

The 9th Annual State of AP Report



Finance organizations continue to increase their use of automation to drive speed, efficiency, and cost savings in their AP processes, but there remains a lot of opportunity for improvement.

For the 9th Annual State of AP Report, MineralTree commissioned an independent survey of over 1,100 finance professionals, including both businesses (buyers) and vendors, to understand their priorities, challenges, and opportunities in the AP function.



The survey included over 1,017 finance professionals involved in the accounts payable (AP) function and 147 professionals at vendor organizations involved in the accounts receivable (AR) function. Respondents represent a broad cross-section of industries and company sizes. **Here's what we learned:**

- **Finance organizations want and need automation to make their back-office operations more effective.**
In an uncertain economic environment, four in five finance professionals believe their organization needs automation to be more effective and reduce inefficiencies and costs created by manual processes.
- **In the back office, AP remains the #1 automation priority.**
Finance professionals see it as a big opportunity to save time and reduce costs. Those who have automated some of their AP processes are seeing real benefits in the form of faster invoice processing and payment cycle time, increased team productivity, and reduced costs.
- **There is a big opportunity for businesses to expand the benefits they are getting from AP automation.**
Most businesses have automated some parts of their AP process, but less than 20% have fully automated it, pointing to a significant opportunity. Less than two in five say the capabilities they are using are completely meeting their needs.
- **As automation grows, payment methods continue to shift and expand — slowly but surely.** Checks still play a significant role for most businesses, but both buyers and vendors are reducing their use and acceptance of them as they pursue and embrace more digital payment options.
- **Buyers and vendors want many of the same things when it comes to payments. They just don't always realize it.**
As the payment mix continues to shift away from checks, vendors are well-aligned with buyers. They want more digital payments, including ACH and cards. Their desire to get paid on time and accurately also makes them more willing to accept card payments than in the past despite the higher processing fees.
- **Back-to-the-office is happening! And staffing and retention are a concern.** Twelve months ago, finance organizations were embracing hybrid and remote work. Today, it's an entirely different story. A growing shortage of accountants, combined with back-to-the-office mandates, is creating staffing and retention worries.

This report presents these findings as a benchmark for finance teams to compare their back office automation efforts. While we provide commentary on the challenges and opportunities involved with AP automation and examples of how businesses are capitalizing on them, we want to let the reader come to their own conclusions about how it informs their efforts to optimize their AP processes and increase their effectiveness.



KEY INSIGHT:

Finance organizations want and need automation to make their back office operations more effective.

They are looking for speed, efficiency, and cost savings.

Four in five say their finance organization requires more automation to be effective, but only one in five say they have completely automated their AP process.

51% are using automation to reduce inefficiencies and costs caused by manual processes.

But automation is helping address other pain points as well:

- To gain data and insights for better decision-making (**17%**)
- To meet stakeholder demands and support business growth (**12%**)
- To accommodate remote/hybrid workers and promote work/life balance (**11%**)

While the primary driver and benefit of automation is reduced inefficiencies/costs, there are likely others that aren't as readily apparent, such as accommodating better work/life balance for accountants (via hybrid/remote work) and addressing staff turnover/hiring challenges. These benefits are likely more prominent for mid-sized and large firms compared with SMBs.

In three years, the percentage of buyer respondents answering “no automation; no plans to automate” dropped from 50% to 20%.

While some businesses' automation plans stalled in 2023 due to early recession concerns, they are back on track.



KEY INSIGHT:

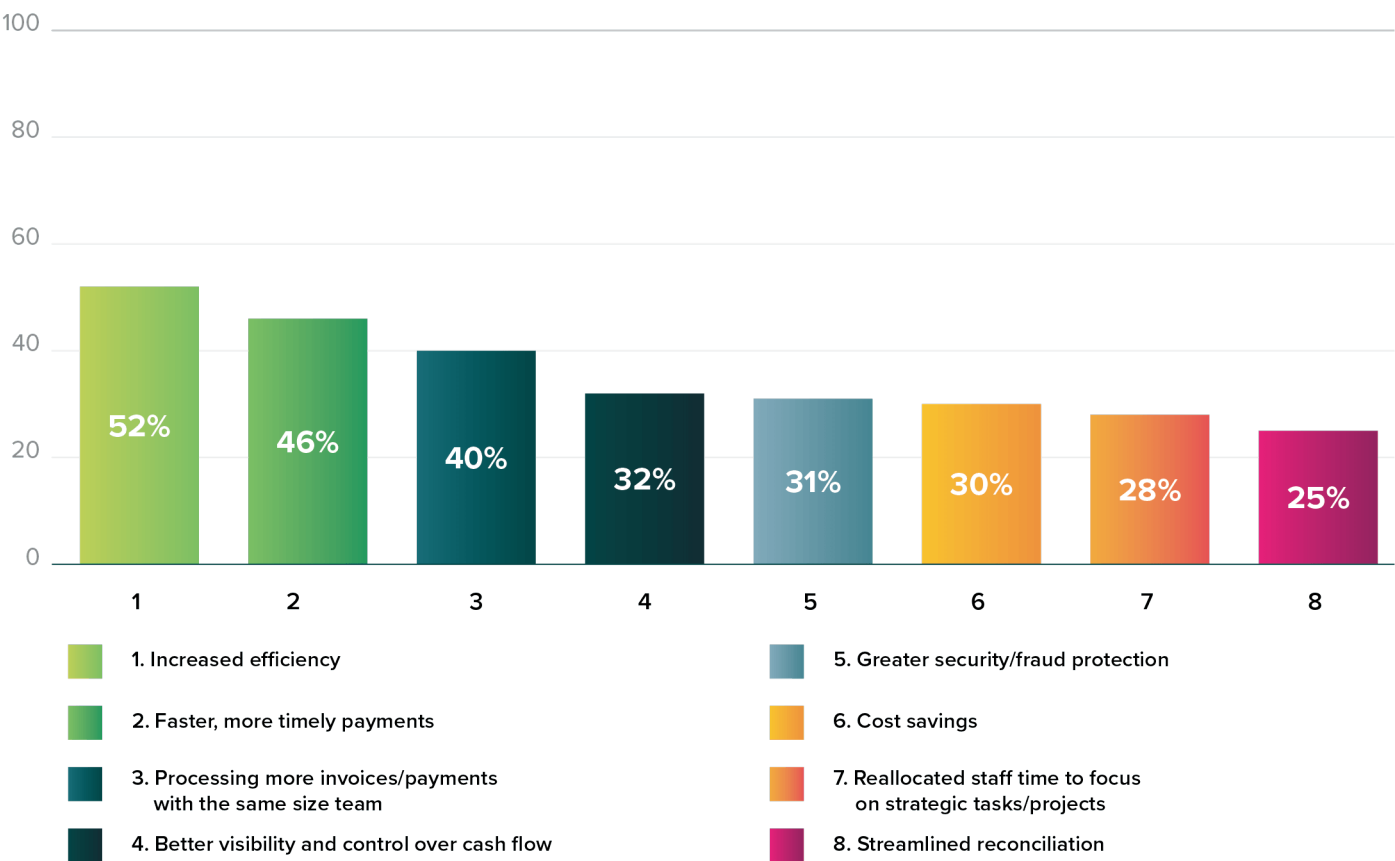
In the back office, AP remains the #1 automation priority.

For the fourth consecutive year, respondents cited AP as their number one automation priority in the back office, followed by accounts receivable (AR), expense management, forecasting, and payroll and benefits.

