

# TOP 3 TARGETS FOR IMPROVING AP

Accounts Payable is the finance process most often prioritized for performance improvement. With the right focus, AP can improve **productivity** (capture, coding and validation metrics); reduce **bottlenecks** (identify areas needing resolution); and improve **cash** management and **supplier** performance (through spend analytics and supplier score carding for comparative data).

A recent survey uncovered that ambitious organizations are targeting three opportunities for driving better performance from Accounts Payable.

## TOP 3 MOST IMPORTANT KPIS AND HOW PRACTITIONERS RATE THEMSELVES:



### NUMBER OF INVOICES PAID ON TIME

**43%** rated themselves highly on this KPI. Only **26%** said they needed improvement.



### INVOICES PROCESSED PER FTE

**36%** said they are doing well in this area but an equal number felt they needed much improvement.



### INVOICE CYCLE TIME

Only a quarter are happy with their invoice cycle time. **36%** felt they did poorly or needed improvement.

## 3 KEY AREAS FOR IMPROVEMENT

### → 1. FASTER INVOICE PROCESSING ←

**48%**

of AP said invoice processing speed is their top area for improvement



**25%**

consider their invoice cycle time good/excellent



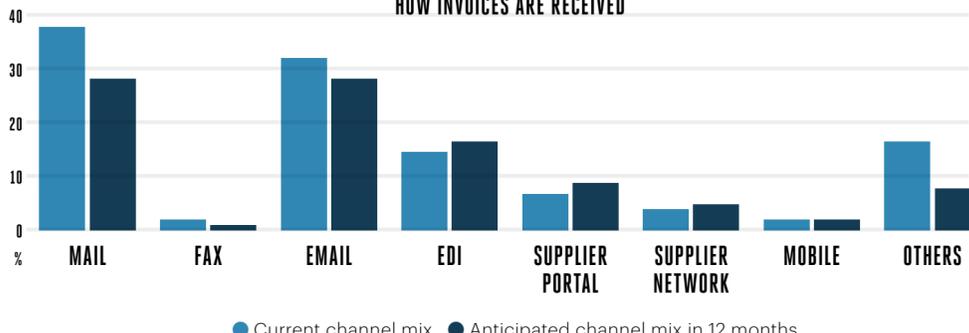
Capture technology can vastly increase the speed of getting invoices into the system

Good workflow technology improves the processing time of exceptions.

Process Analytics identifies remaining bottlenecks to be addressed by a combination of process change and technology enhancements.

### CURRENT VS FUTURE CHANNEL MIX

HOW INVOICES ARE RECEIVED



● Current channel mix ● Anticipated channel mix in 12 months

### → 2. IMPROVED WORKFLOW ←

**47%**

of AP would like to improve their workflow



**49%**

plan to invest or improve workflow automation in the next 12 months



**32%**

use analytics to monitor straight-through processing (44% are not satisfied with current rates)



A number of technologies can manage workflow. The key difference is whether they exist inside ERP or outside, which has implications about integration, value, and agility.

Remember - basic workflow only provides approval mechanisms for users who manually validate and review. True automation actually completes many steps automatically, only escalating to a human when necessary.

Analytics embedded within automation solutions tracks processes and identifies bottlenecks and provides the ability to automate escalation based on set criteria.

### → 3. INCREASED PROCESS VISIBILITY ←

**40%**

of AP would like to improve process visibility



**47%**

currently use analytics to monitor FTE productivity



**37%**

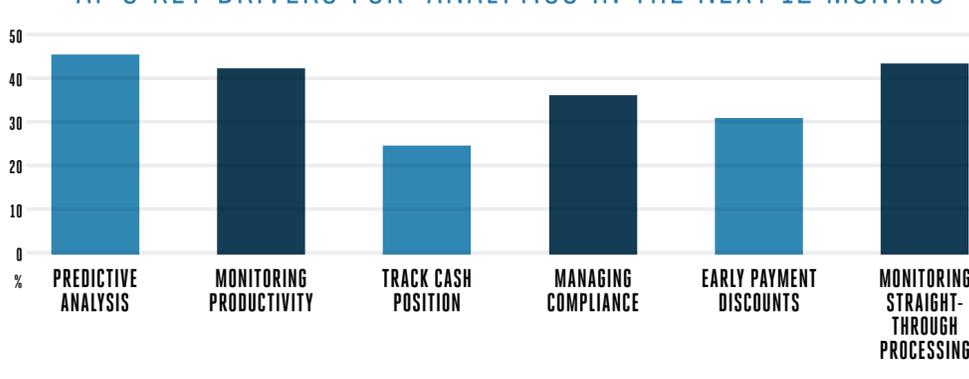
plan to invest in analytics in the next 12-18 months



Visibility is more than analytics. Clear audit trails and ad-hoc reporting are important to quickly understand and diagnose emerging issues before they make it into a monthly report.

By analyzing AP data with other data sources such as strategic procurement or financial planning, organizations can get deep insights that go beyond accounting operations.

### AP'S KEY DRIVERS FOR ANALYTICS IN THE NEXT 12 MONTHS



## HOW TECHNOLOGY-ENABLED IS ACCOUNTS PAYABLE TODAY?

➤ Nearly 70% of AP are using some form of workflow ➤

➤ Channel options are changing. **60% are using multichannel capture solutions** ➤

➤ Only half are using electronic invoicing but the market is planning to fill the e-invoice gap: **36% are planning to invest in e-invoicing over the next 12 to 18 months** ➤

➤ Just one out of four are using supplier portals or networks today but **42% are planning to invest in supplier self-service portals** ➤

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