

# Driving digital payments – moving accounts payable into the fast lane



For many growth-focused and mid-size organizations, managing accounts payable (AP) can be a hidden pothole. More suppliers and more purchases drive a higher volume of invoices. More expenses to track, match and approve from more sources means more manual work, more paper and more opportunities for error.

When processing paper takes more time than pinpointing profit opportunities, it's more than a bump in the road to success. Slow-pay reputational risks, damaged supplier relationships, compromised financial controls and weakened working capital management are all big challenges. What's more, when reconciliation is inefficient, labor-intensive and prone to human error, decision-makers are unable to obtain the timely and accurate information needed to run the business.

Contrary to common belief, the impacts of outdated AP processes are not isolated to the finance department. They ripple outward across the organization in the form of inefficiency. More time submitting expenses means less time selling. More time tracking down reliable data means less time focused on business strategy.

Given the broad availability of modern AP tools, growing organizations that still rely on manual processes are missing out on a significant opportunity to improve productivity, reduce costs and turn commercial payments into a growth driver.

## The growth opportunity of AP modernization

Digitizing AP processes and optimizing your organization's commercial payment methods can streamline operations and support growth while reducing costs and boosting performance. For many finance teams, this is an area ripe for improvement.

### **Automate and accelerate.**

According to data from PYMNTS Intelligence, 80% of mid-sized firms in non-retail sectors have not automated *any* AP processes, while just 5% have automated all AP processes.<sup>1</sup> Automation introduces a host of advantages to AP operations. Depending on the solution, it may be possible to capture invoice data with optical character recognition (OCR) technology, feed expense data directly into your accounting software or even provide complete audit trails for each transaction.

<sup>1</sup> ["Mid-Sized Firms Are Lagging in AP and AR Automation."](#) PYMNTS, 29 January 2024.



AP automation can deliver a range of benefits:

- **Streamlined reconciliation:** Significantly reduce time spent on matching invoices with purchase orders and receipts.
- **Customized approval workflows:** Establish automated, customized, multi-step approval processes that ensure policy adherence while reducing manual intervention.
- **Reduced staff workload:** Handle increased invoice volume without the need for additional staff to support growth.
- **Simplified monitoring:** Provide real-time insights into payment status, automated identification of spend anomalies and motivate adherence with organizational policies and audit requirements.

### Optimize commercial payments.

Choosing the best payment methods to meet your needs can support organizational evolution to more modern, digital AP management. Most treasury professionals are aware that heavy reliance on checks can lead to inefficiency, higher processing costs, challenges with cash forecasting and a greater fraud risk. Moving away from checks to electronic payment options can unlock additional benefits, including:

- **Improved control:** Set payment timing, limitations and recipient to increase policy adherence and reduce fraud risk.
- **Faster, better visibility into spending:** Integrate payments systems with your finance, ERP or accounting platforms.
- **Digital receipt capture:** Leverage mobile solutions to enable employee uploads on the road.
- **Greater potential to earn rebates on purchases:** Consolidate spend through a flexible commercial card program to maximize rebate potential.

Increasing use of commercial card payments offers an easy way to significantly transform your current AP processes. Many card programs include cloud-based administration, providing real-time visibility into cards and transactions, as well as easier expense management. Enhanced reporting and system integration options offered by some card platforms can make expense data available across the organization to make better decisions and identify opportunities to cut costs.

### Virtual payments, real benefits.

Virtual payment solutions deliver enhanced security and stronger controls over other commercial payment methods. Each virtual card transaction provides a unique card number that can be tied to a specific purchase or vendor. Virtual cards can be generated instantly, delivering commercial payment capabilities on demand, when and where they are needed.

To help enforce organizational expense policies, administrators can impose customized spending controls for each virtual card created. Cards can be designated for specific vendors for ongoing use, set to expire automatically at a set time and even be limited to the exact amount of a specific transaction.

**Proactively mitigate fraud risks with the enhanced controls that virtual payments offer. What's more, a virtual card can't be lost or stolen.**

## Five benefits of modernizing your payment infrastructure.

### 1. Supports growth

AP automation can help you add new clients, suppliers and payables volume without requiring more staff. For growing organizations, this is essential to ensure that your commercial payment systems can scale and that the benefits of growth can maximize the bottom line.

### 2. Fosters stronger supplier relationships

Modernizing commercial payments can improve supplier relationships by ensuring more timely payments and streamlining invoice submission and review. Suppliers often prefer the certainty of commercial cards over ad hoc checks, and virtual cards can deliver security benefits to them as well.

### 3. Reduces or eliminates manual processes

A recent study found that nearly half of invoices were received manually in 2024. Automation helps eliminate this outdated practice by automatically processing invoices, from capture through reconciliation.<sup>2</sup>

### 4. Frees up staff for more strategic tasks

By reducing the time spent on things like re-keying data, tracking paper forms and researching errors, modernizing your AP infrastructure allows you to focus your team on more valuable work.

### 5. Improves working capital management

Digitizing your commercial payment processes can deliver meaningful working capital benefits, from improved cash forecasting to leveraging card payments for extended float to preserve cash on hand.

## Gear up AP performance with modern payments.

The rise of electronic payments, cloud-based payment management systems and automated invoice processing can solve some of the greatest challenges faced by finance teams in growing organizations: processes that don't scale, the need to add capacity without increasing staff, managing payments and maintaining cash visibility in a rapidly changing environment and guarding against fraud.

Getting ahead of potential impediments to growth now can position your organization for future success. And with the tools and technologies available to digitize payables and automate your AP processes, doing so may be easier than you think.

<sup>2</sup> ["Ardent Partners' Accounts Payable Metrics that Matter in 2024."](#) Basware, February 2024.



**If you are interested in understanding how modernizing AP could support your organization's success, contact your Relationship Manager.**