

PLANERGY™

Preparing Your AP Department For The Future

AP Automation and Beyond

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About Planergy

Driving profits through better Spend Management

Planergy is a global Spend Management platform that enables mid-market businesses in all industries to manage their Business Spend confidently. It's easy-to-use, intuitive, user interface allows for onboarding in weeks instead of months.

Planergy automates the entire Procure-to-Pay and AP Automation process giving immediate real-time reporting dashboards, approval automation, removing bottlenecks, controlling budget management and matching Purchase Orders, with Receiving, with AP Automation.

Planergy delivers significant savings by digitizing the Procure-to-AP-Automation process, eliminating maverick purchasing, off-contract purchasing, reducing invoice fraud, and improving compliance and accountability.

AP-Automation removes up to 80% of the processing time required to enter and 3-way match purchase orders to deliveries to vendor invoices using OCR, Machine Learning and A.I.

Learn more at: PLANERGY.com

Book a discovery call today and be amazed at how much your business can save with Planergy.

Planergy automates your AP and procurement processes for better efficiency

Find out how

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Overview

Two priorities—paying the bills and cutting costs—have been at the top of the accounts payable to-do list from the beginning of business itself. But in today's challenging marketplace, viewing accounts payable as purely transactional can limit a company's competitive strength.

Unprecedented business disruptors such as COVID-19 and global climate change have redefined financial and operational priorities, elevating business continuity and liquidity to new levels of importance. Consequently, companies of all sizes are contemplating a future where accounts payable is not only a source of savings, but resilience, flexibility, and long-term strategic value.

Making this transition, however, can be challenging. Long-established, traditional-minded businesses may see accounts payable as inherently focused on short-term savings alone. And even when the need for optimization through digital transformation is understood and acknowledged, organizations may find it difficult to achieve due to a lack of available resources, heavy investment in legacy technology, or a continued reliance on manual, paper-based workflows.

The result? AP teams devote time, talent, and resources to data entry, resolving exceptions, and process execution instead of building strategic value and relationships for the organization.

These hurdles, while significant, are not insurmountable. With a proactive approach to modernization and strategic investments in technology and training, AP teams can take transformative action to boost efficiency, streamline processes, and evolve into a powerful center of strategic value and improved performance for their organizations.

Accounts payable is not only a source of savings, but resilience, flexibility, and long-term strategic value.

Moving Beyond the Limitations of Traditional Accounts Payable

A traditional paper- and manual-process based approach to AP creates needless risk and severely limits a business' ability to take advantage of opportunities for savings and value.

Companies relying on outdated methodologies face a range of potential challenges, including:

- ◆ Losing valuable early payment discounts to inefficiencies created by manual workflows.
- ◆ Damaged supplier relationships due to late, missed, or incorrect payments.
- ◆ Process inefficiencies, poor internal controls, and data management issues (e.g. data silos, high data opacity, lack of real-time data visibility, etc.) that increase the risk of fraud, maverick spend, and wasted resources while simultaneously increasing staff overhead.
- ◆ Poor communication and collaboration with both internal and external stakeholders.
- ◆ Difficulties establishing and maintaining audit trails.
- ◆ Difficulties tracking and improving internal process performance, vendor compliance, and internal compliance with established policies.
- ◆ Poor positioning to protect business continuity or enhance business resilience in the wake of a major disruptor like the COVID-19 coronavirus pandemic.

Companies relying on outdated methodologies face a range of potential challenges.

Moving Beyond the Limitations of Traditional Accounts Payable

Despite these limitations, the accounts payable function is nevertheless rich with overlooked opportunities, provided an organization is ready to move AP out of the back office and into the strategic limelight.

Companies who look beyond short-term gains and adopt a more strategic and collaborative approach in AP can establish or improve their competitive footing and profitability through better capital management and process optimization.

Modern AP doesn't abandon the priorities of its predecessors, but rather expands its ambitions. By shifting their strategic focus to optimization, collaboration, integration, and capital management, financial leaders and AP teams can help their organizations identify and pursue new opportunities for growth—and help provide the strategic insights and financial support required to achieve their goals.

Modern AP doesn't
abandon the priorities
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Harnessing AP's Powerful Potential

The future of AP is not just about technology, but about redefining the role AP plays in the organization it supports. Tomorrow's leaders are already reimagining AP as a core component of their overall digital transformation strategy and a source of strategic guidance for their organizations.

Breaking free from obsolete paradigms and readying AP to create value today and in the future is an ambitious undertaking for any business. It requires a thorough understanding of your existing AP capabilities, as well as your company's goals for growth, innovation, and competitive performance. It requires effective change management, a commitment to empowering your staff and securing their commitment to new and improved workflows and practices.

