



# SAPinsider

BENCHMARK REPORT

## Automating AP Invoice Management

Ogo Nwanyanwu  
December 2022

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# Executive Summary

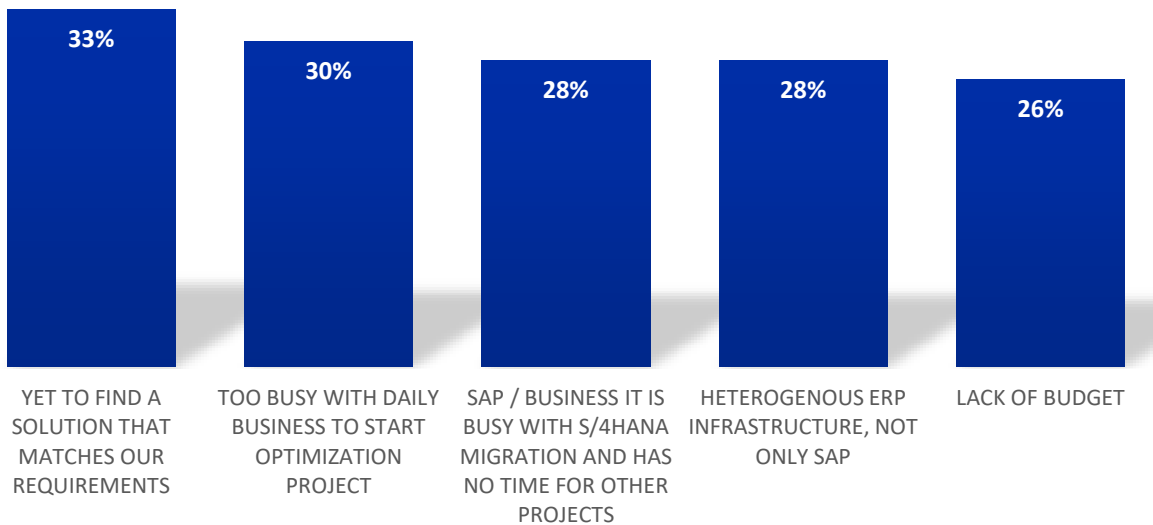
Finance executives relying on manual Accounts Payable (AP) processes and legacy systems struggle to efficiently manage cash and achieve visibility across the organization. This was a key takeaway from SAPinsider's [Cash Management and Cash Visibility](#) benchmark report published in June. In the report, respondent organizations not only highlighted AP invoice management as a core pain point, but they also selected AP invoice automation as the leading technology that can help organizations realize strategic cash management and visibility priorities. This current report further examines the AP process and AP invoice management-related challenges, opportunities, and considerations of organizations.

SAPinsider surveyed 188 members of the SAPinsider finance community between October and December of 2022 to understand their strategic priorities and approaches to automating AP process. Survey respondents consistently selected insufficient automation leading to manual work and manual processes as the primary factor affecting their strategic approaches to automating AP processes. This is plausible, as paper-based AP invoice management processes often result in significant labor-intensive manual work. The survey findings reveal that most respondents (76 percent) do not digitize incoming paper invoices.

If scanning technology is unavailable, invoices need to be entered manually into SAP for validation, archiving, and approval before the payments are made. Manually entering and processing invoices in SAP is complex and time-consuming. Digitizing and automating AP invoice management processes can help organizations streamline critical incoming invoice processing steps. This can also enable AP teams to capture early payment discounts, avoid late payments, and meet financial obligations.

Despite the clear benefits of AP invoice process automation, conversations with survey respondents suggest that efforts made in this direction have stalled or are yet to materialize. When asked about the potential barriers to automating AP invoice processes, a third of survey respondents cited the inability to find a solution that meets requirements as the top barrier (**Figure 1**).

**Figure 1: Barriers to automating AP invoice management**



Source: SAPinsider, December 2022

Some of the requirements organizations want to match with a potential AP automation solution revolve around ensuring the solution will integrate with ERP financial systems, or that it will increase the productivity of the existing workforce by eliminating manual AP tasks. However, organizations often face broad challenges when attempting to automate their AP processes.

## INSIDER PERSPECTIVE

“ For AP optimization initiatives, the finance and IT teams work hand in glove when it comes to automation and process documentation, leading to a true partnership. The finance team has a dedicated IT resource as the go-to person to streamline requests, while the priorities are decided by the CIO/CFO together. ”

**Finance Manager,  
Medical Device Manufacturer  
North America**

Complexities and gaps emerge due to outdated legacy systems, manual approval requirements, and a shortage of personnel with the requisite technical and process knowledge to evaluate automation opportunities. These barriers deter successful process modernization for AP teams who are assailed by resource constraints.

Conversations with survey respondents suggest that AP departments are already operating at full capacity with limited resources, and staff members overwhelmed by daily responsibilities. This leaves little room for AP team members to pursue optimization projects to help streamline AP processes (30 percent of respondents stated it was a barrier).

In addition, IT departments managing SAP/business transformation initiatives such as migrating to SAP S/4HANA (88 percent of survey respondents plan to migrate by 2027) often need additional resources or time for AP projects (28 percent of survey respondents stated this was a barrier).

The top barriers to automating AP invoice management point to staffing challenges. This was also reflected in the top pain points, starting with a lack of skilled workers and the resultant inability to quickly staff qualified professionals (35 percent of survey respondents) (Figure 2).

**Figure 2: Most pressing pain points impacting AP processes**



**Source: SAPinsider, December 2022**

A third of survey respondents stated difficulties including remote employees in the AP process was a significant factor impacting AP processes. This finding adds another layer to staffing-related challenges affecting strategic priorities to automate AP invoice processes. A third of survey respondents also identified long processing times and compliance issues as pain points impacting AP processes. These represent significant obstacles for businesses seeking to maintain operational performance and avoid potentially costly penalties. Automating AP invoice management can be a complex project. With automation, organizations will be able to realize more efficient AP processes.

“ We want more innovative AP solutions to minimize risk but getting the right system in place and finding personnel that understand the mechanics of how these systems work has been a challenge. ”

**IT Manager,  
Software & Technology  
North America**

This year's study also revealed several key findings on how surveyed organizations approach strategic priorities around automating AP invoice management.

