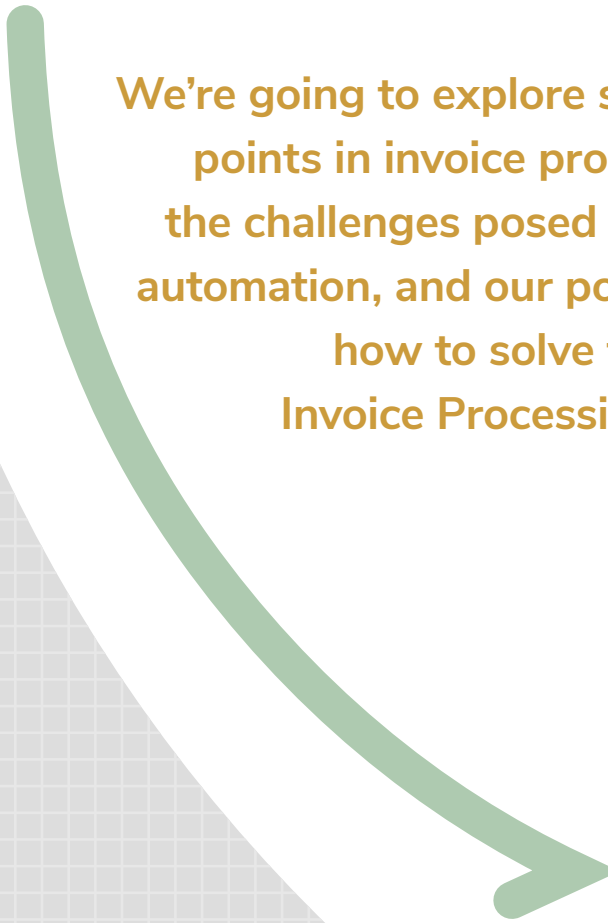




Seven AP Roadblocks to Business Growth and How to Solve Them

The flaws in current invoice processing methods and why HyperApps are the smarter alternative





We're going to explore seven key pain points in invoice processing today, the challenges posed by task-based automation, and our point of view on how to solve them with our Invoice Processing HyperApp.

Introduction

In a perfect world, all invoices would arrive electronically into the Accounts Payable (AP) department and be processed and posted to the organization's Enterprise Resource Planning (ERP) or General Ledger (GL) platform, or any other systems of record, straight-through, without human intervention. Unfortunately, we do not live in a perfect world and neither does the umbrella suite of AP operations.

According to Levvel Research's 2020 AP Survey, **51% of organizations reported that manual data entry account for significant problems in AP workflows.** And **37% of organizations also shared that manual routing of invoices for approval was also a significant pain point**.¹

In addition to manual effort, invoices are delivered through a number of channels and this variety is a major contributor to the costs, errors, delays, and visibility challenges that AP teams face. Task-focused automation does not eliminate the core challenges of invoice processing because it does not address multiple invoice delivery channels or complicated multi-page documents, some with embedded tables or charts, that need to be "read" and understood to be processed.




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The Ongoing Challenges of Invoice Processing

Even today, despite advancements in automation technology, bottlenecks in invoice processing continue to plague most businesses. Less than 1 in 3 finance leaders would rate their company's ability to pay suppliers on time as "excellent."² This has negative implications for vendor relationships, and the business as a whole. **Shockingly, 32% of invoices are still received in paper form and over two thirds need hard copies of email attachments!**³



These dismal numbers indicate the glaring gap between potential and reality for a complex process like accounts payable (AP). Despite AP being a critical backbone for the organization, companies either tend to put it on the backburner (sticking to manual processes) or implement rigid, task-based automations. Between 2016 and 2018, the number of organizations viewing AP as “very/exceptionally” valuable grew by 19 percentage points.⁴ Yet, the state of invoice processing is far from optimal, and this is holding back your business:

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1. Vendor/supplier relationships suffer, leading to missed opportunities
 2. AP is effort-intensive and iterative, giving rise to HR costs (training, low engagement, churn)
 3. A legacy AP process map prevents procurement from on-boarding new vendors fast
 4. The carbon footprint, as well as accuracy risks from paper dependency is very high

Fortunately, advancements in intelligent automation and the availability of cognitive document processing and configurable workflows mean these can be struggles of the of the past. A HyperApp approach to automation (rather than a rigid, task-based model) can help companies transform AP at minimal investments, achieve the holy grail of Straight Through Processing (STP), and start generating value.

While companies struggle with complex processes in their AP departments, there are several primary culprits of inefficiency. These prevent the timely processing of invoices, ultimately slowing down business growth as a whole.