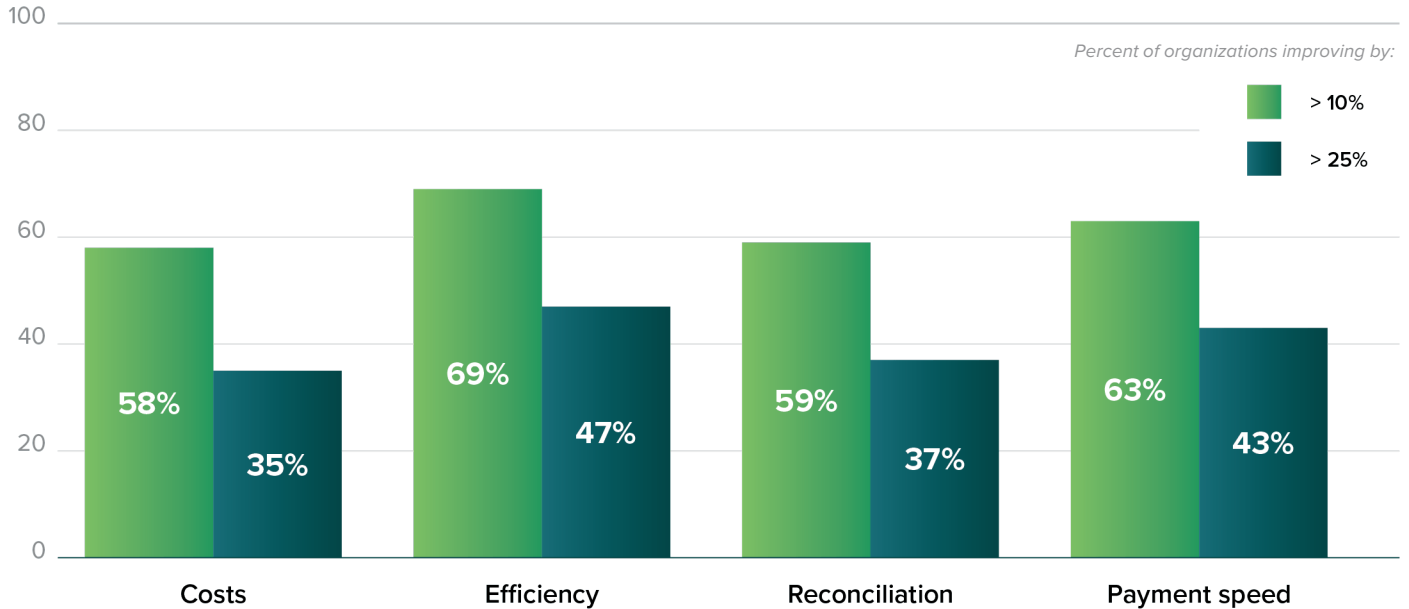
Those who have automated their AP processes are seeing a wide range of valuable and quantifiable benefits.

Increased efficiency, more timely payments, and the ability to process more invoices and payments with the same size team are some of the benefits mentioned by respondents.

AP automation benefits cited by percent of respondents.



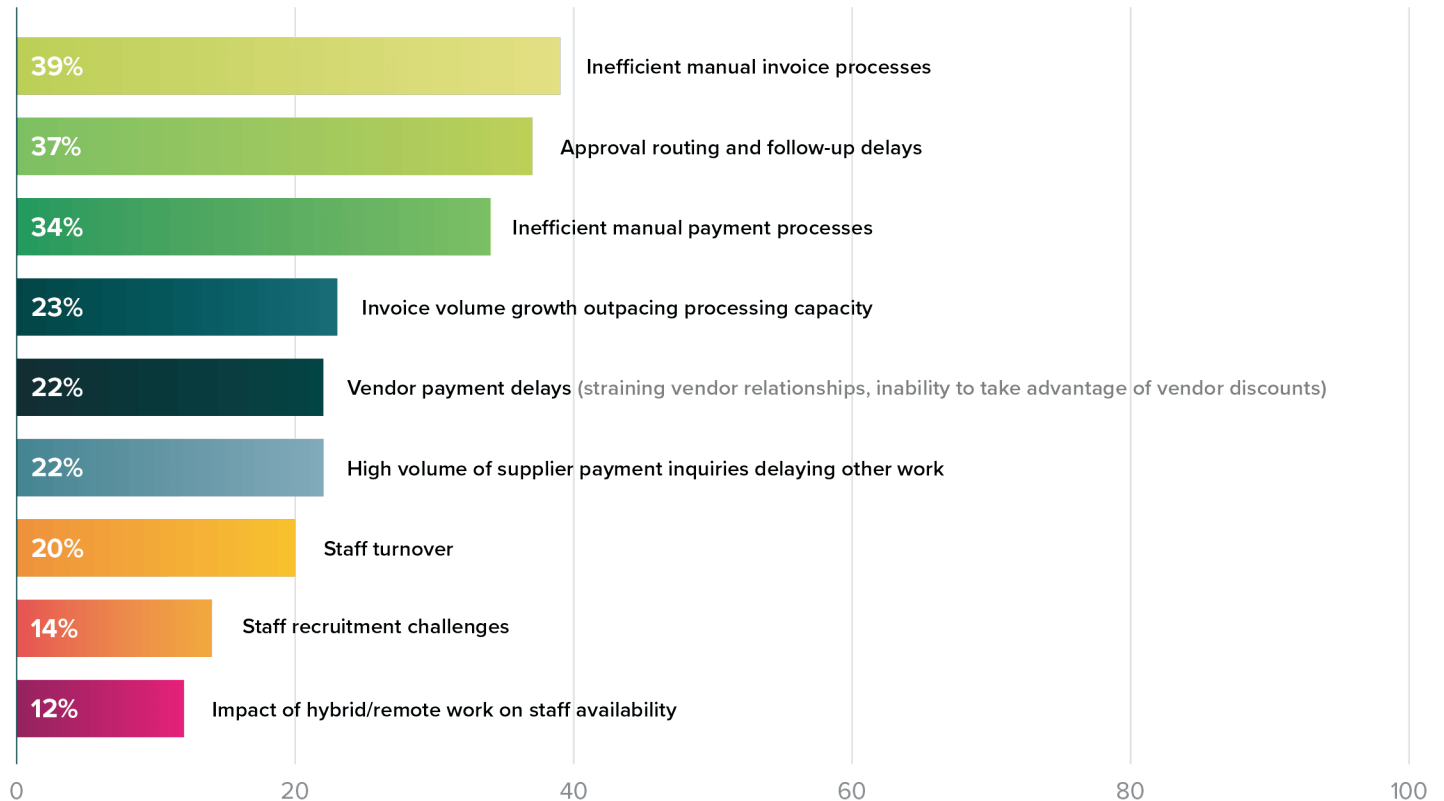
Time and cost savings realized as a result of AP automation.



But challenges remain.

When asked about their biggest challenges in AP, respondents cite several:

Biggest challenges in AP over the last 12 months.



While improved efficiency is the primary driver for more AP automation (cited by **51%** of respondents) and the primary benefit realized most often (**52%** of respondents), inefficiency has also been the biggest challenge over the last 12 months. We attribute this to several factors:

- Incomplete automation solutions that create too many exceptions require manual intervention. When asked about how well-existing automation solutions met their needs, respondents were far from completely satisfied. See the following section: **There is a big opportunity for businesses to expand the benefits they are getting from AP automation.**
- In many cases, these challenges with inefficient processes may also be the driver for adopting and expanding their use of AP automation in the last 12 months.
- Some respondents may be further along on their AP automation journey versus those just getting started.



Phishing is a serious threat in AP.

96% of buyers cited phishing as one of the most common types of fraud related to AP in their organization.

Business email compromise, in particular, was called out, with **42%** reporting an increase in the last 12 months and **47%** indicating it has stayed at the same level.

Check (**34%**) and card (**24%**) fraud remain common threats. While they're not increasing as much as phishing, they remain a challenge for many businesses.

KEY INSIGHT:

There is a big opportunity for businesses to expand the benefits they are getting from AP automation.

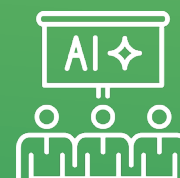
The majority of organizations (65%) have automated some aspects of their AP process, but only a small percentage (19%) have fully automated it.

The most common AP workflows currently automated are:

- Payment execution (i.e., cutting/sending checks, initiating ACH, or sending card details) - **55%**
- Invoice routing & approval workflows - **48%**
- Payment authorization routing - **40%**
- Invoice data capture and coding - **38%**
- Payment reconciliation & remittance processing - **34%**
- Purchase order-invoice matching - **30%**
- Vendor onboarding/adoption - **21%**

Looking ahead to the next 12 months, buyers' biggest priorities for AP automation are:

- Invoice data capture and coding - **34%**
- Invoice approval workflows - **32%**
- Payment execution - **27%**
- Payment authorization routing - **23%**
- Purchase order-invoice matching - **22%**



The use of AI in accounts payable remains more talk than walk.

