![MineralTree — A Global Payments Company]

Building the Business Case for AP Automation

Accounts payable (AP) is a core function for any business. As companies grow, inefficient manual AP processes can cause a myriad of problems that can impact growth, reputation, and profitability, such as error-prone data entry, a lack of visibility, late payments, fraud risk, high costs, scalability difficulties, and compliance issues.

AP automation offers significant value to businesses by streamlining and optimizing back-office processes, improving financial reporting accuracy, and enhancing visibility and control over cash flow. This enables businesses to scale with fewer resources and improve financial management.

This eBook lays out the opportunities available to businesses looking to automate their AP process and helps build the business case to implement it.

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# Finance and accounting teams are under pressure

High interest rates, mixed economic indicators, supply chain disruptions, and geopolitical unrest have created a lot of uncertainty for businesses over the last 36 months. As a result, finance teams are keeping a close eye on their balance sheets, trying to manage their organizations' financial risk, and focusing more on cost reduction.

In the latest research from MineralTree's 9th Annual State of AP Report, four out of five respondents reported that their organization required more automation to be effective, and over half of those respondents cited inefficiencies and costs associated with manual processes as the primary driver for automation.
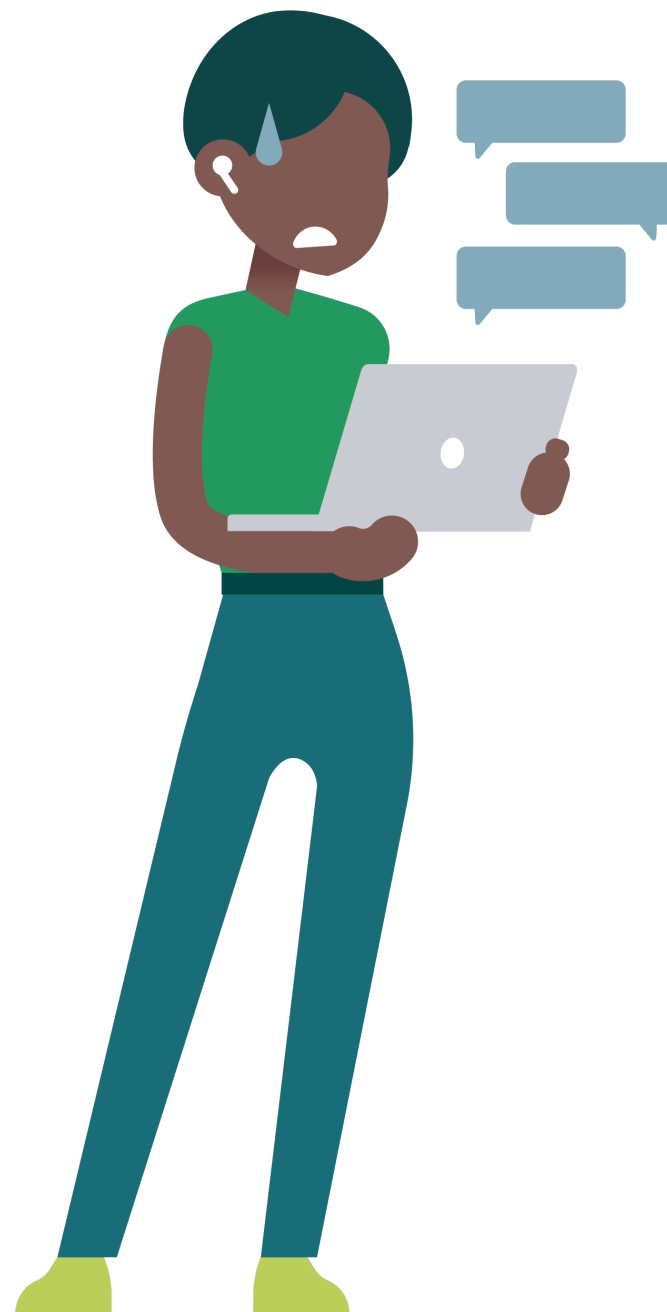
## This creates challenges for businesses with manual AP processes.