Seven Roadblocks Preventing Optimal AP Efficiency

1 The need for manual data entry

Instead of automatic data extraction from a source document to feed into the appropriate data field, AP professionals must identify, read, and enter data, populating hundreds of forms manually. Depending on the nature and size of your business, this **could be costing you thousands of dollars every quarter, which is the case for 51% of companies.** For example, a manufacturing company sourcing parts and third-party services from a vast vendor network will have a tough time processing invoices. As the manual workload builds up at month-end, there is a very real risk of human error. **The average invoicing process will have a 3.6% error rate, of which 2.1% go undetected.**⁵ This means you are spending avoidable time and costs on fixing incorrect information in the ERP, not to mention the cumulative fallouts of undetected errors.

2 Efforts in routing and approving invoices

This is a common and persistent issue for AP teams worldwide. The majority of invoices follow iterative patterns, with identical or near-identical products/services, amounts, and owners. **In spite of this, 61% of companies route invoices manually for approval.** Due to inevitable human variances, approvals are delayed or there can be confusion if the approval owner changes. In worst-case scenarios, invoices may need to be resent through the process flow from scratch, causing duplication of efforts.

3 The risk of losing invoices

Manual dependency and convoluted approval pathways give rise to errors. **In 42% of cases, the chain of accountability and transparency breaks down before the invoice reaches processing.** As a result, the invoice falls between the cracks and can no longer be retrieved – requiring effort duplication to resend it back through the process. Some companies make the mistake of insisting on paper invoices as a workaround. But this only adds to your carbon footprint, opportunities for error and reduces your business agility. For example, a company that has always relied on paper invoices will have found it difficult to adapt to the pandemic situation.

4 Poor visibility into outstanding liabilities

Once invoices start falling through the cracks, or get delayed without clarity, your AP backlog will build up. **29% of companies are currently facing this and grappling with an indeterminate value of outstanding liabilities.** At the very least, AP must work overtime to resolve bottlenecks before a stipulated deadline. In drastic cases, there could even be a breach of compliance protocol, as invoicing, taxation, and the whole nine yards of financial compliance burden is put off for too long. This can snowball into a massive problem at the End of Month (EOM) or End of Quarter (EOQ) when you are trying to close out the books but encounter unexpected reconciliation charges.

5 Frequent discrepancies and exceptions


There are several causes of exceptions in invoice processing – incorrect price, incorrect quantity, incorrect amount, no tax information, no PO number, or conflict with contractual terms could derail invoices from its linear path. In fact, this is among the biggest reasons why companies stick to manual processing, as task-based automation cannot handle so many discrepancies/exception types. But at each instance, **the process gets delayed and becomes a little more complex, adding to AP overheads.**

6 Lost opportunities from invoicing delays

Timebound discounts and negotiated terms are among the top motivators for faster invoice processing. However, **nearly 1 in 5 companies (18%) are unable to approve invoicing time to capture discounts or more favorable product/service procurement terms.** Over several quarters, this leads to a hike in operational costs that could have easily been

7 Decentralized AP processes

It is extremely difficult – if not impossible – to centralize accounts payable with a manual process landscape. Business units work in silos, passing on invoices on paper or as attachments to a local AP team. There are instances of a vendor reaching out to AP directly – in short, **there's no formalized process and a lot of fragmentation.** A decentralized AP architecture becomes a major pain point when the company tries to scale.



Is Automation the Answer?

Given these seven challenges, **it is surprising that 57% of companies continue to prefer manual processes, with another 7% outsourcing it.** A long-perceived risk that has kept companies from automating invoice processes is sunk costs. Businesses believe that a fully automated platform designed for 100% STP would take too much time and too much investment to design, build, implement, and maintain. **That's why penetration of automation in AP remains as low as 36%.**

There are four reasons why traditional, task-based automation has not been able to solve AP's most pressing challenges.



1. Total Cost of Ownership

An automated invoice processing solution is either a cookie-cutter tool for the whole enterprise or highly time-intensive in terms of configuration/customization. In case of the former, the automation isn't tailored to your unique business needs, types of invoice, or vendor landscape. You will face constant exceptions that call for manual interventions, driving up your ownership costs. The latter will take months (or even years for a global enterprise) to get off the ground. **This means total cost of ownership goes up, while time-to-value is delayed.**

Even after implementation, the automations typically work on a subscription model that is difficult to scale. Multiple licenses, frequent maintenance, and repeated customization continue to add costs as your business grows.