- 29 percent of survey respondents cited insufficient automation leading to manual work and manual processes as the top factor impacting strategies to automate AP invoice management. This is followed by business growth and evolution, creating a need for optimizing AP processes (28 percent of survey respondents), and pressure to reduce payment errors, fraud risks, and security breaches (26 percent). They represent the only three drivers identified by more than a quarter of survey respondents.
- Digitizing to streamline workflows and reduce manual processes across systems (56 percent of respondents view requirements as important or very important), and electronic tracking and management of invoices (55 percent) represent the most important requirements by the respondents. Elimination of paper from financial processes (53 percent), and deep integrations between automation solutions and the ERP (52 percent) ranked third and fourth, respectively.
- The survey findings also point to broad technology adoption, focused on improving automation across the AP invoice process, with ERP integration technology (37 percent of survey respondents), AP invoice automation (34 percent), and invoice scanning (33 percent) as the only solutions adopted by at least a third of survey respondents.
- For future initiatives to automate AP invoice management, organizations are evaluating e-invoicing solutions (currently evaluated by 31 percent of respondents), cloud-based business network/procurement portals (31 percent), and invoicing matching automation (RPA technology) (29 percent).
- It was observed that 51 percent of survey respondents encountered more than five attempts of invoice fraud during the last 12 months. A further 35 percent of survey respondents discovered between one and five attempts of invoice fraud during the same period, while only 15 percent reported not encountering invoice fraud attempts.
- The SAPinsider member community identified core key performance indicators (KPI) for assessing the performance of their organization's AP invoice management processes, including invoice volume per headcount in AP (45 percent), cost per invoice (42 percent), throughput time (37 percent), and touchless rate (23 percent).

## INSIDER PERSPECTIVE

“ We want to automate AP payment from procurement, but employees are concerned about job security and are not ready to accept the change to more automated process. ”

**IT Manager,  
Software & Technology  
North America**

## Required Actions

Based on the survey responses, organizations should make the following plans around their strategies for AP process automation.

- **Review current AP processes and identify manual touchpoints for optimization.** As organizations evolve and expand, automating AP processes can enable efficient scaling of operations and maintain compliance with international standards. Examining the existing manual tasks that make up the AP processes can provide insight into potential areas for intelligent automation and predictive AP functions.
- **Prioritize intelligent automation of daily AP invoice management tasks to reduce the impact of workforce uncertainty.** With an aging workforce and growing skills gaps, it is becoming increasingly difficult to staff AP teams with skilled professionals. Intelligent automation leveraging artificial intelligence (AI) technology can increase AP teams' productivity, reducing the need to add headcount while freeing highly skilled employees for strategic work.
- **Reimagine the approach to AP operations with a shared services model.** The shared services model utilizes core capabilities and competencies that can be leveraged across several departments. This leaves a smaller employee footprint and promotes standardization of operational practices. Automating AP invoice management processes such as payables optimization, invoice processing, and supplier payments can speed up information sharing among stakeholders and lead to streamlined, data-driven decisions.
- **Enhance auditability of AP processes to improve cash visibility.** Finding information quickly to address audits to vendor inquiries is challenging when invoices are stored and retrieved using manual methods. Automating AP invoice management is a critical step toward increased visibility and auditability. Digital solutions, such as AP invoice automation, can ensure compliance and accountability as documents and invoices remain consistent across the organization. AP invoice automation enables smoother process automation by digitizing across the organization and provides efficient monitoring of key performance indicators. This allows improved insights to align with key business objectives, such as cash visibility.

### INSIDER PERSPECTIVE

“ My recommendation to others considering automation projects for AP invoice management, is to map the entire process and workflow, then plan automation accordingly. Well documented processes with potential real-life scenarios lead to effective end-to-end automation.

”

**Finance Manager,  
Medical Device Manufacturer  
North America**

# Chapter One: Key Drivers and Strategies for Automating AP Invoice Management

Reducing operational costs and increasing productivity requires strategies for automating accounts payable (AP) invoice management, as manual or partially automated processes no longer provide efficiency. A proliferating digital economy and increased competition require organizations to have efficient processes to support and maintain supplier relationships and keep pace with industry peers. With a hybrid workforce and increasing global e-invoicing requirements, organizations must ensure visibility into their AP invoices across multiple countries, currencies, and payment methods.

Automating the AP invoice management process can save time, reduce operational costs associated with manual labor, and minimize errors that result from repetitive or complex tasks. Organizations can gain full compliance with global regulations, improve cash flow, and optimize the AP invoicing process by utilizing strategies for automating AP invoice management.

## Best Practices Model – DART

SAPinsider grounds all its research insights in our proprietary DART model. This research model provides practical insights that connect business **D**rivers and **A**ctions to supporting **R**equirements and **T**echnologies. Drivers represent internal and external pressures that shape organizational direction. Organizations take Actions to address those Drivers. They need certain people, processes, and capabilities as Requirements for those strategies to succeed. Finally, they need enabling Technologies to fulfill their Requirements.

In this report, the top drivers were insufficient automation leading to manual work and processes, business growth and evolution creating the need for optimizing AP processes, and pressure to reduce payment errors, fraud risks, and security breaches. To satisfy these drivers, respondents aim to leverage capabilities in SAP S/4HANA to reduce errors and inaccuracies due to manual processing, standardize workflows to reduce time and resources needed for managing AP processes, and consolidate and automate manual processes to eliminate silos and reduce errors.

To support strategies for automating AP invoice management, there are several requirements that the survey respondents indicated they needed. These included digitizing to streamline workflows and reduce manual processes across systems, electronic tracking and management of invoices, eliminating paper from financial processes, and deep integrations between automation solutions and the ERP. Respondents also used or planned to use a wide range of SAP and non-SAP partner tools and technologies to support these requirements.

Respondents' answers to the survey and interview questions revealed clear trends summarized in **Table 1** and will be examined throughout this report.