In order to make the dream of AP optimization a reality, companies need the right combination of technology and practices, centered on digitization of tools and practices, collaboration with internal and external partners, and radical, data-driven transformation of the AP function.

Companies who pursue this approach can set goals for AP that might otherwise remain out of reach, including:

- ◆ eInvoicing and touchless processing rates of 90% or higher.
- ◆ Total spend data transparency and accessibility.
- ◆ Doubled efficiency rates in all AP processes.
- ◆ Optimal cash flow management.
- ◆ Fully paperless workflows with attendant cost reductions and reduced environmental impact.
- ◆ Capture increased value from early payment discounts and avoidance of late payment fees.
- ◆ Truly strategic use of team members' time and talents.

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Best Practices for Future-Ready AP Optimization

While no two businesses will optimize their AP functions for current and future success in exactly the same way, following some basic best practices can help every organization set and reach their goals.

Start with Needs Analysis

Before you can climb to new heights of AP efficiency and value, you need to understand where you are on the mountain. Needs analysis is crucial to identifying your current capabilities, targeting the areas in greatest need of improvement, and developing strategies to help you reach your goals for transforming AP.

Evaluating your entire accounts payable process using key performance indicators (KPIs) will provide benchmarks for efficiency, performance, and risk exposure you can use to chart a course forward.

Some of the most important AP metrics include:

- ◆ Average Invoice Processing Time
- ◆ Average Cost to Process an Invoice
- ◆ Invoice Exception Rate

- ◆ AP Turnover Ratio
- ◆ Invoices Processed Using Straight-Through Processing
- ◆ Average Invoice Approval Time

Measuring and improving your AP function's overall performance is only one side of the needs analysis coin. A comprehensive accounts payable risk assessment is also essential, as it can help you connect insufficiencies in your workflows and internal controls to critical risks such as maverick spend, both internal and external fraud, and conflicts of interest.

Once you have a clear picture of the areas you need to address, you can set goals for improvement and implement the tools and practices that will help you reach them.

Best Practices for Future-Ready AP Optimization

Choose and Implement a Centralized AP Automation Solution

You know where you want to go. But will the tools you've chosen help take you there?

A truly centralized automation solution—one that collects and organizes all of your spend data, integrates with your existing software environment, and connects AP not just to procurement, but your entire organization—is essential for true AP optimization, because without one, you cannot achieve true AP automation.

Technologies such as optical character recognition (OCR) and robotic process automation (RPA) can certainly provide measurable and immediate benefits to companies who implement them properly. But these technologies are components of, not replacements for, the comprehensive approach necessary to achieve best-in-class performance.

For example, OCR can help companies save time by eliminating data entry, and can even make iterative improvements over time. But scanning paper invoices still requires human intervention, and without more advanced artificial intelligence capabilities (including machine learning), it's likely human oversight will still be required to ensure basic OCR programs are capturing data accurately and completely.

OCR can help companies save time by eliminating data entry.

Best Practices for Future-Ready AP Optimization

Similarly, implementing RPA to automate invoice approvals (for example) is likely to save time and money, but if invoices aren't automatically matched to their corresponding purchase orders and shipping documents, or if the PO system and the invoice systems are operating in separate software environments, those gains are quickly canceled out by the need to manually verify invoice data or confirm approvals across systems.

In order to reach its full potential and provide true AP automation, a software solution must be comprehensive, centralized, and cloud-based. The best solutions are purpose-built, provide end-to-end procure-to-pay optimization, and encourage collaboration and cooperation between departments and business units in setting and reaching financial goals.

In fact, collaborating with procurement and other departments provides a foundation for organization-wide digital transformation efforts by integrating fully with all your other systems, eliminating data silos,

and enhancing communication and collaboration through greater visibility and accessibility.

These benefits are perhaps most visible when optimizing your full-cycle accounts payable process (i.e., the procure-to-pay process). Procurement and accounts payable are two sides of the same coin, and optimizing the flow of data between upstream and downstream processes creates a dual powerhouse of potential value for your organization through the targeted elimination of waste and inefficiency and the increased cost savings and strategic value that come from process optimization and data analytics.

The best solutions are purpose-built and provide end-to-end procure-to-pay optimization.