Finance leaders are expected to drive efficiencies through the modernization and automation of their back office processes. However, many AP teams say they are bogged down with manual data entry, chasing invoice approvals, and cutting checks. These obstacles have some finance teams going in the wrong direction from an efficiency perspective.
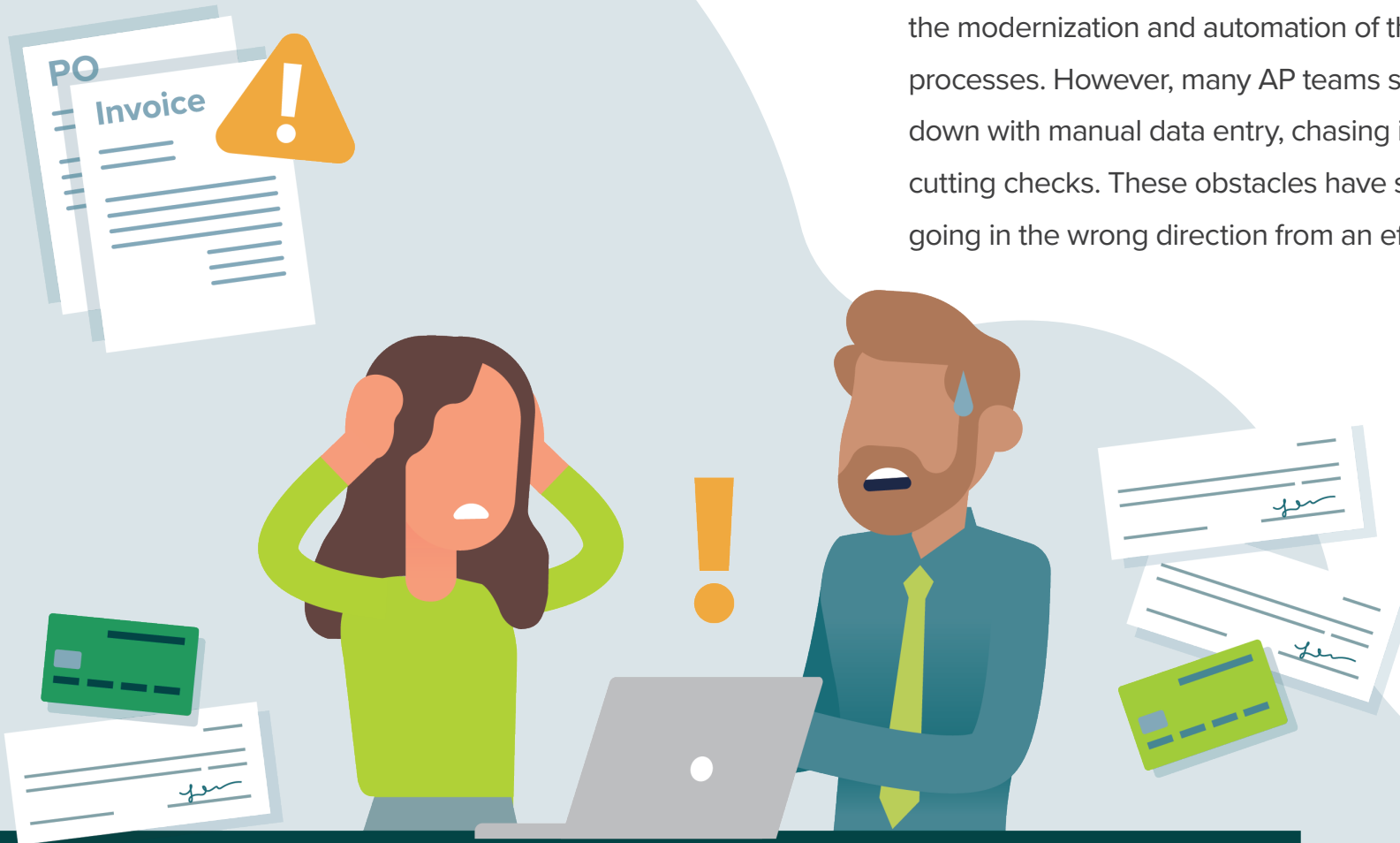
Hiring challenges and retention add to the problem as financial professionals shift back to the office.

As the back-to-the-office trend gains momentum among finance professionals, teams are facing renewed concerns about staffing and retention. Research from MineralTree's 2023 State of AP Report indicated that finance professionals embraced hybrid and remote work cultures.

However, a year later, the landscape has shifted, and the latest State of AP Report reveals that 57% of finance professionals are now working primarily onsite, up from 32% last year. The number of employees working primarily hybrid decreased from 51% to 22%.

32%

2023

57%

2024
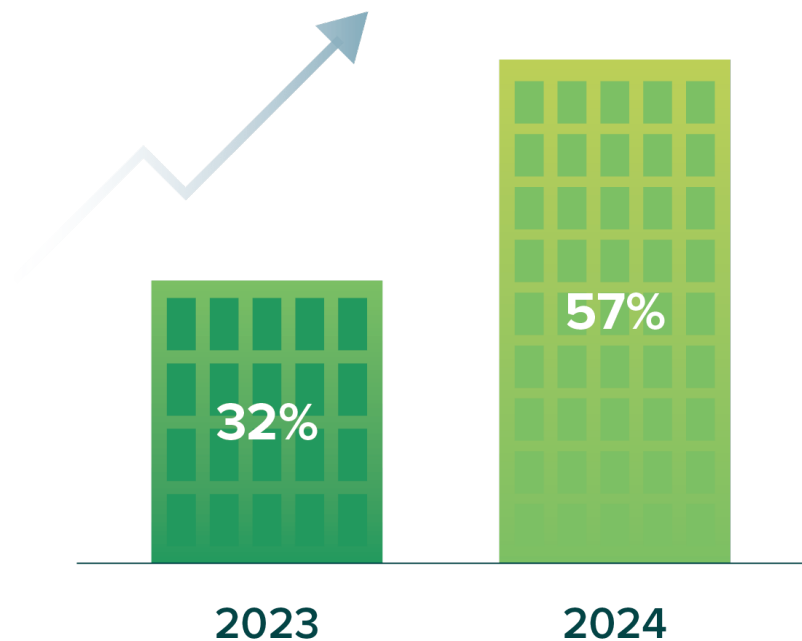
The mixed work environment underscores the need for automation, as one in five finance leaders cited accommodating hybrid and remote workers or addressing staffing shortages as their primary reason for automation.