### INSIDER PERSPECTIVE

“ Lower cost structure and greater automation are critical in a challenging macro-economic environment. ”

**Systems Administrator  
Technology  
North America**

**Table 1: DART model framework for automating AP invoice management**

Drivers	Actions	Requirements	Technologies
<ul style="list-style-type: none"> <li>• Insufficient automation leading to manual work and manual processes (29%)</li> <li>• Business growth and evolution creating a need for optimizing AP processes (28%)</li> <li>• Pressure to reduce payment errors, fraud risks, and security breaches (26%)</li> </ul>	<ul style="list-style-type: none"> <li>• Leverage capabilities in SAP S/4HANA to reduce the errors and inaccuracies due to manual processing (47%)</li> <li>• Standardize workflows to reduce time and resources needed for managing AP processes (42%)</li> <li>• Consolidate and automate manual processes to eliminate silos and reduce errors (40%)</li> </ul>	<ul style="list-style-type: none"> <li>• Digitize to streamline workflows and reduce manual processes across systems (56%)</li> <li>• Electronic tracking and management of invoices (55%)</li> <li>• Elimination of paper from financial processes (53%)</li> <li>• Deep integrations between automation solutions and the ERP (52%)</li> </ul>	<ul style="list-style-type: none"> <li>• ERP integration technology (37%)</li> <li>• AP invoice automation (35%)</li> <li>• Invoice scanning (33%)</li> <li>• Electronic payments software (32%)</li> <li>• Data capture solution (OCR for invoices) (31%)</li> <li>• E-invoicing solution (31%)</li> <li>• Vendor master data management (31%)</li> <li>• Reporting and analytics solution (30%)</li> <li>• Invoicing matching automation (RPA technology) (30%)</li> <li>• Flexible user-interface solution (29%)</li> <li>• Cloud-based business network / Procurement portal (27%)</li> </ul>



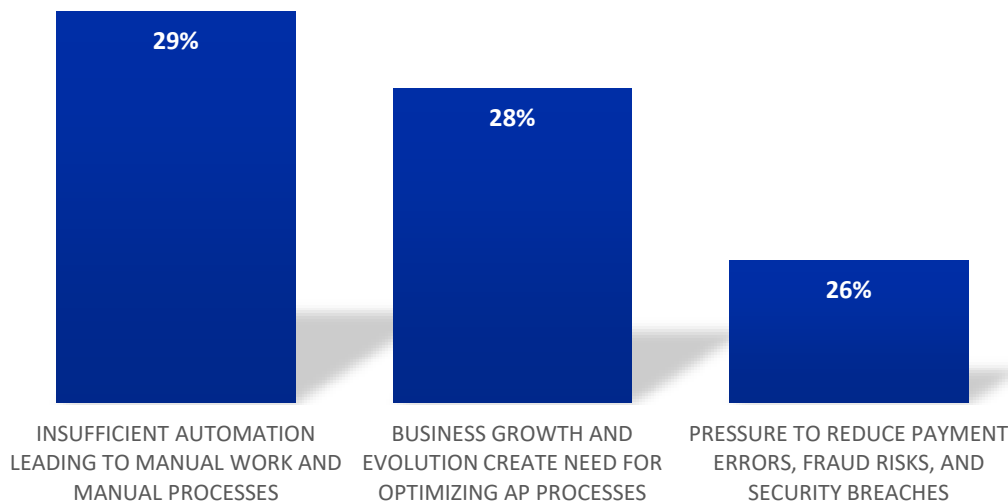
# What Are the Drivers Behind Automating AP Invoice Management?

Automation can alleviate the burden of tedious tasks like manually entering data into different systems each time an invoice is processed or modified. Automated invoice processing eliminates unnecessary human interactions with invoices and makes it easier for organizations to track their spending and reconcile accounts quickly, eliminating the complexity of managing paper-based workflows.

Additionally, automating invoicing process allows businesses to receive payments faster by reducing delays caused by manual processing. This provides better transparency into the status of current accounts receivable and increased visibility into customer relations through accurate records of payment history and transactions.

Manual processes are no longer adequate for organizations to achieve efficiency and visibility. This explains why insufficient automation leading to manual work and manual processes (29 percent) is the top driver impacting strategic priorities for automating AP invoice management (Figure 3).

**Figure 3: Top drivers for automating AP invoice management strategy**



**Source: SAPinsider, December 2022**

Business growth and evolution create a need for optimizing AP processes (28 percent) is the number-two driver. By automating AP invoice management, growing organizations can manage working capital, maintain accurate records, optimize payment terms, and make timely payments.

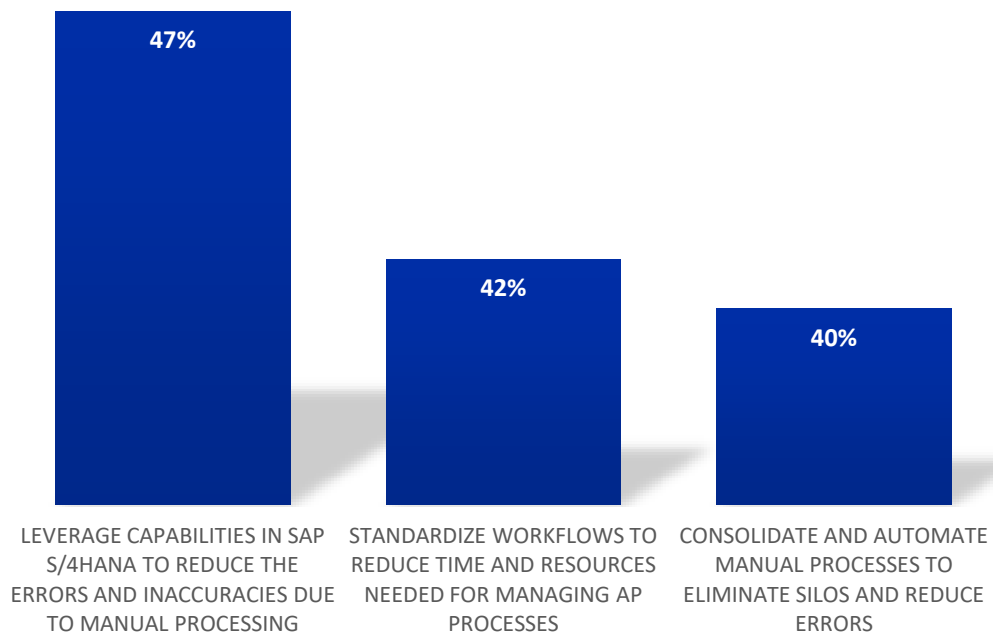
The third driver impacting strategies to automate AP invoice management is the pressure to reduce payment errors, fraud risks, and security breaches (26 percent). Automation can help enable analytics capabilities providing real-time oversight of the payments process and its associated risk factors, reducing potential exposure to fraud events. For example, 51 percent of survey respondents encountered more than five attempts of invoice fraud during the last 12 months.

