

The Accounts Payable eGuide, Vol. 1: No Pain, No Gain?



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Pain points are par for the course in accounts payable (AP). Existing practices that are “good enough” to get the job done now also come with an opportunity cost. This includes time, resources, and personnel expenses that are quickly spiraling out of control. In fact, 57 percent of organizations still enter all invoice data manually.

The result is a no-pain, no-gain paradox. Businesses often see manual document management processes as a necessary evil to ensure bills are paid on time and invoices are properly filed. In fact, pain points become a condition of regular revenue gains. But is there a better way?

Let's dive into the divide between documents and deliverables, investigate the key pain points plaguing processors, take a magnifying glass to manual entry missteps, and tackle the need to take action on critical invoice processing tasks. Let's get started.


Defining the Document Management Divide

Documents form the foundation of accounts payable processes. From initial invoices to approval forms, requests for changes or clarification, payment notices, and check tracking, every step of the AP process includes at least one document - and that's just for a single AP approval.

As noted by the [2019 Payables Insight Report](#), almost 50 percent of all organizations use 2-3 approvers for each invoice, meaning documents are not only duplicated — increasing the risk of human error — but total documents volumes can increase two, three, or four-fold.

The speed of document creation is also increasing as web and cloud-based forms begin to close the gap with paper-based processes. According to Phil Ydens, Vice President of Engineering for the Adobe Document Cloud, there are at least 2.5 billion PDFs created each year as companies look to embrace digital documentation and consolidate these documents at scale.

This means document management often creates a divide between great AP intentions and AP outcomes. Existing processes simply aren't up to the challenge of handling this digital deluge, and bridging the gap between manual and digital processes often adds another costly layer of complexity.



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Managing Manual Data Entry

Despite the increasing availability of digital solutions, many organizations still rely on manual data entry and analysis. Part of this predilection stems from the benefit of past successes and the familiar structure of manual processes.

With 70 percent of digital initiatives failing to deliver their promised value, it's no surprise that companies are cautious in their approach to change.

The problem?

While the right technology combined with substantive C-Suite support can help overcome digital adoption challenges, manual data entry for AP processes comes with a fundamental flaw.

Here's why.

Research suggests that the basic error rate for human data entry hovers just above one percent.

That may not sound like much, but when companies are dealing with thousands of documents that are often disseminated and duplicated across multiple staff members, **that "little" one percent becomes a big problem.**

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Consider a typical document with 100 data fields to complete. In this scenario, humans generally make one data entry error per AP form. Multiply this out across hundreds or thousands of documents, however, and companies must spend substantial time and effort double-checking documents, tracking down errors, and making necessary corrections.

And the problem gets worse over time. As noted by a recent study, consistent attention is required to reduce total error rates, but as staff spend more time entering data fatigue increases, attention drops, and error rates begin to rise.



Investigating Invoice Processing Pain Points

Beyond the general difficulties defined by dated document management processes and manual entry procedures, AP departments also face specific pain points, including:



Routing Errors —

As noted above, many companies use multiple approvers to act as checks and balances for invoice payments. The problem? Each routing step introduces the potential for error if documents are sent to the wrong person, forms are missing key data fields, or simply aren't sent at all.



Lost or Missing Invoices —

This reliance on manual invoice routing leads to a second problem - lost and missing documents. Without effective, end-to-end tracking, physical invoices can easily be misplaced and digital documents incorrectly versioned, increasing the risk of inaccurate, delayed, or duplicated payments.



Paper Preferences —

Despite the increasing prevalence of digital documents, paper processing remains popular. But the reliance on paper forms, checks, and invoices significantly raises security risk. As noted by Business 2 Community, 70 percent of companies reported potential exposure to check fraud in 2018 thanks to paper-based processes.



Lack of Visibility —

Which invoices are outstanding? Which are pending? Paid? What happens if vendors submit duplicate invoices because their first submission wasn't processed quickly enough? Manual data entry complicates visibility by creating physical stores of data that are difficult to access, frustrating to file, and almost impossible to analyze at scale.



Dropped Discounts —

Some vendors offer early payment discounts that could be overlooked, and while many companies decide to pay late, there could be a late payment fee that could cost the company in penalties. While current document processes may get the job done, chances are they aren't getting the job done fast enough to capture any cost savings. Put simply? Time is money.



Compliance Concerns —

Compliance matters in accounts payable. Consider the increasing impact of regulations for financial data handling; upon the request of regulatory agencies, companies must be able to provide complete histories of payment processing activities along with invoice tracking and change management reports.

Taking Action on Critical Tasks

The bottom line? AP processing is often painful — painfully slow, painfully complex, and potentially costly. But it doesn't have to be. By recognizing the limits of current document management practices, identifying key pain points, and shining a light on the limitations of manual data entry, companies can set the stage for processing gains that won't break the bank or stress AP staff.

Ready to discover more processing gains with fewer invoicing pains? Check out volume two of our [Accounts Payable eGuide: "Earning Straight A's"](#) to discover the solutions available for your team.





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