But the hype is raising expectations about what's possible.

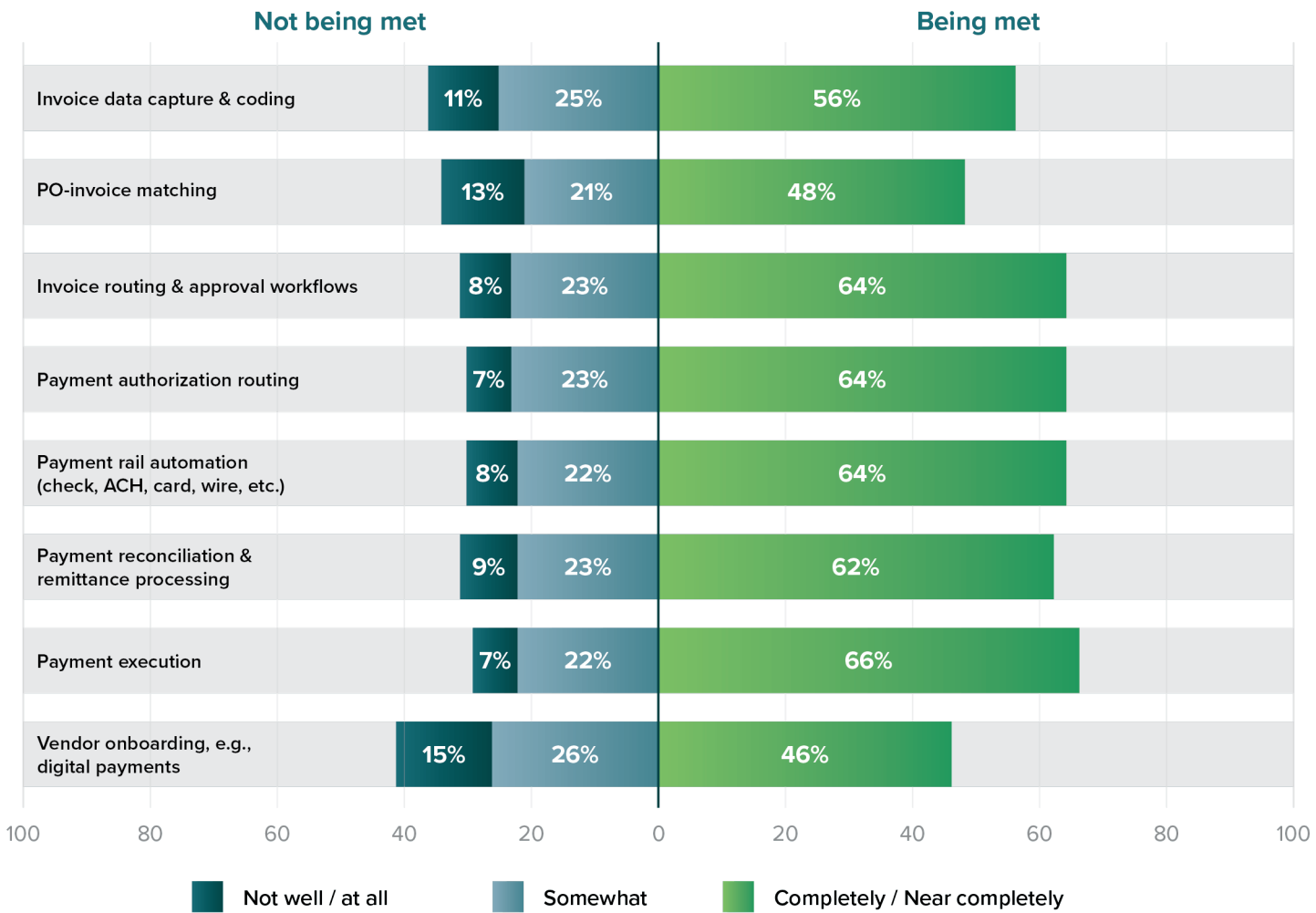
- Only 20% of businesses currently use or plan to incorporate AI into their AP process in the next 12 months.
- Those using it or planning to are focused on invoice capture/coding (22%) and overall efficiency/cost reduction (19%).
- 31% are not yet sure of how they plan to use it.

In general, most are satisfied with their AP automation efforts, but not completely.

The majority of respondents are using some combination of a third-party software solution (42%) and/or their ERP systems (39%) to automate their AP process. The balance (19%) are using their bank.

Fewer than two out of three respondents say their needs are being met completely or near completely. In some cases, such as PO-invoice matching and vendor onboarding workflows, it's less than half.

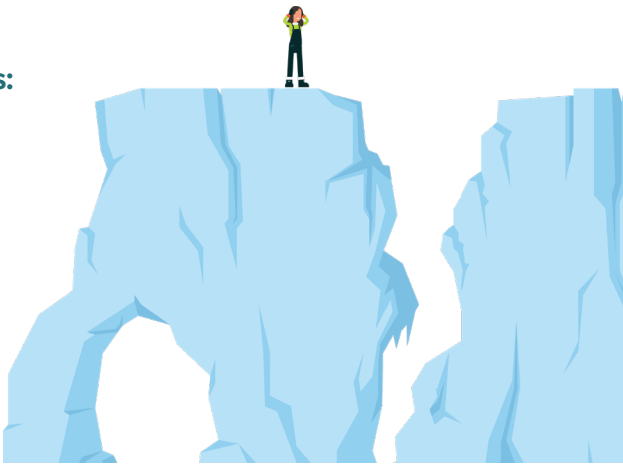
How well existing AP automation capabilities meet user needs.



The reasons for these gaps may be attributable to several factors:

- Vendors’ unfulfilled promises
- The fact that manual intervention is still required at some level in many areas
- Rising expectations as a result of the use of AI to automate other parts of their business

In areas like vendor onboarding or enrollment for digital payments, managed services from software providers can help alleviate the burden on AP staff and accelerate digital payment adoption.



KEY INSIGHT:

As automation grows, payment methods continue to shift and expand — slowly but surely.

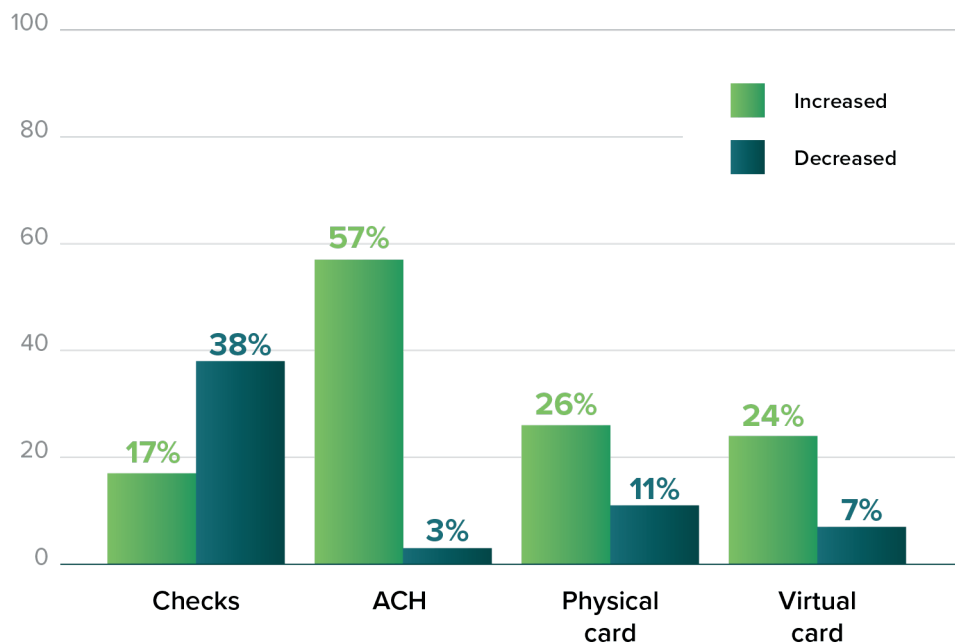
Checks remain a significant part of the payment mix — only 3% of organizations don't use them — but they continue to lose ground.