Supplier relationships are adversely impacted by manual payment processes.

Recent supply chain disruptions have highlighted the importance of strategic vendor relationships. Businesses need to be able to rely on vendors for goods and services, and vendors need to get paid on time.

In MineralTree's research, suppliers consistently rank payment speed as their top priority in the payment experience, followed closely by payment aacuracy. As such, these vendors tend to make a lot of inquiries about payment status when kept waiting..

In fact, nearly half of the buyers in MineralTree's most recent survey say they are spending more than six hours per month just following up on vendor payment inquiries.

All these factors present obstacles for finance teams and create more pressure to find ways to drive efficiencies and cost savings.
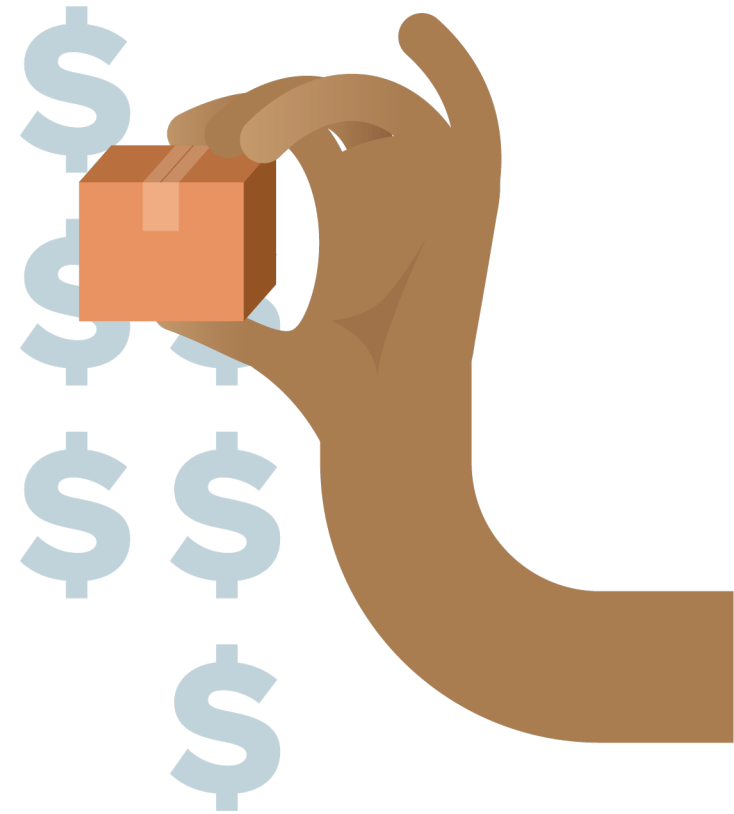
AP is a key opportunity for optimization

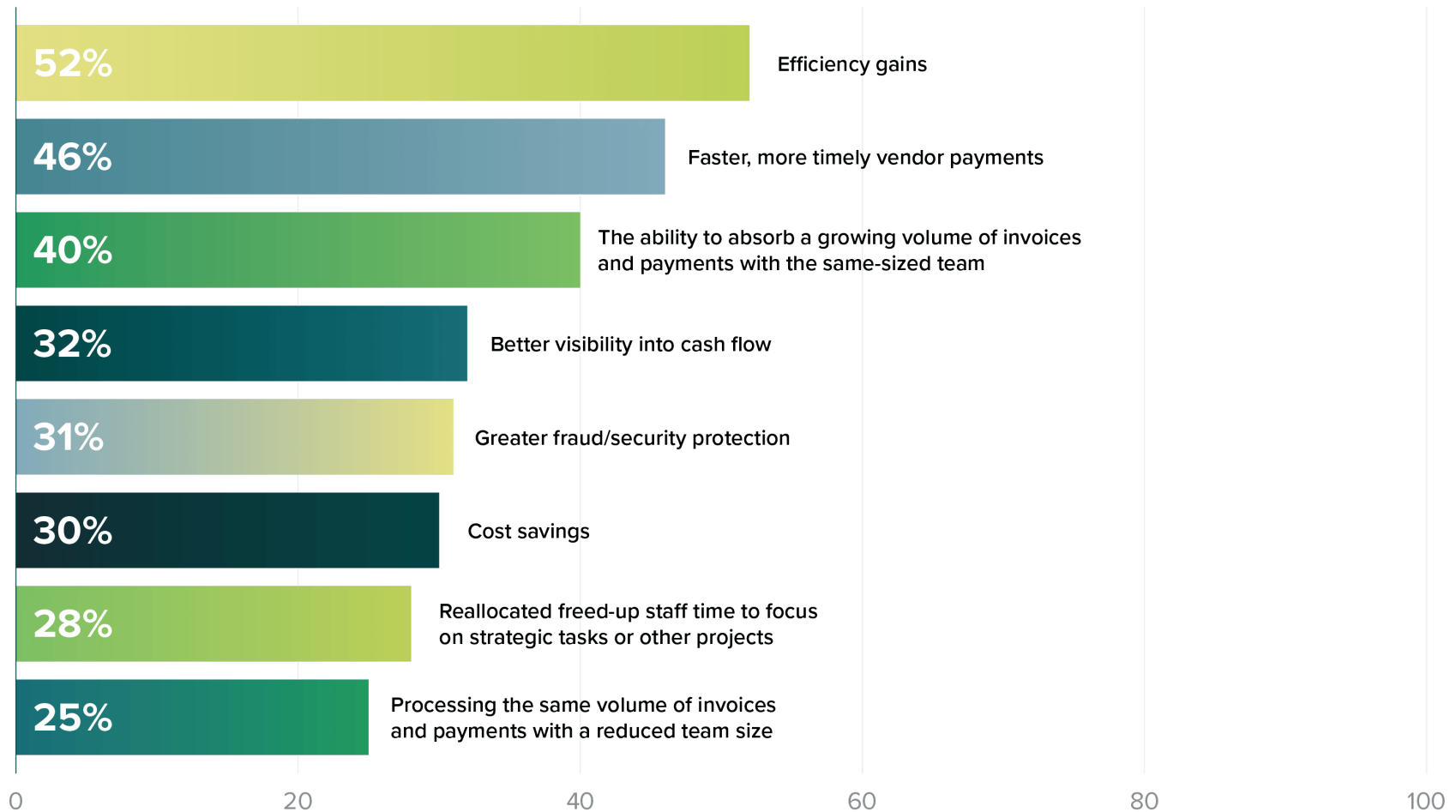According to our report, AP is the number one digitization priority in the back office for finance leaders, ahead of accounts receivable (AR), expense management, close management, and forecasting. This is the fourth year in a row that AP has topped the list.