# How Do SAPinsiders Address Their Drivers?

Organizations can automate specific AP process areas to address these drivers. These areas include data entry, archiving, invoice validation, and payment approval. Automating these processes saves time and reduces errors and costs associated with information entered incorrectly into the financial system of record, or ERP system. For example, organizations can reduce the need for additional personnel due to increased efficiency in capturing invoice data by scanning documents directly into the ERP system instead of manually entering data from paper or PDF invoices.

The research findings show that survey respondents want to leverage capabilities in SAP S/4HANA to reduce errors and inaccuracies due to manual processing (47 percent). This represents the top action to address core drivers impacting strategic priorities for automating AP invoice management (**Figure 4**). It also aligns with the core driver of insufficient automation leading to manual work and processes. Organizations can limit human processes prone to error in SAP S/4HANA by leveraging embedded Optical Character Recognition (OCR) functionality to automate the digitizing of unstructured invoices and matching of extracted information with master data.

**Figure 4: Top actions to address the top drivers**



**Source: SAPinsider, December 2022**

The research also reveals that organizations are standardizing workflows to reduce the time and resources needed for managing AP processes (42 percent). This action connects to the driver of business growth and evolution, creating a need for optimizing AP processes. A standardized AP process allows organizations to streamline modernization efforts and become agile. This aligns with the current roadmap of creating modern SAP landscapes to enable faster innovation cycles.

Organizations understand the necessity to reduce payment errors, fraud risks, and security breaches in the current business climate. To this end, respondent organizations are taking actions to streamline processes by consolidating and automating manual procedures to eliminate siloes and reduce errors (40 percent). Manual processes are no longer sustainable for organizations seeking to reduce payment errors and prevent fraud. Automating three-way match procedures between the purchase, invoice, and goods receipts break down silos while supporting clarity and accuracy—ensuring that critical information across documents is consistent.

## Key Takeaways

Based on the research with respect to surveyed organizations' AP invoice management automation strategies, the following takeaways are clear:

- **Leverage migration to SAP S/4HANA as an opportunity to redesign efficient AP processes.** Migrating to a modern ERP system, such as SAP S/4HANA, can be an effective way for organizations to gain control of their financial tasks and become more efficient. Organizations can implement best practices across AP processes with comprehensive tracking, accounting, and real-time visibility of vendor information, purchase orders, and supplier invoices. RISE with SAP includes outcome-driven services and tools and a business process intelligence starter pack to enable innovation. These prepackaged automations can improve operational efficiencies while introducing cutting-edge finance management capabilities. Ideally, this makes it much easier for businesses to streamline AP processes without jeopardizing reliability or accuracy.
- **Embrace standardization of AP processes to enable innovation and support future growth.** To optimize AP processes, standardization of protocols across formats, systems, locations, and departments can help reduce the complexities of manual processes. Furthermore, leveraging intelligent technologies such as OCR, and standardizing workflows can help automate repetitive data entry tasks such as invoice matching digitally. This integration of standardization and innovative technologies will make AP processes more efficient, accurate, and secure for organizations striving to optimize their AP process and promote growth.
- **Invest in secure AP process to reduce fraud and security risks.** Automating AP processes through digital technologies improves visibility and control of AP-related information. It allows staff to focus on value-added activities, such as data analysis or catching discrepancies to help mitigate risks. Organizations can create more efficient and secure processes by introducing digital solutions that counteract fraudulent activities.

### INSIDER PERSPECTIVE

- “ We have already transitioned to SAP S/4HANA, so standardizing processes and workflows as much as possible will lead to innovation in terms of adopting newer technologies like real-time payments to strategic vendors. ”

Finance Manager,  
Medical Device Manufacturer  
North America

# Chapter Two: How Do SAPinsiders Approach Automation of AP Invoice Management?

AP teams are under pressure to keep costs down and simultaneously manage invoices. AP invoice management automation can help improve accuracy, reduce manual labor and AP operations costs, and enable faster payment cycles. This section explores how organizations prioritize the specific requirements and capabilities to automate AP invoice management successfully. This includes the latest technologies and digital tools they have used or plan to use to meet those requirements.

## INSIDER PERSPECTIVE

“ Implementing automation to help improve efficiencies, quickly address missing or incorrect payment details, and provide more timely and accurate data to management. ”

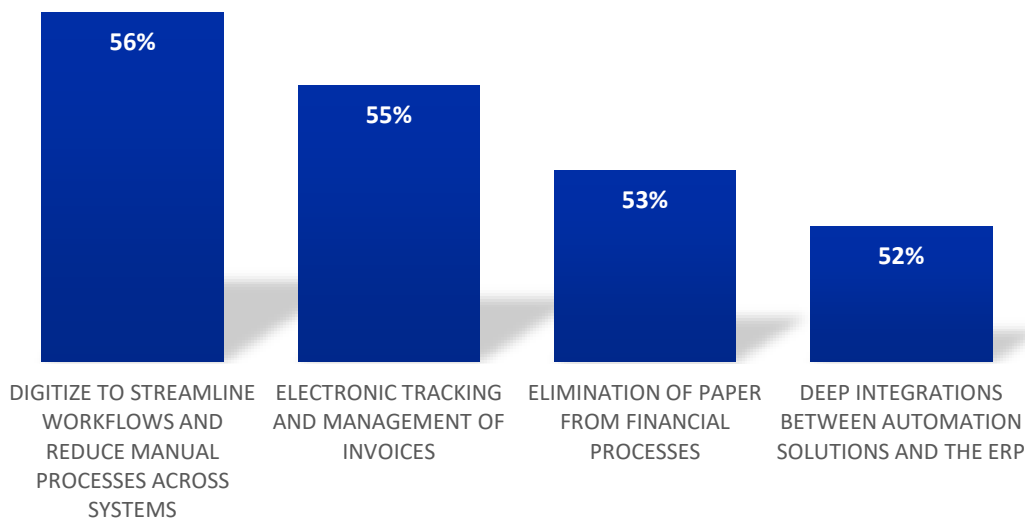
SAP FI/MM Manager  
Transportation  
North America

## Top Requirements for Automating AP Invoice Management

A majority of respondent organizations stated that digitizing to streamline workflows and reduce manual processes across systems (56 percent) was the top requirement to support strategies to automate AP invoice management (Figure 5). This requirement supports the actions of leveraging capabilities in SAP S/4HANA to reduce errors and inaccuracies due to manual processing, and consolidating and automating manual processes to eliminate silos and reduce errors.