ACH and checks were by far the payment methods of choice over the last year:

- **57%** of organizations made more than **25%** of their vendor payments via check
- **55%** via ACH
- **24%** via physical card
- **22%** via virtual card

However, when asked how their payment mix has changed over the last year, respondents indicated that checks were the biggest loser as a percentage of vendor payments.

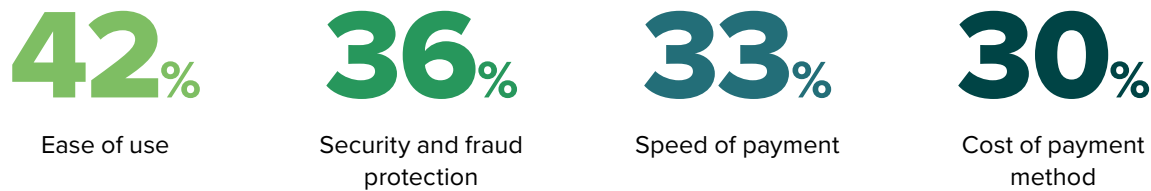
Change in percent of vendor payments.



Credit cards — both physical and virtual — continue to gain ground as vendors become more comfortable trading faster and more secure payments for the higher processing fees involved with card payments.

Real-time payments (RTP) have yet to gain any real traction for vendor payments. Forty-five percent of buyer respondents don't use them at all, and only 6% of vendors currently accept them.

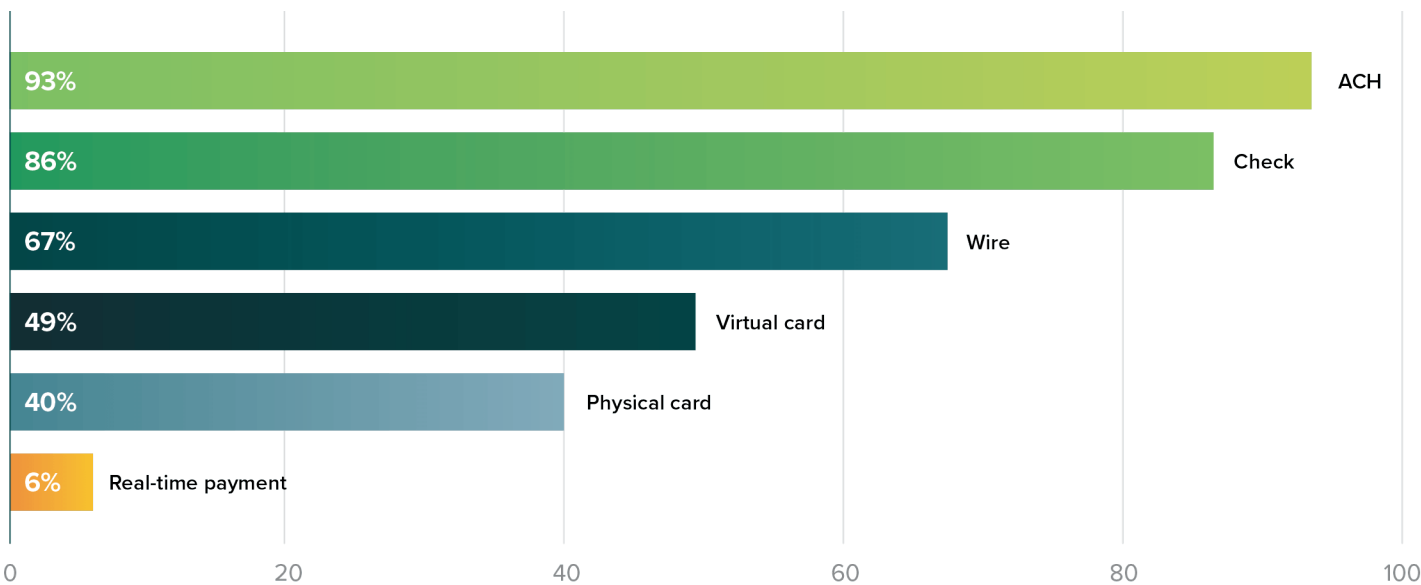
Buyers' current payment methods are driven by multiple factors:



Vendor preference (26%) and status quo (25%) also factored in.

When looking at payment types accepted by vendors, not surprisingly, there's a lot of overlap.

Payment methods currently accepted by vendors.



It's interesting to see acceptance of virtual cards eclipsing that of physical cards. While our research doesn't tell us exactly why, our experience with businesses and their vendors suggests this is a result of faster payments, reduced incidence of fraud, and fewer chargebacks with virtual cards.

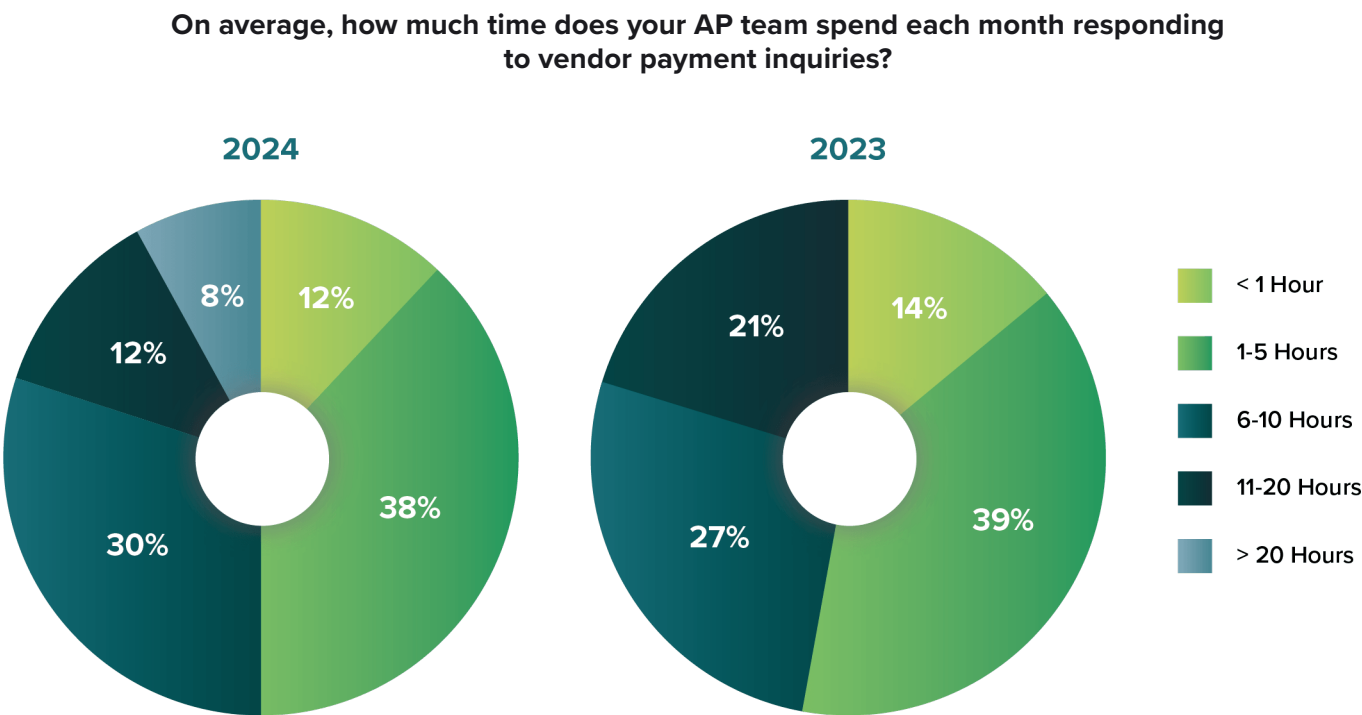
Looking forward, the majority (62%) of businesses plan to convert more payments to digital over the next year, driven by many of the same factors:

- Faster payments - 53%
- Increased processing efficiencies - 45%
- Increased security and fraud protection - 39%
- Cost savings - 32%