Given its importance, it's not surprising that most businesses have automated at least some aspects of their AP process and gained significant value as a result.

Value gained:

% of companies seeing benefits as a result of automating at least one part of their AP process.

Percentage	Benefit
52%	Efficiency gains
46%	Faster, more timely vendor payments
40%	The ability to absorb a growing volume of invoices and payments with the same-sized team
32%	Better visibility into cash flow
31%	Greater fraud/security protection
30%	Cost savings
28%	Reallocated freed-up staff time to focus on strategic tasks or other projects
25%	Processing the same volume of invoices and payments with a reduced team size

Axis: 0   20   40   60   80   100

These types of benefits are critical to teams that are looking for cost efficiencies, having difficulty finding or hiring qualified candidates, losing staff through attrition, and/or under budgetary pressure to eliminate headcount or avoid new hires.

In addition, AP automation provides much-needed visibility into cash flow and working capital. This gives finance leaders the ability to control payment timing, improve cash flow, and take advantage of early payment discounts from vendors.

Simple Mills facilitates growth with AP automation

Key results

- **Handled a 50% increase in invoice volume without adding headcount**

- **Streamlined approval and payment processes**

- **Achieved cost savings through virtual card payments**

The leading provider of better-for-you snacks faced challenges processing over 1,000 invoices per month with a single staff member. Knowing that this number was expected to grow even more, the company turned to MineralTree for an AP automation solution.

The adoption proved successful, enabling a faster and more efficient AP process. It also led to improved collaboration throughout the business and better visibility into billing processes. Moreover, rebates from virtual card adoption have helped offset the TCO. Simple Mills is processing a 50% increase in invoices without any new hires due to MineralTree.

Many businesses plan to invest more in AP automation

Given the benefits of AP automation, businesses are investing more in it. However, only 18% have automated the end-to-end AP process, leaving a lot of room for additional ROI at a time when businesses need it most.

Let's take a look at some of the specific areas where AP automation can drive immediate cost efficiencies and operational improvements:

