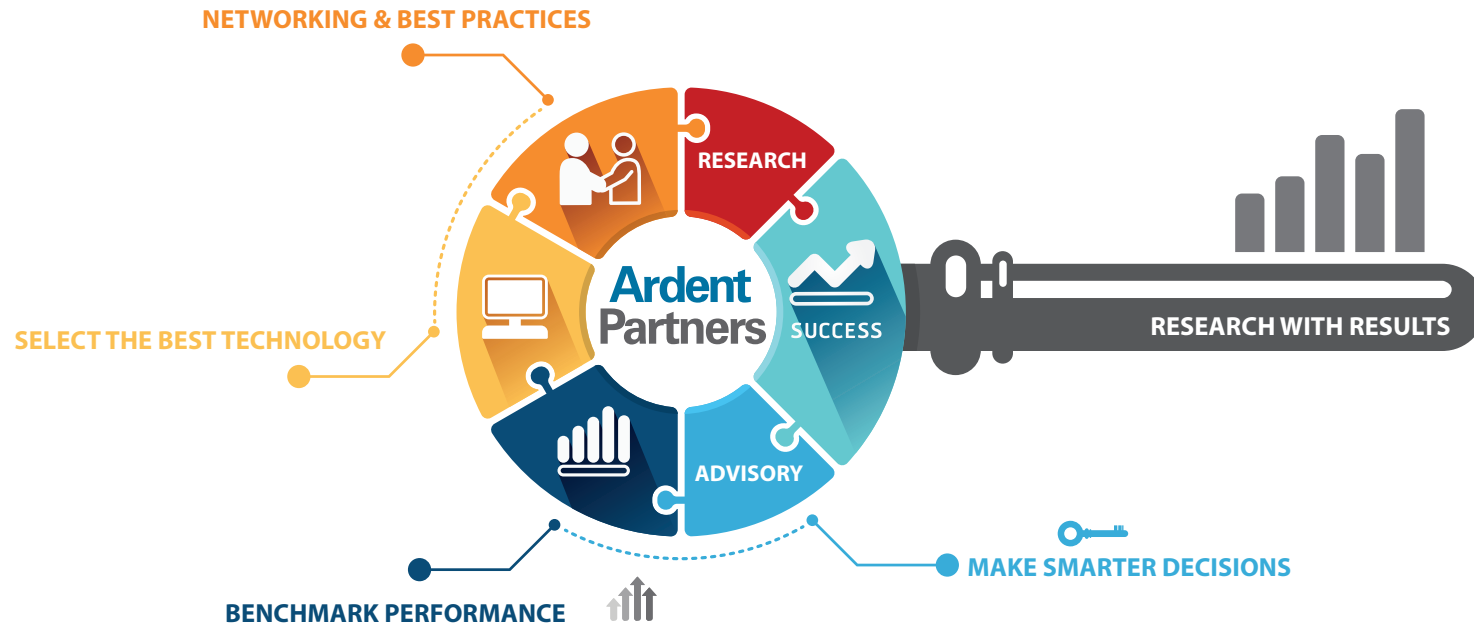
Company Revenue: 53% Large (revenue > \$1 billion); 29% Mid-market (revenue between \$250 million - \$1 billion); 18% Small (revenue < \$250 million)

Region: 62% North America; 31% EMEA; 7% Asia-Pac

Industry: More than 20 distinct industries are represented. Manufacturing, Healthcare, Financial Services, Technology, and Retail are the largest industries in the survey pool; no industry represents more than 15% of the overall survey respondents.

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Market ▲ 0.5 ▼ 0.12

Oil ▲ 2.45 ▼ 0.96

Forex ▲ 3.6 ▼ 1.65

Gold ▲ 0.02 ▼ 0.25

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