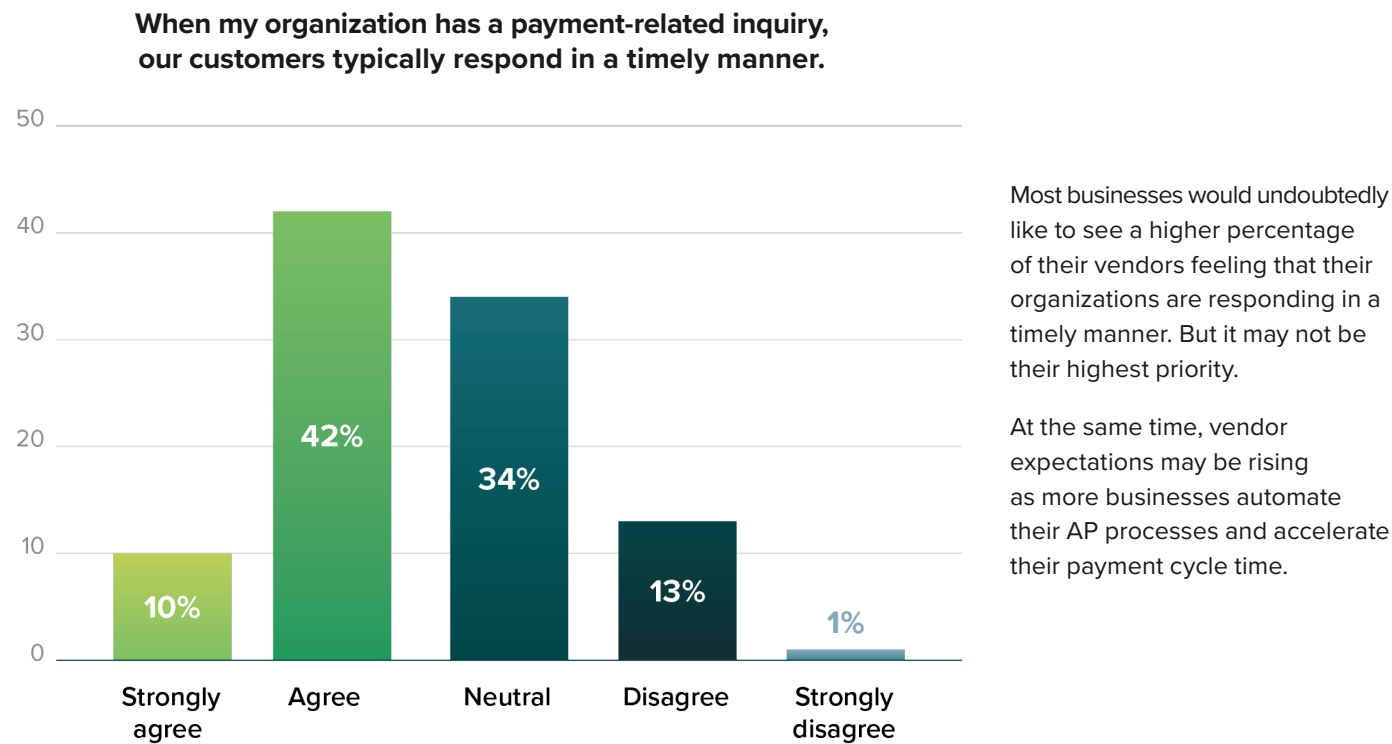
Even as AP automation expands, buyers are still spending too much time following up on vendor payment inquiries. And it's not improving.

Fifty percent of respondents spend six or more hours per month, an increase over both 2023 (47%) and 2022 (43%).

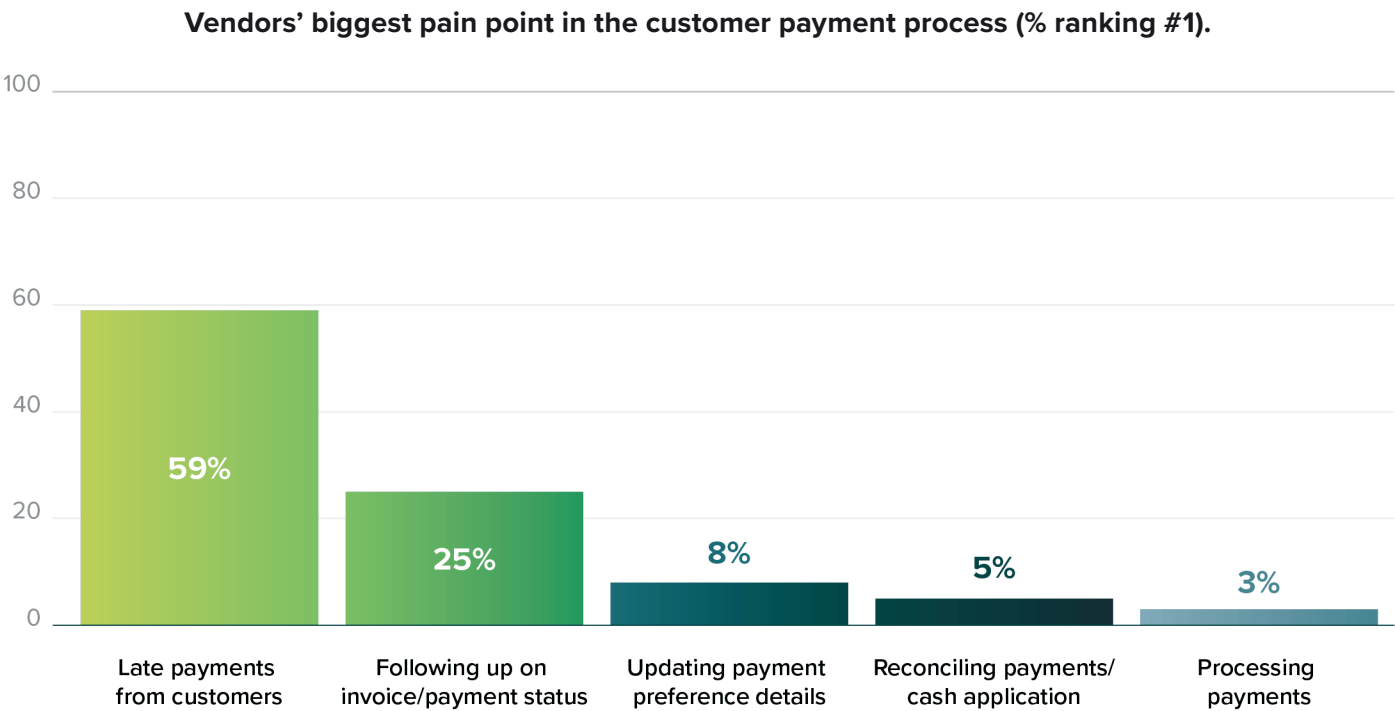


*In 2023, the selection was >11 hours. >20 hours was not an option.

When asked about buyer response time to their payment-related inquiries, vendors are less than enthusiastic.



Late payments and following up on invoice/payment status are vendors’ biggest pain points.



Direct debit vs. FBO/settlement accounts for payments

Everyone wants their payments to be fast, but businesses also want control over their cash. This is an important factor when considering how vendor payments are made.

One option is an intermediary or “for the benefit of” (FBO) account. In this case, you’re moving funds from your bank account to a technology vendor or payment processor’s bank account before delivering the funds to the vendor. There’s a distinct lag between the time you lose access to the funds in your account and when they arrive in the vendor’s account.

The other option is direct debit. In this case, authorized payments are debited directly from your account and go straight to your vendor via their preferred payment method. There’s minimal lag time compared with settlement accounts, providing buyers with better control over their cash and the timing of their payments.

KEY INSIGHT:

Buyers and vendors want many of the same things when it comes to payments.

Buyers want to make more digital payments, and 80% of vendors want to receive more digital payments from them.