SAP S/4HANA offers capabilities for mass import and upload of business partner master data, and supplier invoices from legacy formats such as spreadsheets or email. By digitizing critical information, everything is tracked electronically within one system reducing reliance on multiple spreadsheets or documents across different departments or locations.

Figure 5: Top requirements for automating AP invoice management



Source: SAPinsider, December 2022

Electronic tracking and management of invoices is the second-ranked requirement for automating AP invoice management, with 55 percent of respondents saying it was important or very important. This requirement aligns with standardizing workflows to reduce the time and resources needed for managing AP processes. Automated workflows can reduce the time spent on manually tracking documents and approving or denying them. In addition, solutions with intelligent workflows can route discrepancies back to the appropriate sources.

The third key requirement is eliminating paper from financial processes (53 percent). This requirement aligns with the action to consolidate and automate manual processes to eliminate silos and reduce errors. Organizations can enhance data capture and reduce errors with automated storing of all relevant data and documents securely in a centralized, integrated archive for ease of access. This helps eliminate silos and streamline AP invoice management.

Deep integrations between automation solutions and ERP system is the fourth-ranked requirement to support AP invoice management automation strategies. This requirement aligns with standardizing workflows to reduce the time and resources needed for managing AP processes. Tight integration with an ERP system allows organizations to collect more data about their AP processes. This data can be used for further analysis, leading to greater efficiency, accuracy, cost savings, and compliance with relevant regulations.

## What Technologies Are Organizations Using to Automate AP Processes?

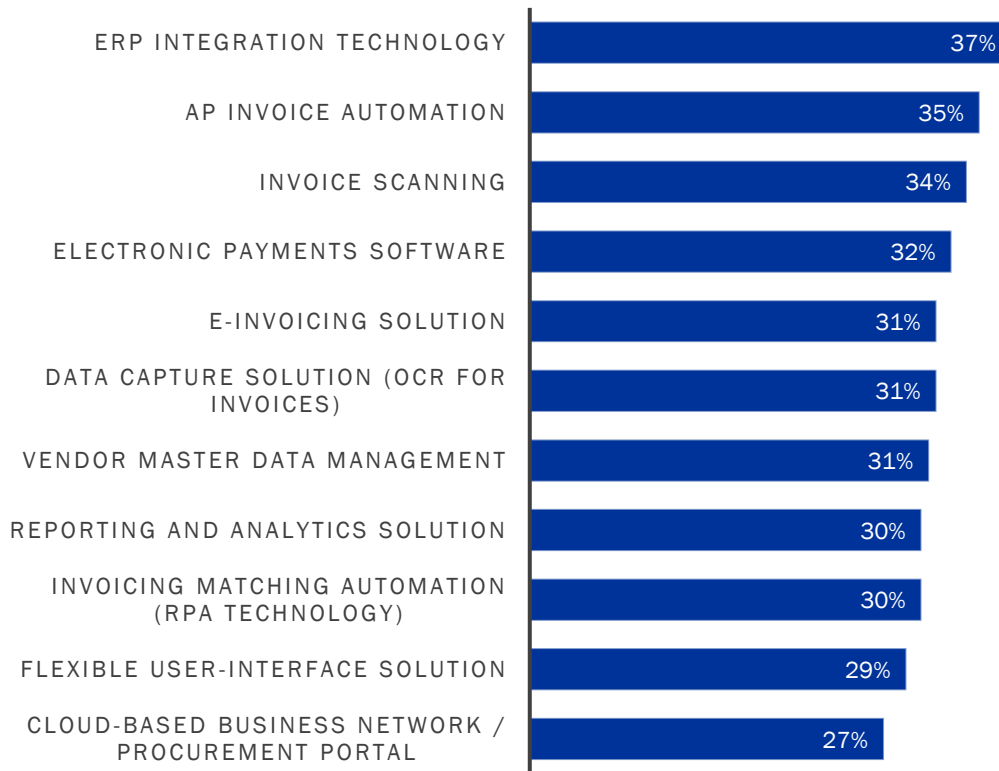
Most survey respondents have already moved to SAP S/4HANA or plan to move by 2027. These organizations must consider their needs for automating AP processes amid an overall SAP landscape transformation. The standard deployment of SAP S/4HANA leverages industry best practices to address a wide range of business processes, including AP processes. Many of these updated processes may address previous customizations (user exits) in SAP ECC, while remaining customizations require setup outside of the SAP S/4HANA clean core system to avoid significant process gaps.

It helps explain the need behind the most popular technology, ERP integration technology, as 37 percent of survey respondents currently leverage it as a critical element of their strategy to automate AP processes (**Figure 6**). For SAP organizations, an ERP integration technology, such as SAP Integration Suite, an integral part of SAP BTP, enables the integration of existing back-office systems with modern applications. These applications can be custom-built or selected from various third-party solutions available today. By connecting existing or new applications to automate AP process seamlessly, organizations can customize workflows according to specific requirements while increasing visibility into all transactions.

AP Invoice Automation (APIA) (35 percent) represents the second most adopted technology in the report. APIA solutions enable improved accuracy, reduced costs associated with manual processing, better control and visibility into payable activities, and more efficient dispute resolution.

Invoice scanning (34 percent) represents the third most adopted technology. This technology helps minimize manual data input by capturing key information from invoices, turning it into useful data that can be stored and handled quickly.