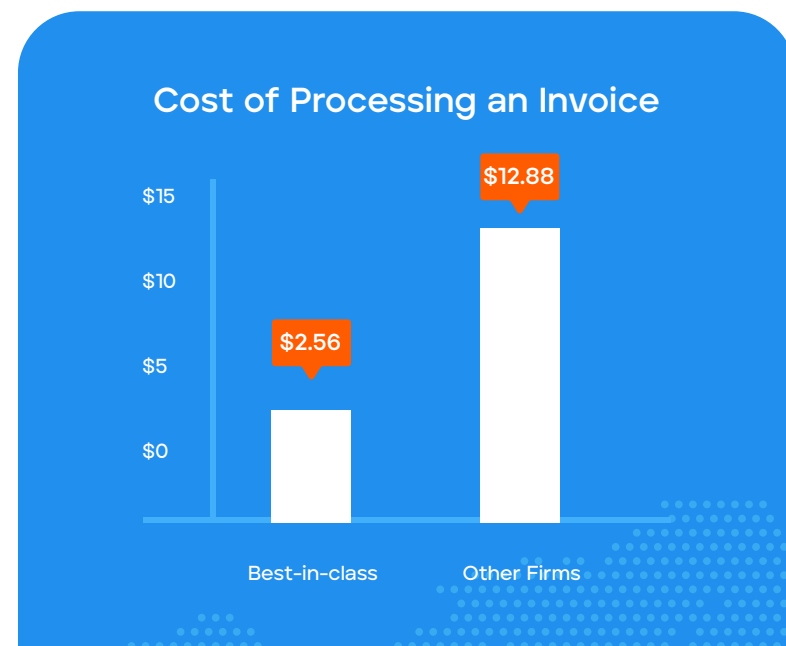
Best Practices for Future-Ready AP Optimization

In a 2020 study¹ conducted by research firm Ardent Partners, companies pursuing a best-in-class approach to accounts payable optimization by using a comprehensive AP automation solution gained several significant advantages over their peers, including:

- ◆ **More invoices directly linked to purchase orders**
More than four-fifths (80.2%) of invoices were linked to corresponding POs at best-in-class companies. Their competitors linked less than half of their invoices (44.3%) to POs.
- ◆ **Lower invoicing costs**
On average, best-in-class firms paid just \$2.56 to process a single invoice, as compared to \$72.88 for other firms.
- ◆ **Faster invoice processing**
Best-in-class firms processed invoices in an average of 3.7 days—nearly four times faster than their competitors, who averaged 77.77 days.
- ◆ **Lower invoice exception rates**
Best-in-class organizations had an invoice exception rate of 70.6%; others had exceptions on more than a quarter of their invoices (27.3%).

- ◆ **More invoices processed straight through**
67.2% of invoices were processed straight through (i.e., automatically, without manual intervention) at best-in-class firms, while under-performers managed to process less than a third (27.2%) the same way.
- ◆ **More vendors submitting electronic invoices**
At best-in-class organizations, more than half (54%) of suppliers submitted their invoices electronically—more than twice the rate at competing firms (25.2%).

(1) https://info.chromeriver.com/hubfs/Documents/Analyst_Reports/Ardent_Partners-ePayables_2020_Full.pdf?hsLang=en



Best Practices for Future-Ready AP Optimization

Beyond these benefits, companies who choose to implement a comprehensive and centralized software solution gain access to advanced data management and analysis tools they can use to mine current and historical spend data for actionable insights.

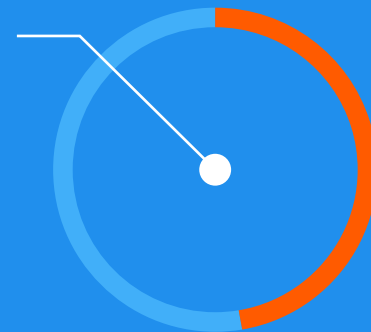
These insights can be used to further refine existing processes, identify opportunities to partner with key suppliers, and guide business-critical decisions related to sourcing and financial planning. Better data management also improves the accuracy and efficiency of AP reporting and forecasting.

Analytics also enhance KPI tracking for internal controls and vendor performance, as well as build value and recover savings through processes like recovery audits.

Finally, true AP automation makes it easier to achieve a fast, accurate, and complete month-end and year-end close. A timely and efficient close provides strategically useful financial statements senior management can use to improve decision making and create spend strategies that preserve value, cut costs, or both.

Given that, according to Ardent Partners, only 41% of businesses have comprehensive procure- to-pay solutions in place and only 47% offer support for eInvoicing, companies who strive to achieve best-in-class status through true AP automation will gain substantial competitive strength and advantage over those who don't.

only 47%
of businesses
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for eInvoicing



Best Practices for Future-Ready AP Optimization

Choosing the Right AP Automation Solution

In considering your options, make sure the solution you choose is:

- ◆ **Comprehensive**
Again, fully touchless AP offers substantial gains to efficiency and accuracy that translate to cost savings, but it also creates value by eliminating the need for most or all human interaction, freeing your team to focus on strategic concerns that support organizational goals for growth, resilience, and innovation.
- ◆ **Intuitive and easy to use**
Even the most powerful software is a digital doorstop if you can't secure buy-in and support from the C-suite or convince your team members to use it. Choose a system that's user-friendly and includes training and support before, during, and after implementation for a smooth transition.
- ◆ **Attractive to suppliers**
Your dreams of maximum AP efficiency and performance can quickly dissipate into the ether without buy-in from your suppliers.