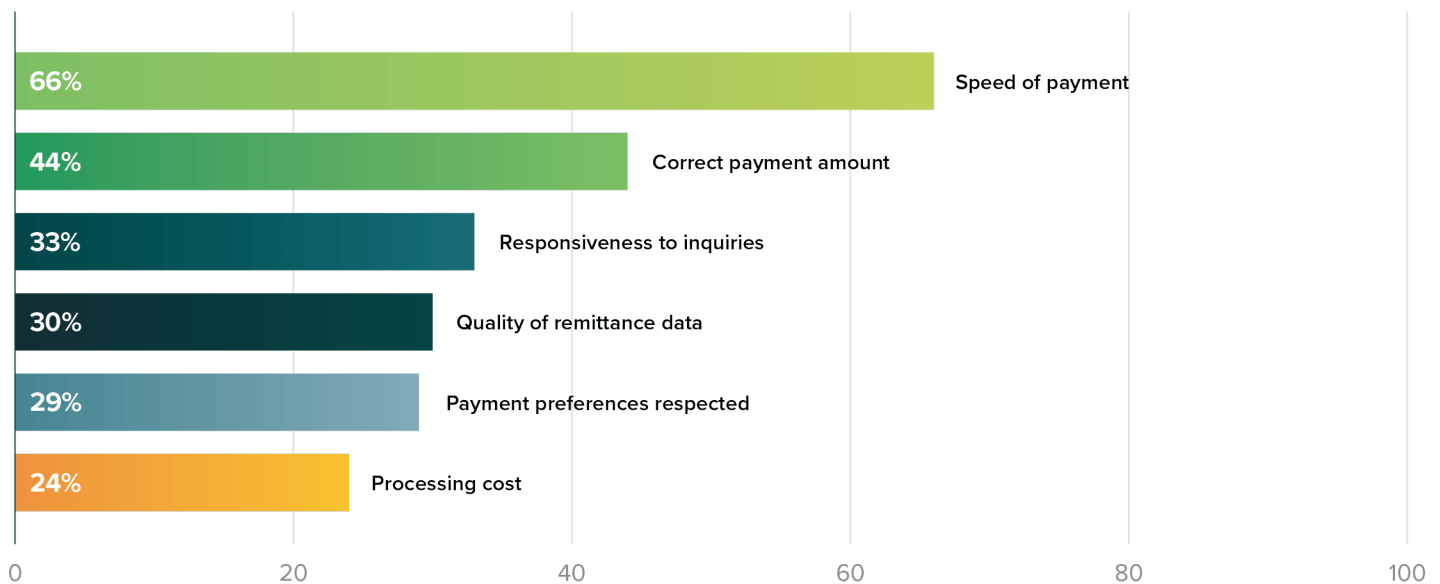
Faster, more timely payments and processing efficiency are cited as the biggest benefits.

Improved remittance/reconciliation, cost savings, customer satisfaction, and increased security/fraud protection are also cited as important advantages.

When buyers were asked about what their vendors feel are important in terms of their payment experience with their organization, speed, and accuracy top the list:

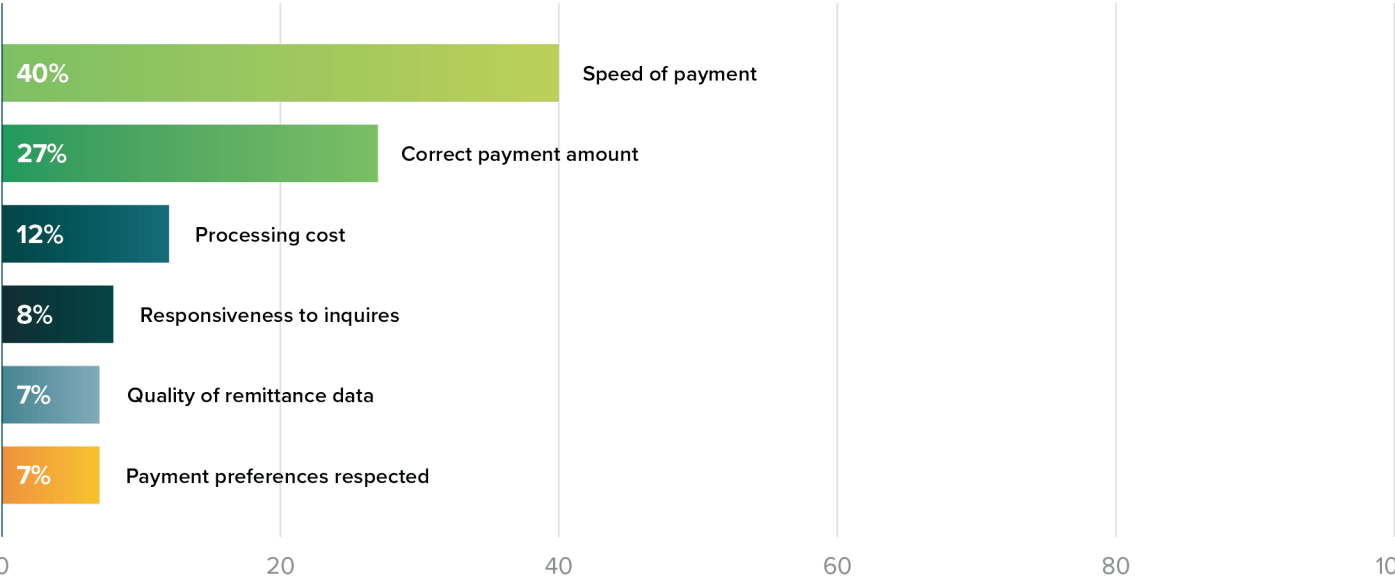
Which of the following do you feel are important to your vendors in terms of their payment experience with your organization?

Respondents were asked to select all that apply.

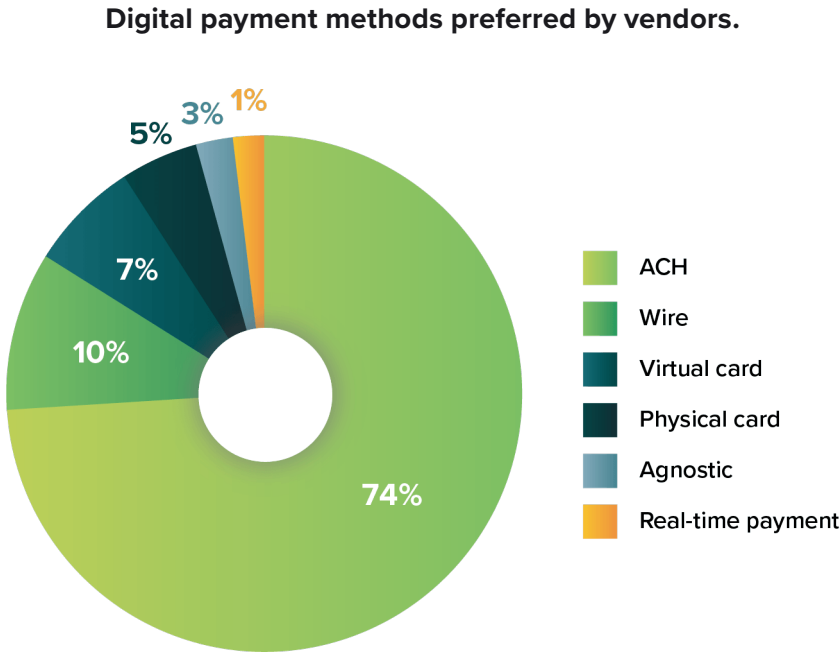


When vendors were asked to rank what is most important to them in terms of the overall payment experience with their customers, they cite the same — speed of payment and correct payment amount.

