DEFINING MODERN ACCOUNTS PAYABLE

A SURVEY REPORT

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EXECUTIVE SUMMARY

The *'Defining Modern Accounts Payable'* survey compiles responses from hundreds of account payable professionals across industries and seniority levels. The purpose of this report is to determine what constitutes a Modern AP Process, and compare performance of Modern AP Processes to Non-modern AP Processes. Our conclusions include: (1) the core characteristics of Modern AP Processes are **automation** and **value-added initiatives outside of AP,** and (2) Modern AP Processes operate at higher efficiency levels than Non-Modern AP Processes, giving organizations the ability to dedicate more resources to value-added activities.

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SECTION 1: METHODOLOGY

Process

To gain crucial insights into how companies handle their accounts payable processes, MineralTree conducted a survey of financial and accounting professionals at hundreds of companies about how their internal operations worked. Respondents were given a simple 14-question survey asking them to provide details about themselves and their company's processes, with questions encompassing both quantifiable dimensions (example: *"How many payments do you make a month?"*) as well as open-ended queries ("*What takes up a majority of your day?*").
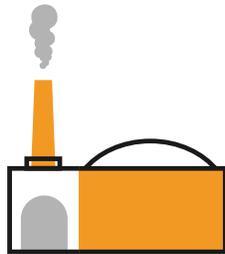
Demographics of the Correspondents

In all, the survey garnered 652 respondents from a variety of backgrounds, ranging from analysts and directors to executives and vice presidents. More than 72% said their title was "manager," "executive," or "director," with approximately 10% serving as vice president.

Those professionals represent companies in 35 different industries, including finance, manufacturing, telecommunications, education, professional services and more.

92%

The respondents' teams had anywhere from one to 26+ people involved with some level of the accounts payable process, with the *vast majority (92%) having small teams of fewer than five people handling some amount of AP work.*

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SECTION 2: DEFINING A MODERN AP TEAM

One of the main goals of the survey was to determine how modern respondents felt their AP processes were in comparison with organizations of similar shapes and sizes in their industries, and whether modern AP is objectively better than manual in terms of time saved and errors minimized.

PERCEPTION OF AP PROCESS MODERNITY COMPARED TO SIMILAR COMPANIES

Self-reported modernity rating

- 5: 11.9%
- 4: 40.6%
- 3: 24%
- 2: 7.3%
- 1: 16.2%

Percentage of total respondents
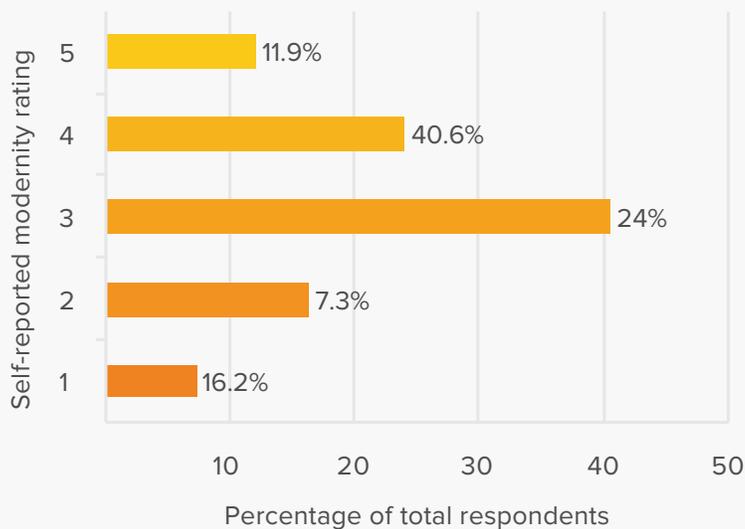
Those surveyed were asked, *"Please rate how modern you think your AP process is compared to other similar companies?"* The perception of modernity was rated on a scale of 1 to 5, with 1 being the lowest score and 5 the highest. The majority of respondents rated themselves a 3 (which was considered neutral) or 4, at 40.6% and 24%, respectively. Just 11.9% of respondents gave themselves a 5.