1. Invoice capture
2. Purchase order–invoice matching
3. Invoice routing and approval
4. Payment authorization
5. Payment execution
6. Analytics
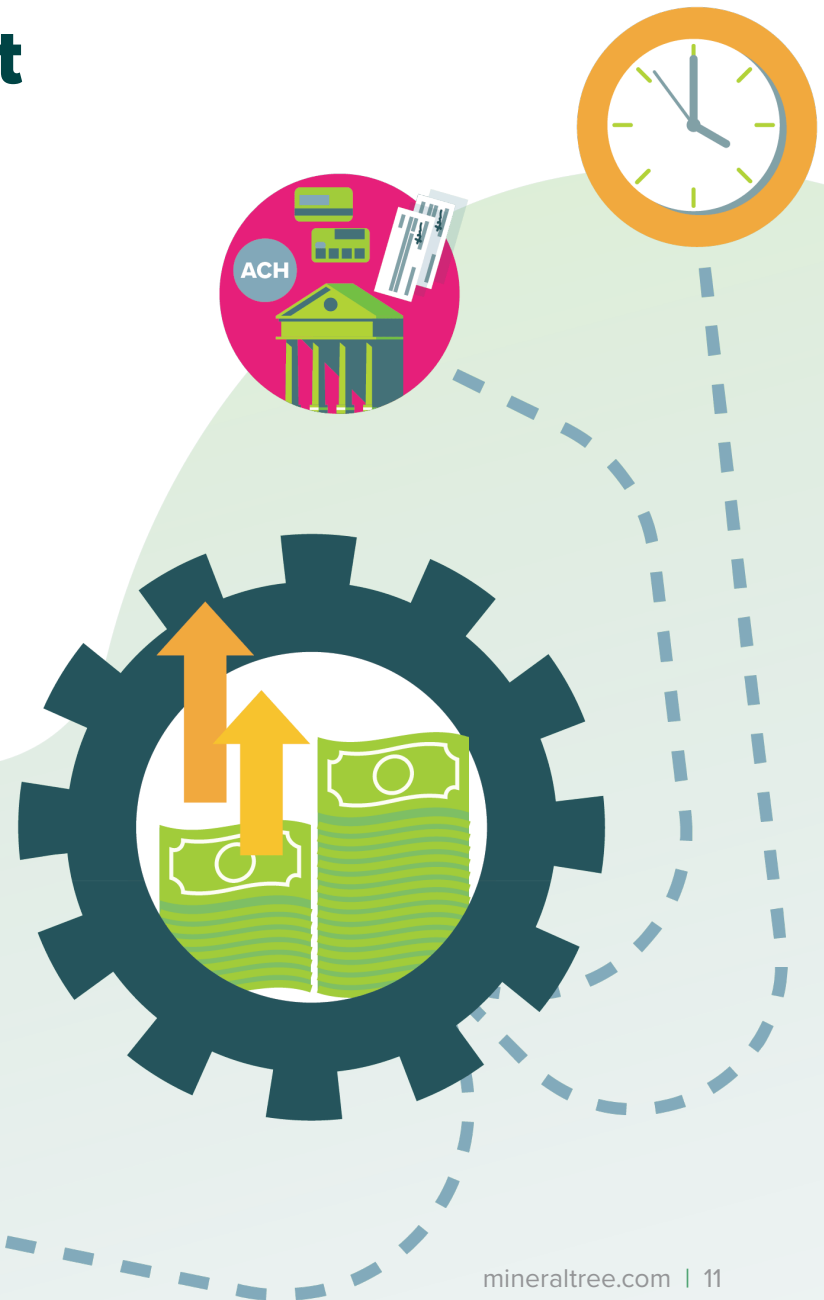
1 Invoice capture

Invoices can arrive through a variety of channels, such as paper mail, email, website portals, and in different forms (e.g., paper, electronic). For any business with 100+ or more invoices a month, manually capturing them and entering the data into a financial system is likely to be very slow and error-prone.
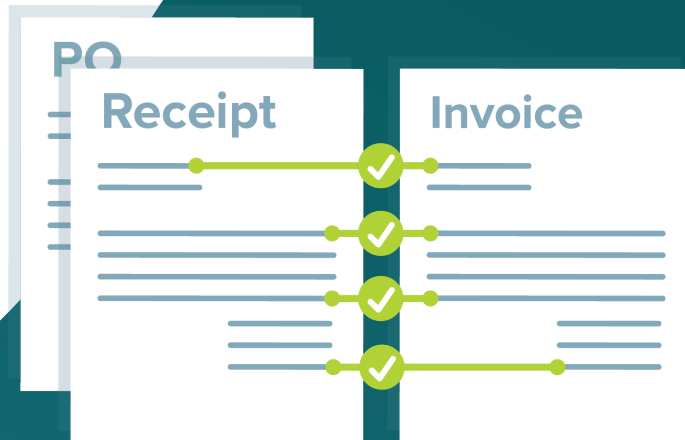
2 Purchase order–invoice matching

Once in the system, some invoices may need to be matched with a purchase order (and receipt) before they can be processed for approval or payment. Manually matching these is another slow and inefficient effort.

3 Invoice routing and approval

If an invoice can't be matched against a purchase order, it likely goes through an exception-handling workflow prior to payment authorization. The AP department may not be clear on who the proper person is to sign off on it, which means many invoices travel through multiple people before landing in front of the right person, causing significant delays.

4 Payment authorization

Most businesses categorize invoices based on their priority and payment deadline and send batches along for payment. But for this to happen, each invoice needs to make its way to the finance team and the individual responsible for authorizing payment. When handled manually, this can involve a lot of unnecessary back and forth just to get a signature.

5 Payment execution

Depending on the AP department's processes and the vendor's preference, payment may be sent via check, ACH, virtual card, or another method. Manually handling payments often leads to missed due dates, particularly if the process involves paper checks or follows manual handling of the capture, approval, and authorization. This can lead to unhappy vendors, extra work answering vendor inquiries, and the company losing out on valuable early-pay discounts that many vendors offer.

6 Analytics

AP processes provide a wealth of data and analytics that can help AP teams gain greater control over spend by analyzing invoice and payment data. However, it's very difficult to take advantage of that data when the analysis has to be conducted manually. Running reports is also tedious and time-consuming and prevents team members from focusing on higher-value tasks.

Optimize your payment mix with MineralTree

Maximize rebates and minimize transaction costs with payment optimization. Our team handles supplier virtual card enrollment, inquiries, and secure data management, ensuring seamless reconciliation with your ERP.