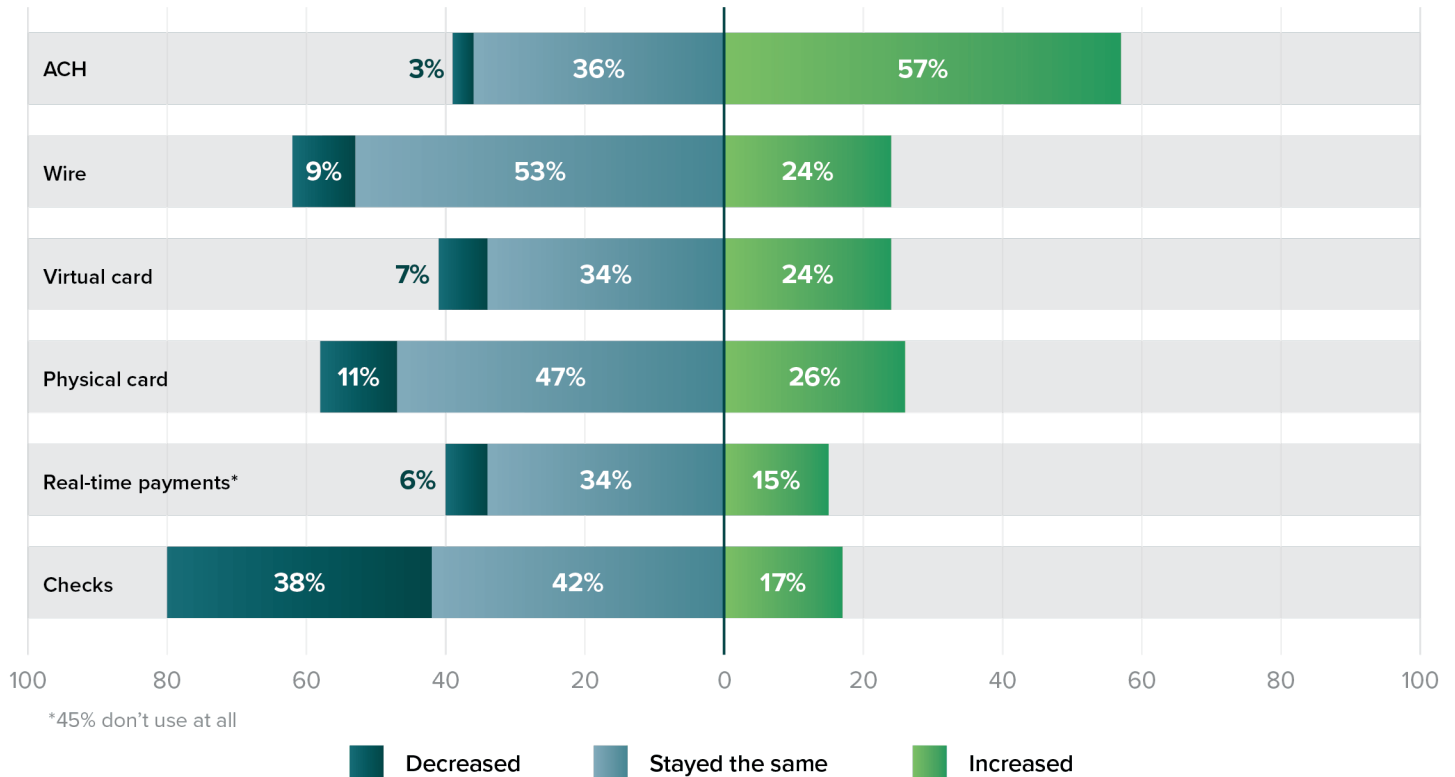
What is most important to you in terms of your overall payment experience with your customers?
(1 = most important; 6 least important). Percent ranked #1.



When it comes to preferred digital payment methods, there's also a lot of alignment between vendor preferences and buyer payment trends:



Change in vendor payment methods over the last 12 months by buyers.



Speed, virtual cards, and enrollment programs may be driving higher card acceptance by vendors.

Credit card acceptance (both physical and virtual) by vendors in 2024 (**89%**) represented a significant jump from 2023 (**64%**). In the past, vendors have cited higher processing fees as an obstacle, but resistance may be waning for several potential reasons:

- Speed of payment, vendors' biggest priority, may be outweighing the higher processing fees.
- The enhanced security benefits of virtual cards.
- Managed vendor enrollment programs by software vendors are accelerating vendor onboarding and virtual card acceptance.

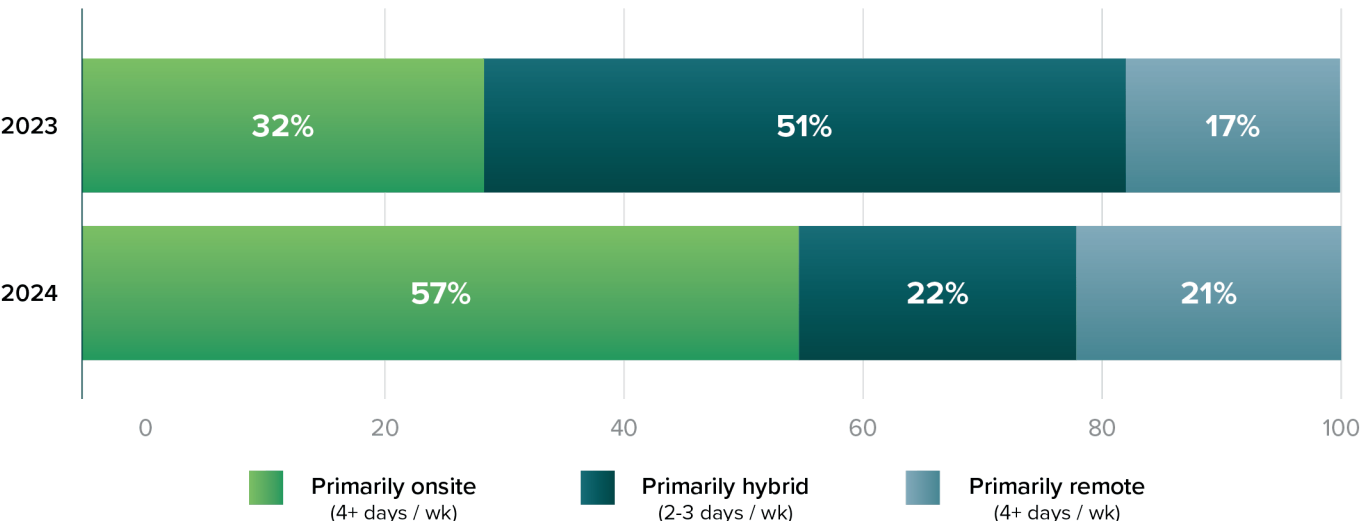
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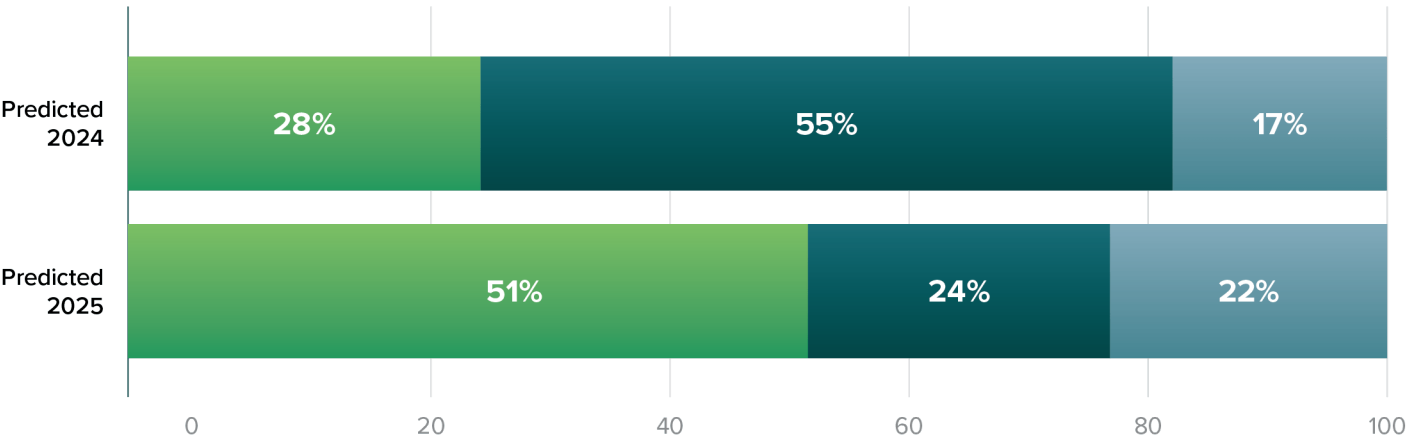
In the 2023 survey, finance executives were embracing hybrid and remote work cultures and expecting to see their organization move even further in that direction in 2024.

Twelve months later, it's an entirely different story, with finance professionals indicating a significant shift back to the office—both today and a year from now.

How has the work environment evolved for your AP finance team over the last year?



Where do you see it headed in the future?