**Figure 6: AP invoice management technology adoption**



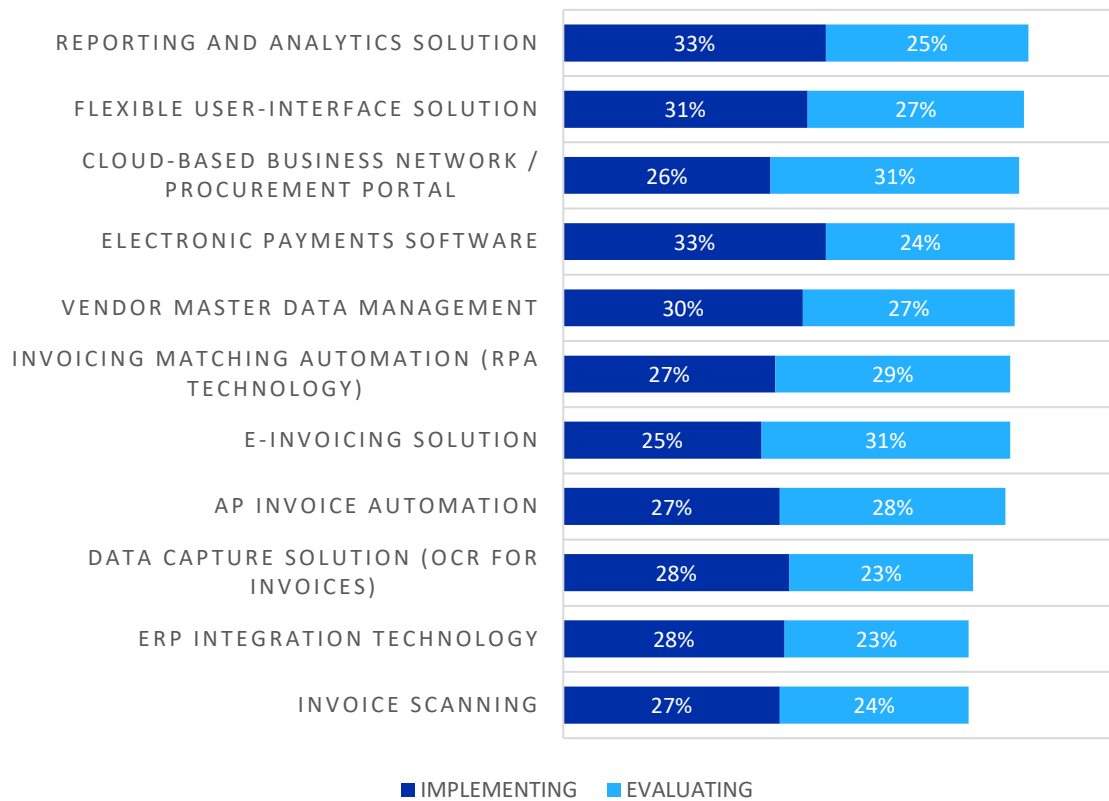
**Source: SAPinsider, December 2022**

Electronic payments software (32 percent) is the fourth most adopted technology. This technology helps organizations manage payouts efficiently by initiating payments electronically, and eliminating manual operations and paper-based processes.

As organizations strive for greater automation across AP invoice management processes and adoption of e-invoicing solutions (31 percent), data capture solutions with optical character recognition (OCR) for invoices (31 percent), and vendor master data management (31 percent) are seen as popular technologies. E-invoicing solutions provide real-time visibility of invoices, while data capture solutions automate the data entry process using OCR technology. Vendor master data management helps organizations promote collaboration among vendors and business partners to facilitate transactions. Organizations can minimize compliance risk exposure and maximize operational efficiency by adopting such solutions.

Many organizations are yet to digitize their AP invoice management processes, which has resulted in inefficiencies and a lack of improvement opportunities. The technologies that survey respondents are implementing to enable strategies to automate AP invoice management processes include reporting and analytics solution (33 percent of survey respondents are currently implementing), electronics payments software (33 percent), and flexible user-interface solution (31 percent) (**Figure 7**).

**Figure 7: AP invoice management technologies being implemented and evaluated**



**Source: SAPinsider, December 2022**

As organizations consider opportunities to automate AP invoice management, several key technologies are emerging as potential solutions. One is a cloud-based business network/procurement portal (31 percent of respondents currently evaluating technology), which can help streamline AP processes and enhance transparency. Another is e-invoicing (31 percent), which allows vendors to transmit invoices electronically and ensures that payments are efficiently linked with orders.

Additionally, invoice matching automation utilizing RPA technology (29 percent) enables efficient uses of artificial intelligence for greater data accuracy. By evaluating and potentially adopting these technologies, organizations falling behind can aim to keep pace with their peers who are already optimizing end-to-end AP invoice management.

## Key Takeaways

When it comes to equipping organizations with the capabilities and technologies required to support strategies to automate AP invoice management, consider the following:

- **Understand requirements for SAP BTP to support business-specific automation and integration with AP invoice management solutions.** The SAP Business Technology Platform (BTP) is a suite of cloud solutions and services that can support existing applications and custom applications created by an organization. It is intended to be the go-to solution for custom processes and applications previously connected to an SAP ECC system. SAP BTP provides an open platform that enables users to integrate their IT infrastructure while providing access to third-party technologies such as Artificial Intelligence (AI), and Machine Learning (ML).
- **Consider a cloud-based business network/procurement portal to streamline AP process.** This is one of the leading technologies that is currently being evaluated by the survey respondents. Organizations can unlock AP processes with integrated self-service options for suppliers to upload and access information quickly, facilitating faster payment cycles. In addition, integrating this technology can improve customer-supplier relationships over time and help reduce costs associated with manual operations.
- **Evaluate data capture solution for potential automating AP process "quick win."** Data capture solution (OCR for invoices) is one of the most popular solutions for automating AP invoice management (31 percent of respondents currently use it). As OCR technology continues to mature, data capture can be a significant "quick win" for organizations looking to streamline their AP invoice management processes. The cost-effectiveness and ease of implementation make it viable for automating AP processes.
- **Implement e-invoicing solutions to support growing compliance requirements.** A third of survey respondents identified compliance challenges as a pressing issue impacting AP processes. As compliance requirements become more complex, organizations must invest in an e-invoicing solution to ensure that they abide by the necessary regulations. This is especially beneficial as local compliance requirements become increasingly difficult.

## Chapter Three: Risk of Not Automating AP Invoice Processes

Manual AP invoice management processes are inefficient and result in longer processing throughput time for incoming invoices. This processing inefficiency is reflected across the research, as the average throughput time for incoming invoices exceeds 14 days for most organizations (80 percent).