AP automation ROI outcomes

The types of results and level of savings vary for every organization, but in data from MineralTree's 9th Annual State of AP Report, users pointed to a variety of substantial benefits from automating their AP processes:

52%
realized gains in operating efficiency

46%
reported faster, more timely vendor payments

40%
were able to absorb a growing volume of invoices and payments with the same-sized team

28%
reallocated freed-up staff time to other projects

25%
are processing the same volume of invoices and payments with a smaller team

Lots of opportunities for improvement, but not without obstacles along the way

While the problems created by manual AP processes may seem obvious priorities to fix with automation, the appetite to do so may not exist at the executive level. There may be a lack of awareness of the risks and costs associated with the status quo. And, even if they want to invest in changes, they likely want to know exactly how it will make things better and be assured that the investment will be worth their while.

With that in mind, here are six things to consider when sizing up your organization's willingness to invest in automating the AP process:
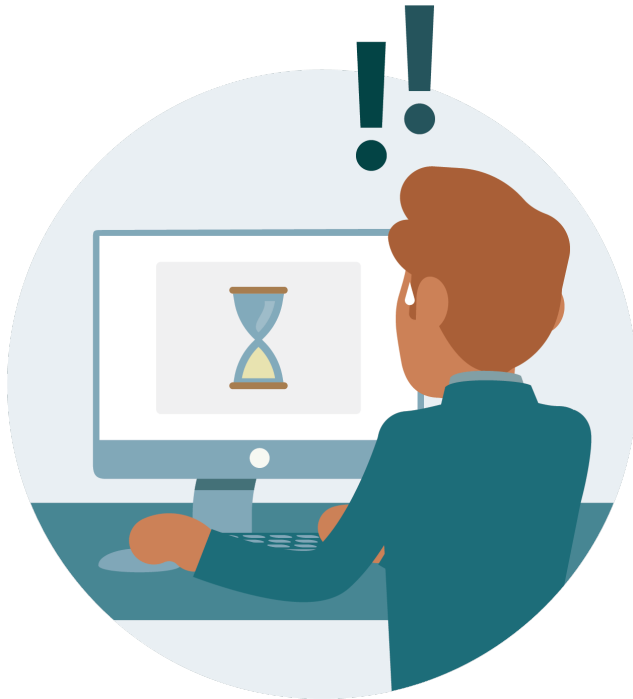
Organizational inertia

Executives may believe the current AP process works just fine. Or they may believe that their existing ERP system (which the business has already invested heavily in) is "automating" the process. Many ERP systems do have modules for entering bills and printing checks. But the reality is that the AP automation capabilities in many of these systems are very limited—and do little to eliminate the manual effort required.

2

Perceived costs of current AP processes vs. an investment in automation

There is often a lack of understanding about how much current manual AP processes are really costing an organization compared with the relatively low expense of an automated platform. There may not be visibility into real costs—both in terms of money and employee time—so, they can't weigh this against the investment required to automate.

Those costs include printing paper checks, the time spent on manual processes, delays in vendor payments which can create friction with vendors, employee time required to address vendor payment inquiries, missing out on payment discounts, and the added risk of error and fraud. AP automation eliminates all of these challenges and typically pays for itself in a very short time period. Refer to the chart on page 21 to see how much manual processes are costing you.

3

Concerns about integration with existing systems

Many CFOs (and CIOs) are wary of integrating anything with their financial systems. They worry about interoperability and creating more points of potential failure in security, compliance, and risk. What they may not understand is that their current processes may have even more points of potential failure.

Companies that haven't adopted AP automation put themselves at greater risk for duplicate invoices, business email compromise, fraud, and stolen information. Automation with the right controls can minimize these risks.

4

A lack of IT expertise to manage and maintain

In some cases, the impression is that bringing in a new technology will require substantial internal staff to support and maintain it. Will the organization have the expertise in-house to manage it?

While these concerns are very real with ERP, modern AP automation systems are designed for business users with little to no technical expertise. They require little maintenance and often include managed services from the vendor.

5

Lack of a clear business case or ROI

In order to make changes in the way things are done, executives must see tangible benefits and ROI. Without that, there is little reason for them to consider investing in any new technology. AP automation provides substantial ROI in terms of time and cost savings, improved vendor relationships, reduced risk of fraud, and more impactful reporting and analytics. We lay out all of these benefits in detail later in the eBook. However, it's important to be able to articulate and substantiate how those benefits apply to your organization specifically. Vendors should also be able to provide a detailed ROI estimate based on current AP spend patterns.

6
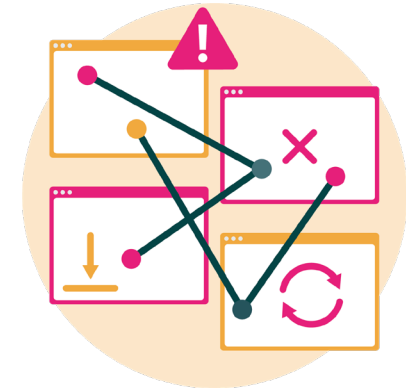
Fear of lack of control

When people hear the word "automation," they may envision tasks happening without any human oversight. Executives may fear that adopting AP automation means losing visibility and control when it comes to invoice handling and payment. But that's not the case. Automation simply takes away the tedium and inefficiency associated with AP processes while providing the ability to easily adjust the process at any time, and assign AP staff to more strategic tasks. Companies gain more control over when bills are paid and more visibility across the entire AP process.

