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SMOOTH THE PATH TO PAYMENT AUTOMATION

Learn how your business can overcome 5 common challenges of modernizing AR and AP processes.

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ON THE ROAD TO PAYMENT AUTOMATION



80% of buyer-to-supplier transactions could be completed electronically by 2025.¹

Cash flow can feel constrained for many B2B businesses as the average days sales outstanding (DSO) for firms that deliver between 500 to 1,000 invoices monthly is 32 days.²

In response, many businesses are turning to new technology and efficient invoicing practices that can help them thrive. This approach is particularly timely in the new, hybrid working world, where your physical location may not have staff there to pay or receive invoices.

Learn more about how accounts receivable (AR) and accounts payable (AP) automation can support your business and help position your business for success.

How the pandemic has accelerated the adoption of automation:



50%

BEFORE:

50% of companies surveyed leveraged any form of accounting automation.³



77%

AFTER:

77% of companies surveyed have automated at least some AP and AR processes.⁴

MODERNIZING PAYMENTS WITH AUTOMATION

Exacerbated by reliance on paper payments, data entry mistakes and payment processing delays can strain many businesses. In fact, **93% of organizations surveyed receive late payments from customers that result in delays and errors**, prompting businesses to write off 1.5% of their receivables.⁵

However, more teams are recognizing the benefits of digitization and moving toward AR and AP automation.



Benefits of automated payments, according to businesses from two separate surveys:

AP⁶



- Accelerate payments
- Reduce friction
- Avoid supply chain disruptions
- Improve customer retention

AR⁷



- Increase processing speed
- Improve team efficiency
- Enhance customer experience
- Save operational costs

YOUR AUTOMATION ROADMAP

Fully automating your AR process may not seem easy, but you can ease the process. Here are five common challenges your business can overcome on the path to modern payment practices.

1

Challenge:

The level of investment for automation can seem high.

As with any operational investment, some businesses may be concerned about the cost of automation, but the potential costs of not modernizing could be even greater. Payment errors and delays can have massive ramifications for many industries.⁸

Solution:

Focus on the long-term costs saved.

The benefits of AR automation can help offset the initial costs, which could lead to more significant costs saved over time. With the time gained replacing manual tasks, your teams also can focus on high-impact work.



Automation reduced average processing costs per invoice from \$6.30 to \$1.45, calculated from a study from the Institute of Finance and Management (IOFM).⁹

72.1%

Nearly three in four surveyed firms (72.1%) say AR automation reduces operating costs.¹⁰

2

Challenge:

Many businesses lack the technological skills needed to automate.

Integrating automation can take significant technical know-how, and many organizations lack at least some of the necessary skills.¹¹ These challenges include finding qualified employees, lacking future-proof digital systems, and having insufficient application programming interface (API) technologies.¹²

Solution:

Prioritize skills training or find an expert partner.

Many companies are actively addressing the skills gap, with **65% saying they would partner with digital payment firms to build out or overhaul their digital infrastructure** in the months ahead.¹³ Alternatively, businesses can choose to train and invest in their existing workforce.



3

Challenge:

Implementation and onboarding can have long timelines.

It can take time for businesses to move away fully from paper-based and manual processes.¹⁴ However, current invoicing practices are strewn with late payments. **60% of companies surveyed said lengthy invoicing and approval times were a significant issue.**¹⁵

Solution:

Invest time now to see time-saving benefits down the road.

Integrated payment processing solutions, like a customer portal, enable customers to pay online. This tactic helps companies speed up the collection process and reduce late or missed payments, which, in turn, can improve their overall cash flow.¹⁶



48.8% of surveyed businesses say collection improvement was a benefit of AR automation.¹⁷

4

Challenge:

Limited integration with ERP systems means more manual tasks.

When payment technologies don't integrate into the ERP system, companies must manually enter payment data multiple times in different systems. This step can increase the potential for human errors, leading to more time and resources spent reconciling payment data.²⁰

Solution:

Consider secure integration through the cloud to help eliminate manual tasks.

Integrating payments into ERP software can help save businesses time and improve cash flow. The actual integrations are made easier with cloud technology, which can facilitate omnichannel access with centralized data and easy-to-use interfaces.²¹

Is integration through the cloud more secure?

By enabling integrated payments processing without touching sensitive data, cloud-based payment solutions can aid businesses with data security.²²



5

Challenge:

B2B businesses are slower to adopt digital payments.

Many B2B businesses still rely on slow and outdated payment methods.

However, the need for greater efficiency is driving many to adopt new, automated payment solutions.²³ In fact, 40% of surveyed CFOs said they are using paper checks less often.²⁴

Solution:

Encourage customers to use digital payments to unlock key benefits.

Digital payment methods offer a wide range of benefits to buyers and suppliers:



Greater payment visibility

AP automation solutions offer optimized cash flow and payment visibility through integrated card and ACH capabilities while improving visibility and confidence that suppliers receive these payments on time.²⁵



Increased security

Virtual cards allow corporate buyers to secure payments by generating one-time codes for each transaction.²⁶ Online bill payment platforms also can help you avoid check fraud.²⁷



Faster payments

Electronic payments and automation are critical to ensuring vendor payments are on time and in the proper order.²⁸ Faster processing speed (87.3%) was the top benefit of AR automation that surveyed businesses identified.²⁹



Revenue growth

Companies that invest in automation technology could see significant revenue growth as they reduce payment errors and speed up payment times.³⁰

PARTNER WITH EXPERTS TO EASE YOUR PATH TO AUTOMATION

The road to a fully automated payment process may seem daunting at first, but you can smooth the path with the right knowledge and partners at your side. When you're ready to automate your payment processes, American Express is here to help.



Access more resources and information on AR/AP automation and other important business topics.

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