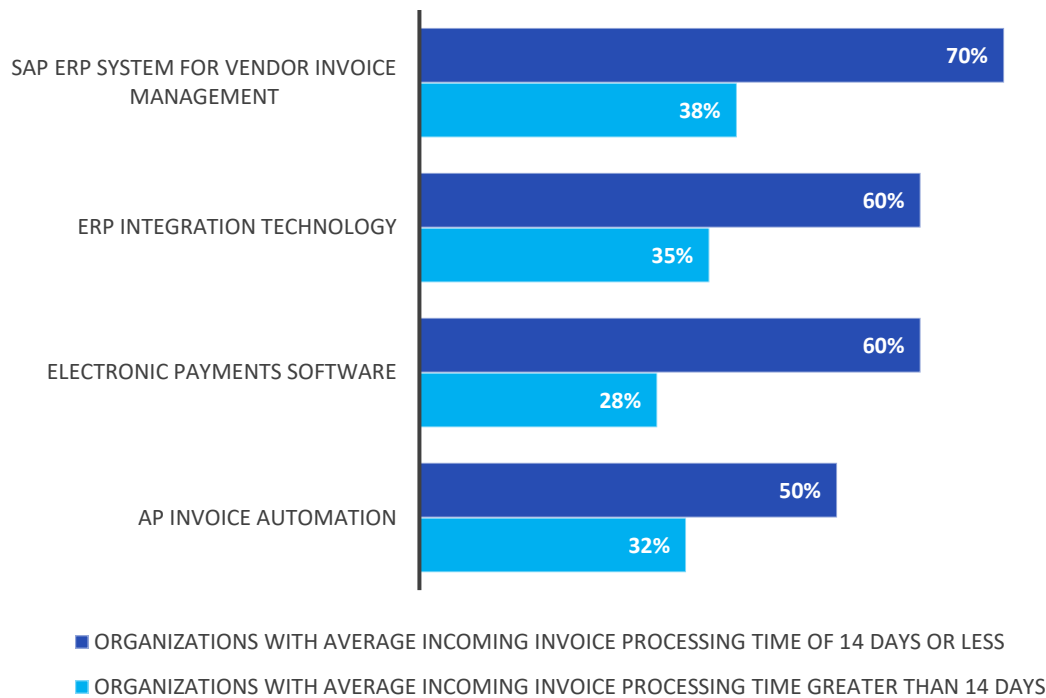
Manual steps can negatively impact AP invoice processes by slowing down processing speeds due to multiple employee touchpoints. For example, with 100,000 incoming supplier invoices requiring manual approval from multiple staff and then forwarding on to yet another team member, the workload can be daunting.

Automating AP invoice management processes with a cloud-based digital offering, such as an AP invoice automation (APIA) solution, can help organizations to increase efficiency and reduce risks. Top-performing organizations are benefiting from AP process automation solutions relative to their peers, as evidenced by the average throughput time of 14 days or



less (Figure 8). These organizations are more likely to invest in AP process automation solutions relative to their peers by a significant margin.

**Figure 8: Utilization of AP process automation solutions**



**INSIDER PERSPECTIVE**

“ Automation considerably enhanced standardization of processes, thereby decreasing fraud. The more exceptions to manage, the more manual intervention and opportunities for fraud. With automation, one can design controls/checks and balances especially with fraud in mind. We use machine learning models to help in anomalous transactions for human verification. ”

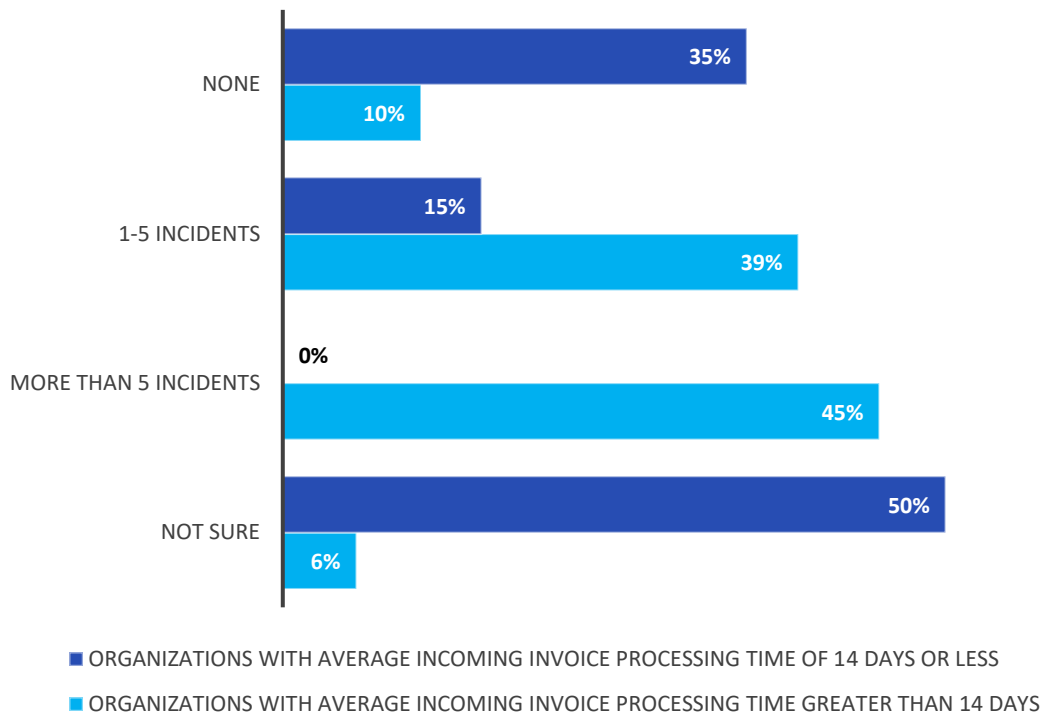
**Finance Manager,  
Medical Device Manufacturer  
North America**

**Source: SAPinsider, December 2022**

In addition to improving operational performance, automating AP invoice management processes help organizations reduce payment errors, fraud risks, and security breaches, a core driver for respondent organizations.

When it comes to fraud risks, the findings show that organizations with invoice throughput times greater than 14 days, were more likely to report fraud attempts than top performing peers. These underperforming organizations are less likely to invest in AP process automation solutions and more likely to report difficulties in mitigating fraud attempts in their AP departments (Figure 9). While some organizations are mitigating fraud attempts at the same rate as the top-performing organizations, they may be sacrificing processing efficiency to achieve the same risk profile.

**Figure 9: Incidents of attempted fraud in AP departments during last 12 months**



**Source: SAPinsider, December 2022**

Automating and digitizing the accounts payable process is an essential step for organizations seeking to reduce the risk of fraud. A digital, end-to-end solution with three-way matching procedure can provide enhanced visibility into financial transactions, improved accuracy for each step in the process, and compliance with internal policies and external requirements. In the current complex and volatile business environment, relying on efficient automated AP processes is key for business leaders looking to minimize risk and maximize performance across AP teams.