2. Highly Technical Configuration Process

To configure the automated workflows and make it perfectly suited to your business, IT must get involved at every stage. From design and customization to keeping the automation running, there is both Capex and Opex. Further, IT doesn't have the business knowledge required to optimally customize automations. **As a result, there will be gaps in functionality, causing exceptions and more manual efforts.**

3. Chronic Lack of Cognitive Abilities

Without built-in cognitive capabilities, companies will always struggle to achieve true STP, as **some degree of manual data entry and cross-checking would be unavoidable.** Keep in mind that these aren't strategic decisions. In a non-cognitive-enabled automation workflow, without intelligent document processing, a human AP professional must cross-check and double-check invoice movements to avoid bottlenecks.

4. Traditional Automation leaves Template Creation & Management to Human Workers.

Fourth and finally, traditional automation usually leaves template creation and management up to human workers. Even if you have optical character recognition (OCR), a skilled employee must step in to configure it, putting in efforts across the entire build-test-deploy cycle. **When you multiply this by 5,000 vendors or more (as may be typical for a robust, growing enterprise), the massive scale of this problem is undeniable.** Without cognitive ML, the system cannot "learn" on its own and must be trained by a skilled employee every single time, adding to your template creation time and costs.

In other words, invoice processing automation – in its traditional form – doesn't live up to its promise.

How HyperApps Deliver Process Simplicity

AP teams are currently battling protracted automation timelines when it comes to modernizing invoicing processing. More than a quarter believe that it will take around five years before they can enjoy a fully automated process flow. It is possible to bring this timeline down to as little as four weeks by implementing JIFFY.ai's Invoice Processing HyperApp.

The concept of HyperApps encapsulates all the capabilities needed to successfully automate complex business processes from end-to-end, including design, build, deploy, monitor, and analyze.

Instead of a large and sprawling automation solution, a HyperApp targets a specific business process that is high in complexity and helps to transform it.

By definition a HyperApp is:

- 1. Self-contained**
- 2. Ready to deploy**
- 3. Integration-friendly**
- 4. Designed with the business user in mind**

HyperApps signal the next step in automation evolution, making it accessible to business users, easier to execute, and more cost-effective to maintain.



Reduce human effort with intelligent document processing

An invoice processing HyperApp includes cognitive document processing capabilities to reconcile even the most complex of invoices. It can automatically cross-check against three source documents: the purchase order, invoice, and goods receipt. In fact, it is compatible with the lion's share of input sources that AP teams encounter every day, like emails, system folders, and public websites. Intelligent document processing even powers automatic template creation based on incoming invoice patterns, shrinking AP workloads.



Democratize configurations and reduce IT involvement

A HyperApp is self-contained and designed with a business user in mind so you can design custom workflows without technical assistance. You can set up the workflows based on document types or even specific keywords like supplier name, invoice status, and more so that an invoice with that keyword would be automatically routed properly if it faces an exception. This capability democratizes configurations, empowering your business users to bring their specialized knowledge to invoice processing and set up the best possible workflows.



Control Capex and Opex costs while scaling

HyperApps come ready to deploy so there are no additional costs for design or implementation. The pricing structure is a pay-as-you-process model so there is no need to lock into a single license/version or purchase and implement a platform. This makes it inherently scalable, adapting to invoice volumes as your business grows, or even when it faces a downswing in volume due to seasonal fluctuations. The impact on Opex savings can be immense.

HyperApps' ML capabilities allow the system to get 'smarter' with the ingestion of more invoices. Every additional invoice builds your company's corpus of knowledge about vendors and individual formats, making the system more knowledgeable and reliable. Essentially, you are gaining from economies of scale instead of having costs and timelines soar.

HyperApps not only address the seven common pain points for AP, but they also offer a smarter alternative to traditional, task-based automation. Nearly every element – from process triggers to alternative workflows, from audit trails to the underlying business rules – can be customized using a simple, no-code interface. **This has proved to be game-changing for our customers.**

Proven Benefits of Transforming AP Using HyperApps



Straight-through processing is no longer an elusive goal for AP thanks to HyperApp-led invoice processing automation. When a globally recognized, EU-headquartered automobile manufacturer was struggling to get value from its existing automation implementation, the JIFFY.ai Invoice Processing HyperApp was the right solution. Despite having already automated pieces of the workflow, the company had to manually send data from emails to SAP ERP, physically going through hand-written claims. **By working with JIFFY.ai, the company was able to achieve 90% automation, along with an 80% reduction of errors that were initially caused by exceptions.**

HyperApps are the next leap in innovation, allowing companies to go well beyond manual dependence, errors, delays, and decentralization, to achieve a next-gen process landscape.

What's more, this is achieved at remarkably low costs, time, and effort and investments. As we transition to a fully digital world, STP should no longer be a to-be-achieved goal – it is time to maximize the power of automation, leveraging disruptive solutions like HyperApps.

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