Manual AP processes are costing you. But do you know how much?

Research from the American Productivity and Quality Center (APQC) highlights key metrics related to AP processes across different performance tiers and underscores the benefits of AP automation. By adopting AP automation, organizations can streamline invoice processes, reduce costs, and improve efficiency.

Performance tier	Cost per invoice	Average days payable outstanding (DPO)	Time from receipt of invoice to scheduled payment	Savings potential
Top performers *25th percentile*	$1.42	30 days	5 days	Potential savings of $450,000 for every 100,000 invoices processed by moving from bottom to top performance.
Median performers	$2.80	45 days	15 days	N/A
Bottom performers *75th percentile*	$6.00	60 days	30 days	Significant room for improvement in cost efficiency.

CUSTOMER CASE STUDY

Quartzy drives efficiency and revenue with AP automation

Quartzy, a leading life science product distributor, was looking for a solution that could integrate with its ERP system while providing better visibility into the invoice process. MineralTree, which offers a two-way integration with ERP platforms like NetSuite, was a perfect fit for the company. It provided more reporting and superior PO matching capabilities. In addition, Quartzy was able to take advantage of rebates by implementing SilverPay, MineralTree's virtual card. Their AP team was able to take advantage of $100,000 in rebates, ultimately covering the cost of their AP automation platform through B2B virtual card payments.

Building the business case for AP automation

It's important to help executives see the tangible benefits AP automation offers the business in order to change the way things are done. **Here are some to help you build your case for AP automation.**

Time savings and resource optimization

AP automation eliminates time-consuming manual tasks such as invoice capture, processing, PO matching, and approvals by as much as 80%, freeing up finance teams to engage in more high-value activities focused on improving business performance and profitability.

Cost savings

Adopting automation and paperless AP processes eliminates the cost of printing and mailing checks and enables faster payments, allowing businesses to take advantage of early payment discounts. It also opens the door to virtual card rebates, which can total more than the investment in the automation platform itself.

Reduced errors and risk

As discussed above, manual processes and data entry create a higher risk of human error. With automation, the chances of error are almost entirely eliminated. Using an AP solution integrated with secure digital payments, two-factor authentication, and separation of duties significantly reduces the risks associated with fraud.

Improved vendor relationships (and fewer payment inquiries)

AP automation provides businesses with greater visibility into outstanding invoices, payment due dates, and early payment discounts. At the same time, vendors get paid much faster and experience fewer delays and hiccups. As a result, vendors have fewer payment-related questions, minimizing the number of inquiries that need to be followed up on.

Improved cash flow

The visibility provided by a modern AP automation platform makes it easier to optimize payment scheduling and mix based on cash flow. With a direct-debit payment option, finance teams know exactly when payments will be debited from corporate bank accounts, so they can hang onto cash longer and optimize cash flow.

More effective hybrid and remote work processes

With AP automation, people and papers don't need to be in the same physical space at the same time. The process moves digitally, so invoice capture, approvals, and payment initiations can all happen remotely. This flexibility improves efficiency and supports a healthy work/life balance, which is important for attracting and retaining talent. That, coupled with the shift back to the office, highlights the need for adaptable processes.

Discover practical steps to streamline payment processes and improve vendor relationships.

Employee satisfaction and retention

Demand for qualified staff has been a growing challenge for finance leaders in the last few years. According to a recent survey by recruiting firm Robert Half, 87% of hiring managers for finance and accounting teams in the United States said that they're having a hard time locating skilled talent available for hire. In this environment, it's critical to retain the talent already in place by providing a growth path and providing opportunities for more challenging finance work. They can't do that if they are spending all their time chasing approvals or doing paperwork. AP automation addresses this issue directly.

Additionally, creating a supportive work environment that emphasizes work/life balance not only improves employee satisfaction but helps reduce turnover. When employees can achieve a healthy balance between work and their personal lives, they're more likely to feel engaged and committed to their organization.

Better scalability and information retention

When employees do move on, there is often a loss of "tribal knowledge" for organizations with a lot of manual processes. Automation keeps process knowledge and information within the system and also makes it easier to scale to meet demand without needing to increase headcount.

Enhanced visibility across the AP process

Automation provides increased visibility into AP operations by showing relevant data to authorized parties. Reports can instantly identify late payments, aging invoices, average approval time, and payment processing times. Multi-entity businesses can centralize invoice submission, automate payments, and track expenses for each location without manual intervention.

Compliance monitoring and process control

AP automation ensures compliance with regulations and creates trackable audit trails, which helps reduce the opportunity for fraudulent activity. By enhancing compliance, businesses have improved peace of mind knowing that invoices are being handled and processed securely.

Faster month-end close

AP automation enables faster audits and monthly/quarterly closes. Automated bank reconciliation shaves hours off the close process. Finance team members can use the search field to pull up a specific invoice number any time someone asks and instantly see the approval trail, last action taken, payment status, etc.