Meanwhile, *7.3% of decision-makers rated their companies at just a 1, and 16.2% gave their businesses a ranking of 2,* representing that approximately one quarter of all companies surveyed see themselves as lagging behind the AP processes of their peers.

WHAT FACTORS MADE A COMPANY DEFINE ITSELF AS MODERN?

Automation

When companies considered themselves modern, they tended to be automating a number of different processes simultaneously—at least three but sometimes up to five—including accounts payable. That typically wasn't the case for businesses that only rated themselves a 1 or a 2, most of which were in the manufacturing industry.

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Among all respondents, organizations automated an average of 1.9 of these processes. Among the companies that rated themselves as a 4 or 5—largely accounting services—that number rose slightly to 2.0. Those that rated themselves as a 1 or 2 automated 1.0 of their processes, on average.

PROCESSES AUTOMATED BASED ON SELF-REPORTED MODENITY RATING
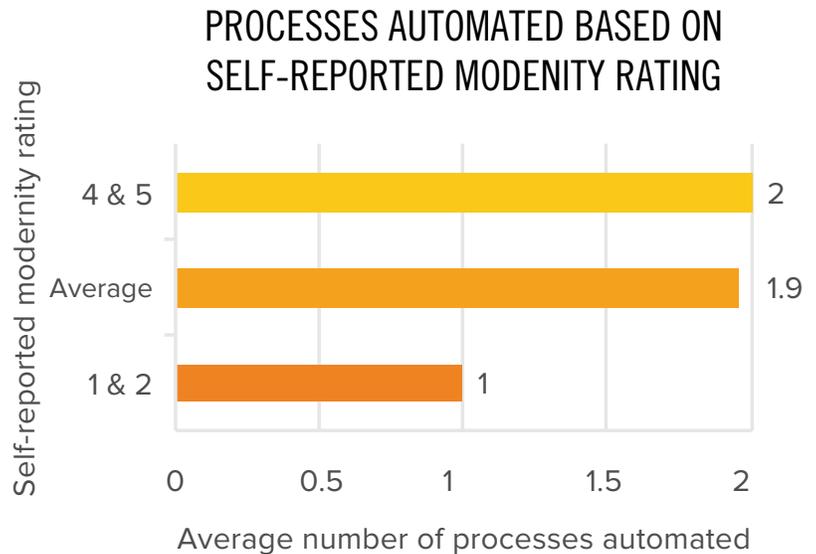
In all, one-third of respondents (32.8%) said they were automating their payroll processes, while only 21.6% said they were automating AP, and 20% were automating accounts receivable. Another 11.6% automated tax functions.

2x

Value-Added Initiatives

Another distinction within this group is their ability to focus on tasks beyond managing accounts payable. Those who did not consider themselves modern *were twice as likely to suggest that AP alone was not receiving sufficient attention due to a constraint on resources.*

SECTION 3: NOTED TRENDS

MODERN AP PROCESSES ARE RUN BY SMALLER TEAMS

Companies with small AP teams (1-2 people) automated an average of two processes. This level of automation was in line with those rating themselves a 4 or a 5.

In addition, 70% of all companies that have automated AP reported having 1-2 managers involved in the process, suggesting that companies with automated AP were able to reallocate other finance headcount and resources to more proactive and strategic initiatives within the accounting department.

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MODERN AP TEAMS SPEND LESS TIME ON DATA ENTRY AND RECONCILIATION

3x
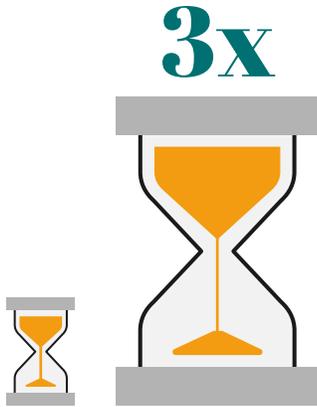
One of the more instructive data points was the results of the question, "What takes up the majority of your day." With both AP processes, "reporting and reconciliation" was described as the most time-consuming daily process for respondents, with "data entry" not far behind. This suggests that companies were devoting large amounts of time to identifying and resolving errors in the AP process coming from data entry.