**INSIDER PERSPECTIVE**

“ Instead of downsizing the AP team following the successful adoption of automation, we shifted the AP team's focus to process improvements and fraud monitoring/audits. ”

**Finance Manager,  
Medical Device Manufacturer  
North America**

# Steps to Success

The research reveals that SAP customers should apply the following key steps to ensure that strategies for automating AP invoice management have the foundation for success:

- **Digitize AP processes to streamline workflows and reduce manual activities.** The research found that long invoice processing times, compliance issues, and a lack of fraud protections are among the most pressing challenges impacting AP processes. Replacing manual activities with automated digital solutions can lead to more robust compliance with global regulations, improved cash flow due to streamlined processes, and overall optimization of AP invoicing. Organizations can invest in the latest technologies and ensure that their AP processes are efficient and secure.
- **Align resources to enable business transformation and automation of AP invoice management initiatives.** SAP S/4HANA represents a foundational technology for business transformation. It is a top priority for most organizations (88 percent of survey respondents have already migrated to SAP S/4HANA or plan to by 2027). However, the burden of working on business transformation initiatives and daily operations while pursuing AP automation is impacting the effectiveness of AP teams. Survey respondents consistently identified insufficient staffing, poor collaboration with remote workers, and a lack of engagement between business and IT as key challenges impacting AP processes and opportunities for process optimization. Therefore, business leaders should prioritize additional staffing to successfully facilitate all three.
- **Emphasize strategies to automate AP processes that prioritize standardization and intelligent technologies.** Standardization helps create uniformity across systems and departments, while intelligent technologies such as Robotic Process Automation (RPA), Machine Learning (ML), and Natural Language Processing (NLP) allow automated AP systems to learn from historical data and adapt to new, more efficient practices as needed. This approach streamlines processes, reduces errors, enhances visibility into financial activities, and drives better decision-making.
- **Start the automation journey with SAP BTP and AP Invoice Automation (APIA).** For organizations with invoice throughput time greater than 14 days, finding a solution that matches their requirements was the top barrier to automating AP invoice processes. ERP integration technology, such as SAP BTP, and AP Invoice Automation, were leading technologies adopted by survey respondents to enable the automation of AP invoice management. Organizations should evaluate these technologies as they consider strategies for optimizing AP processes. SAP BTP and APIA can help organizations meet the top requirement of digitizing to streamline workflows and reduce manual processes across systems.

## INSIDER PERSPECTIVE

“ We hardly have any manual AP processes and hence no difficulties working remotely. Our Accounts Payable (AP) is completely automated using a vendor portal with integrated purchase orders (PO), automated three-way match, and payments (PO/receipt/invoice) using EDI. We are end-to-end automated; we have zero inefficiencies. ”

**Finance Manager,  
Medical Device Manufacturer  
North America**

## Methodology

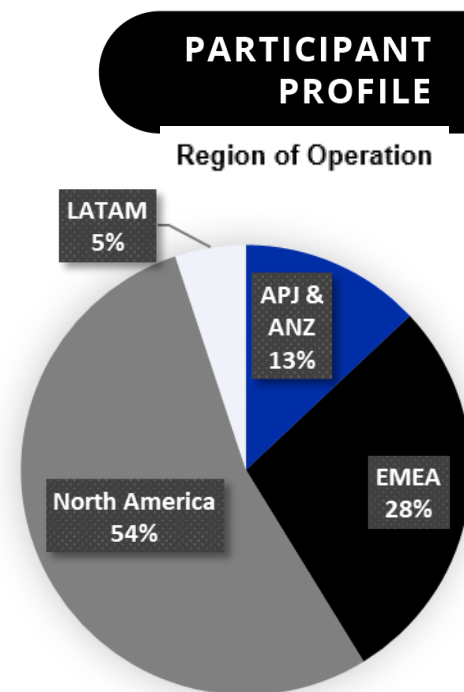
Between October 2022 and December 2022, SAPinsider examined the experiences of business and technology professionals on how they are approaching their strategies to automate AP processes and AP invoice management. The survey was administered to 188 members of the SAPinsider Community and generated responses from across a wide range of geographies, industries, and company sizes. Respondents completed an online survey and provided feedback in customer interviews that questioned them on topics such as:

- How digital and automated are your AP invoice management processes already today?
- What keeps you from further automating your AP invoice management processes?
- How long is your average throughput (processing) time for an incoming invoice (i.e., the number of days from invoice receipt to posting in SAP)?
- Did you encounter attempts of invoice fraud during the last 12 months?

**Job function:** Functional areas reported by respondents include Finance, Accounting, Tax (43%); IT/Systems (35%); Supply Chain and Logistics (9%); GRC/Risk/Internal Controls (7%); and Manufacturing (6%).

**Market sector:** The survey respondents came from every major economic sector, including Industrial Manufacturing (17%); Software and Technology (16%); Retail and eCommerce (11%); Consumer Products (10%); Oil, Gas & Energy (10%); Wholesale & Distribution (10%); Health Care (9%); Fashion & Apparel (9%); Food & Beverage (6%); and Financial Services and Insurance (2%).

**Geography:** Regions of operation for our survey respondents: 54% operate in North America; 28% operate in Europe, Middle East, and Africa; 13% operate in Asia-Pacific, Japan, and Australia; and 5% operate in Latin America.



# Appendix A:

## The DART™ Methodology

SAPinsider has rewritten the rules of research to provide actionable deliverables from its fact-based approach. The DART methodology serves as the very foundation on which SAPinsider educates end users to act, creates market awareness, drives demand, empowers sales forces, and validates return on investments. It's no wonder that organizations worldwide turn to SAPinsider for research with results.

The DART methodology provides practical insights, including:

- **Drivers:** These are macro-level events that affect an organization. They can be both external and internal and require the implementation of strategic plans, people, processes, and systems.
- **Actions:** These are strategies that companies can implement to address the effects of drivers on the business. These are the integration of people, processes, and technology. These should be business-based actions first, but they should fully leverage technology-enabled solutions to be relevant for our focus.
- **Requirements:** These are business and process-level requirements that support the strategies. These tend to be end-to-end for a business process.
- **Technology:** These are technology and systems-related requirements that enable the business requirements and support the company's overall strategies. The requirements must consider the current technology architecture and provide for the adoption of new and innovative technology-enabled capabilities.

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