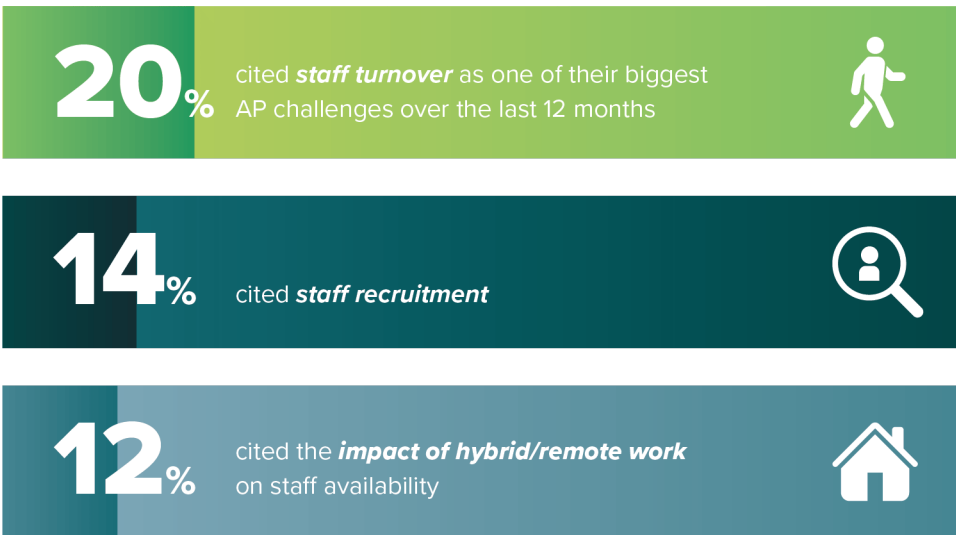


In this environment, finance leaders are concerned about employee retention and recruitment.

There is a well-documented shortage of accounting professionals. [Research from the 2024 Finance & Accounting Talent Market Outlook](#)¹ shows that **83%** of senior leaders reported an accounting talent shortage, up from **70%** in 2022.

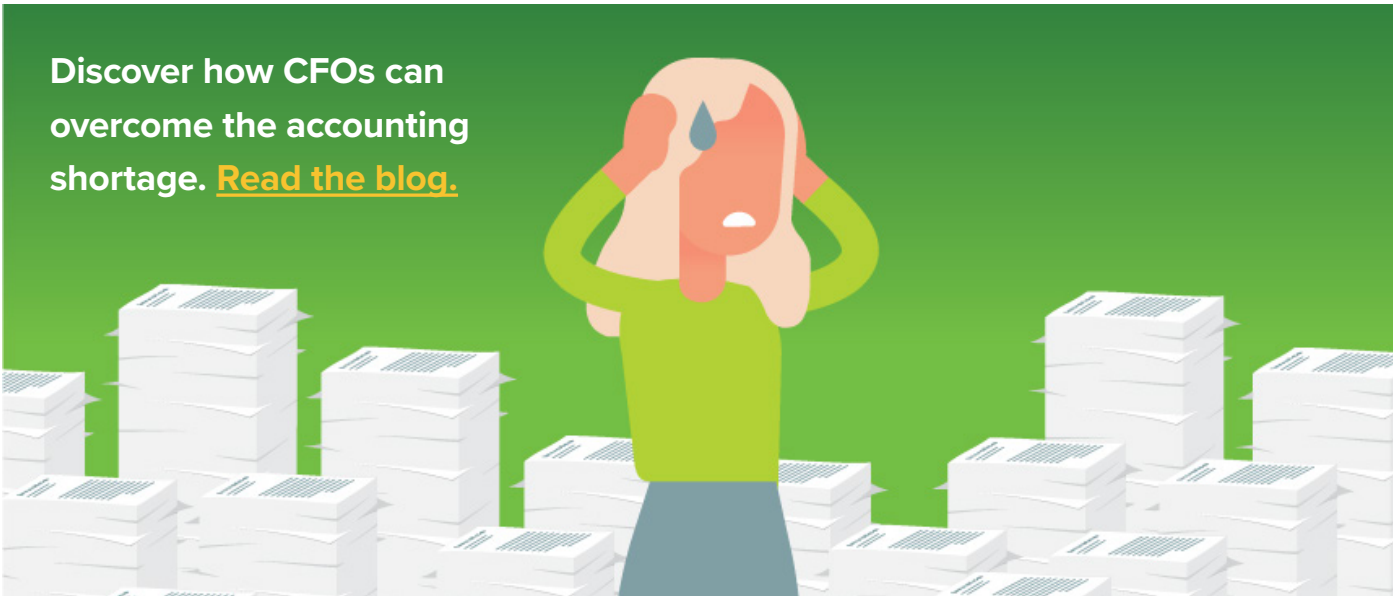
¹Personiv, CFO Pulse Survey: 2024 Finance & Accounting Talent Market Outlook

When asked about their biggest challenges in AP over the last 12 months, respondents in the State of AP survey voiced similar concerns:



There’s no quick fix to the accountant shortage, but automation can help by:

- Enhancing overall efficiency and allowing existing teams to do more with less
- Boosting data transparency and accuracy
- Retaining institutional knowledge
- Reducing manual workload and allowing team members to focus on higher-value tasks
- Increasing their job satisfaction and reducing turnover



Expanding the ROI of AP Automation

Organizations that have automated parts of their AP process are realizing big benefits. And it's clear there is room to capitalize even more. The four examples below may provide inspiration and help organizations see where those opportunities exist.

Facilitating business growth with end-to-end AP automation: Capture, coding, approvals, and payments

Simple Mills, a provider of better-for-you snacks, faced challenges processing over 1,000 invoices per month with a single staff member, and their prior AP automation solution couldn't cut it. Knowing that invoice volume was expected to grow even more, the company looked for a solution that could further automate their approval workflows, sync more captured invoice data with their ERP to reduce manual coding, and add automated payment execution. As a result, Simple Mills is processing 50% more invoices without any new hires, seeing improved collaboration throughout the business, and has better visibility into billing processes. Moreover, rebates from virtual card adoption have helped offset the total cost of ownership.

Streamlining invoice management and payments

Biotech company [Myro Therapeutics](#) had already automated its payables with its bank but needed to further optimize vendor payments and avoid the manual processes associated with invoice entry, [PO matching](#), and payment approval in two different systems. They found a vendor that streamlined the full [invoice-to-pay](#) process and enhanced cash flow control while eliminating the need to depend on its bank's bill payment service.

Health and beauty aid manufacturer saves 20 hours a week on manual AP tasks

House of z is one of the oldest continuing manufacturers of personal and beauty care products in America. The company's AP team was burdened by manual processes, making it difficult to gain insight into invoice payments and approval status. With AP automation, the company is saving approximately 20 hours a week and using that time to focus on improving other processes.

Driving efficiency and revenue with AP automation

Quartz, a life science product distributor, was looking to integrate its AP process with its NetSuite ERP system and required better visibility and reporting capabilities than its current automation solution allowed. They found a new solution offering two-way integration with NetSuite for enhanced reporting and superior [PO matching](#) capabilities. In addition, the company was able to take advantage of \$100,000 in rebates by using virtual cards for vendor payments.

Methodology

For the ninth consecutive year, MineralTree surveyed a wide range of finance professionals to analyze their current state of operations, challenges, and outlook for the year ahead. For the third year running, the report includes responses from both buyers and their vendors.

The survey was conducted online by Regina Corso Consulting (RCC), an independent third party specializing in market research.

RCC surveyed **1,017** finance professionals involved in the AP function (both MineralTree customers and non-customers), along with **147** employees at vendor organizations, between June 17 and August 5, 2024. The respondents represented a distributed mix of industries, company sizes and job levels.

- Annual revenues ranged from < \$1 million to > \$1 billion.
- **65%** were between \$10 million and \$500 million in annual revenues.
- The number of vendor payments for all companies surveyed ranged from < 50 to > 2000 per month, with the large majority (**77%**) in the 51 – 1,000 range.
- Respondent job level varied from individual contributor to VP-level, with the majority holding manager positions, followed by executives, and directors.
- Respondents used a variety of ERP/accounting systems, with the majority running on Intuit QuickBooks, Oracle NetSuite, Microsoft Dynamics Great Plains, Microsoft Dynamics Business Central, and Sage Intacct.

All survey responses were collected anonymously.

In some cases, total response percentages may not add up to 100% due to rounding or because the question allowed multiple responses.





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](#).