When observing a side-by-side comparison between modern organizations who are automating their accounts payable process and non-modern ones who are using manual processes, there is a stark contrast when it comes to their consumption of time related to these items. *Non-modern teams who used manual AP processes reported spending nearly three times the amount of time processing invoices than modern teams benefitting from more automated AP, on average.*

MODERN AP CORRESPONDS WITH INCREASED INVOICE AND PAYMENT VOLUME

Modern AP teams with automated AP reported a high volume of invoice and payments being made:

▶ 47% of companies managing 500+ payments per month are automating two or more processes in AP

▶ 95% of those automating two or more processes are managing 250+ invoices

Seven in 10 companies (71%) that have automated their AP processing handle more than 50 invoices each month. In contrast, that volume of invoices is processed by 38% of companies that don't automate AP.

MODERN AP PROCESSES UTILIZE CORPORATE CREDIT CARDS FOR B2B PAYMENTS

42.5% of all respondents said they make at least 10% of their B2B payments on cards. Among respondents automating two or more processes in accounts payable, that number increases to 78.7%.

Overall, nearly 50% of respondents are making less than 5% of their B2B vendor payments using a corporate credit card.

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SECTION 4: CONCLUSION

The data collected from this survey clearly demonstrates:
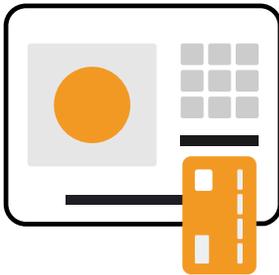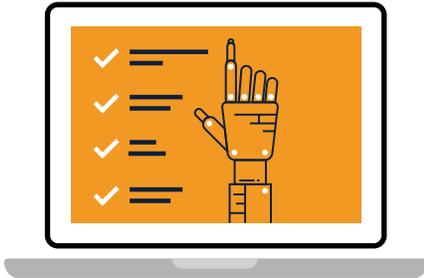
1. *Automation Plays a Key Role in Enterprise Modernity.* Organizations that are automating at least 2 processes within finance are considering themselves to be more modern than their counterparts. They are managing a larger volume of transactions and doing so with leaner teams.

2. *Automation is Alleviating Resource Constraints.* The ability to redirect time to valued-added activities is a clear indicator of a modern, AP-driven organization.

3. *Automation Impacts Access to Payment Types.* While the adoption of vendor payments via commercial credit cards across industries remains slow, there is higher adoption rates within those companies who are automating accounts payable.

To summarize, companies that self-identify as having modern AP processes feature automation as a core operational process—and regularly outperform "less modern" companies.

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ABOUT MINERALTREE

MineralTree provides the easiest to use Accounts Payable and Payment Automation solutions for finance professionals at growing middle market enterprises. Serving 1000+ customers and processing $2B in annual payments, MineralTree SaaS solutions automate either the full invoice to pay or payments processes, and reduce time spent by 70 percent.

Both of the company's products support multiple payment options, including check, ACH, wires, virtual cards and corporate credit cards. Capitalizing on these various payment rails, customers can optimize their payables, maximize early pay discounts, manage working capital, and earn rebates and rewards.

Invoice-to-Pay streamlines AP, giving customers unparalleled visibility into financial data and significant cost savings, in an affordable, integrated platform that is guaranteed secure. FlexPay, an enterprise integrated payables product, works with any accounting system and is designed for businesses making 500+ payments monthly that need to automate their payments.

MineralTree products provide advanced payment security features including two-factor authentication, two-factor payment verification, segregation of duties and payment limits. By using these features, MineralTree guarantees protection against online payment fraud. Losses are covered up to $100,000 per year.

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