These benefits all contribute to a more strategic AP function — one that is more cost-efficient, better equipped to respond to changes in demand, able to manage strategic vendor relationships, and ready to inform the finance function more effectively.

Myro Therapeutics streamlines invoice management

This biotech company selected MineralTree to automate and optimize vendor payments. This has helped them avoid the processes associated with manual invoice input, PO matching, and payment approval. The AP platform's automation capabilities and ability to streamline the invoice-to-pay process was a big step up from the company's previous method, which involved using their bank's bill payment service.

AP automation supports BrightView Health's business growth

BrightView Health provides outpatient medication-assisted treatment in Ohio and Kentucky. During the span of just two years, their treatment centers expanded by 650% (from 4 to 30). When their controller joined BrightView, 65-80% of invoices were still being delivered via mail leading to a number of manual tasks. However, when the total number of invoices grew from 3,000 to 10,000, their accounts payable team realized they needed a new solution that could support their rapid business growth.

BrightView Health selected MineralTree as its AP automation solution, increasing the number of invoices processed each day. Their controller noted that their entire AP process has been reduced to "mere minutes." They have also been able to reduce time spent on quality assurance since MineralTree can catch duplicate invoices before they get paid. Accounts payable workflow automation helped their team improve their entire process while saving time and resources.

AP automation provides value across the enterprise —

from finance and IT to supply chain and operations management.

Stakeholder	Value of AP automation	
Staff accountants	• Time-savings processing invoices • Reduction of manual errors	• Improved visibility into invoice status • Easier reconciliation and reporting
Finance team	• Financial data accuracy, reporting • Regulatory compliance	• Cost control and cash flow management • Integration with existing ERP and accounting systems
Controllers	• Streamlined approval workflows • Audit readiness and compliance	• Reduction of late-payment penalties • More effective vendor management
Department managers	• Faster approvals and decision-making • Budget management and forecasting	• Access to real-time financial data • Solution scalability and flexibility
CFOs, finance leaders	• Strategic financial insights • Cost reduction and ROI	• Business process efficiency • Strategic vendor management
IT	• Integration with existing IT infrastructure • Improved data security and compliance	• Scalability and ease of system maintenance • Support for future technological advancements
Supply chain management	• More timely vendor payments • Stronger vendor relationships	• More dependable supply resources
Executive leadership	• Overall operational efficiency, agility • Strategic decision support	• Alignment with organizational goals

Examples of organizations realizing value with AP automation

Cascade Senior Living improves visibility into the invoice management process across locations

The healthcare management company was facing a significant back office burden due to its use of an outdated manual system that provided low visibility and was particularly challenging to use with managers spread out in remote locations. By implementing MineralTree's end-to-end AP automation solution, their processes are now much more transparent, centralized, and streamlined.

Forge Biologics uses AP automation to generate revenue

Forge Biologics seeks to bring life-saving gene therapies into reality. However, explosive growth became a challenge for their team, as they expanded from 30 employees to 200. As the number of invoices increased, their AP department realized valuable resources were being spent facilitating invoice payments instead of growing the business. Forge Biologics decided to partner with MineralTree and now pays about 90% of its invoices via electronic payment methods. In particular, virtual cards have become a key component of Forge Biologics' payment mix, and the team is on track to earn $80,000 in rebates this year.

House of Cheatham saves 20 hours a week on manual AP tasks

House of Cheatham is one of the oldest personal and beauty care product manufacturers in the United States. Their company is committed to excellence and accuracy in all of its processes. However, their AP team was relying on manual processes, which made it difficult to gain insight into invoice payments and approval status. House of Cheatham decided to partner with MineralTree and the implementation of the AP automation solution took less than an hour. House of Cheatham's staff accountant noted that "in total, MineralTree is saving us about 20 hours a week. We've been able to use this time to focus on making other processes better and more effective."

Additional AP automation resources

The 9th Annual State of AP Report
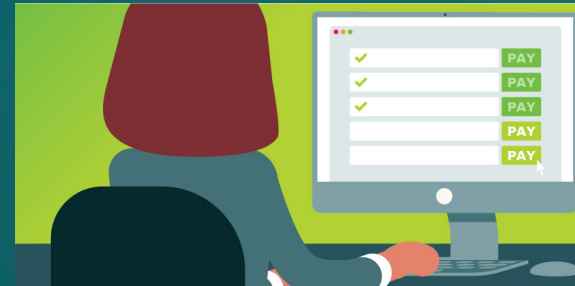
Creating a Roadmap for Accounts Payable Transformation

5 Ways to Improve Vendor Relationships and Reduce Operating Costs

6 Ways to Improve the Invoice Management Process

ABOUT MINERALTREE, A GLOBAL PAYMENTS COMPANY

MineralTree, a Global Payments (NYSE: GPN) company, provides modern, secure, easy-to-use accounts payable (AP) and payment automation solutions. By uniting technology and passionate people, we make the process of business payments easy, impactful, and profitable. Our solutions combine ease of use with robust capabilities that drive meaningful insights, transforming the back office into a strategic partner of the corner office.

For more information, visit mineraltree.com and follow MineralTree on LinkedIn.