Make sure the software you choose integrates easily with their invoicing systems, offers a vendor portal for quick and easy implementation of punch-out catalogs, and has the versatility required to accommodate today's diverse global supply chains.

The Right AP Automation Solution

- ✓ Comprehensive
- ✓ Intuitive and easy to use
- ✓ Attractive to suppliers

Best Practices for Future-Ready AP Optimization

Make Change Management Part of Your Plan

There's a reason digital disruption goes hand in hand with digital transformation: change can be difficult, especially for legacy organizations wedded to paper-based processes and manual workflows. As with any other major transformation initiative, optimizing accounts payable affects your entire organization, including your suppliers.

People need to understand what's happening, their role within the new system, and the expectations and responsibilities they'll have to meet, or they might struggle to get on board-or worse yet, actively seek ways to circumvent changes they see as unnecessary. Barring a minor miracle, getting everyone on the same page and ready to hit the ground running simply won't happen on its own, so a collaborative and communicative approach is required.

Change management takes on many different shapes, depending on the needs and capabilities of your organization. To reap the benefits of AP optimization

and secure AP's role as a value center for your company, your change management plan should include:

- ◆ **Securing approval and support from the C-Suite**
Their approval is likely required for a major transformation initiative regardless, but securing enthusiastic support for AP optimization at the highest level ensures you've got executive leadership behind you when presenting the new system to the rest of the organization.

Demonstrating the ways in which the new system enhances AP performance and repositions it as a powerful source of strategic insights can go quite a long way toward making the change a reality. Starting with senior management is also an excellent opportunity to help your chief procurement officer (CPO) begin or further their transition from costcutter to strategic leader-and secure a top-tier sponsor/cheerleader for all digital transformation efforts in the process.

Best Practices for Future-Ready AP Optimization

◆ Communicating with suppliers

Bringing your vendors into the loop at the beginning rather than simply imposing a new system on them from out of the blue will almost certainly be deeply appreciated and help strengthen your business relationships with them. It's also a valuable chance to make clear the benefits of integrating their systems with yours (including real-time payment status tracking and more secure, visible buying through the use of punch-out catalogs, etc.).

◆ Educating and training end users

Regardless of their role within the company, most folks like to understand why changes are made, how the changes benefit the company, and what their roles and responsibilities are in the new approach.

Take the time to explain the benefits that accompany AP optimization, such as your AP team being freed to resolve issues and pursue stronger supplier relationships rather than chasing exceptions or entering data. Show end users how the new system saves them time and effort, and approves the ease with which they can review and approve requests on any device, from anywhere.

However you approach training and education, make sure the vendor you chooses hares your proactive approach and is available to provide answers, refreshers, and updates before, during, and after implementation.

Take the time to explain the benefits that accompany AP optimization.

Best Practices for Future-Ready AP Optimization

Make Change Management Part of Your Plan

Ardent Partners' research found that while a growing number of companies are aware of the importance of taking a more sophisticated (and strategic) approach to 828 payments, few have managed to do so.

Automation makes it easier for AP teams to pay invoices at the point that best suits their current capital management needs, rather than simply adhering to the vendor's due date. Basic strategies such as paying early to capture discounts or taking advantage of delayed payment incentives offered by select suppliers can help companies manage cash flow more effectively. But truly optimizing payments is best achieved through the greater spend visibility and versatility afforded by the business intelligence derived from spend data and other sources.

Strategize to Support Business Continuity and Supply Chain Resilience

In a post-COVID world where disruptions are devastating and companies scramble to adapt to new business models, two important areas—business continuity and supply chain resilience—have become even more critical to surviving and thriving in a cutthroat economy. Both of these areas can benefit significantly from value created through AP optimization.

In developing and deploying your AP optimization strategy, you can support both greater resilience and business continuity planning by:

- ◆ **Collaborating with the CFO to prioritize liquidity**
AP is the center of cash flow management for your organization. Aligning its processes with your company's spend management strategy and providing insights based on analysis of spend activity can prove invaluable in maintaining liquidity while still meeting the company's obligations and providing adequate capital to seize opportunities for innovation.

Best Practices for Future-Ready AP Optimization

- ◆ **Strengthening your internal controls**
Formalizing and enforcing AP controls not only improves compliance via guided buying and integration with supplier systems, but reduces risk from maverick spend, invoice fraud, and theft. It also strengthens supplier relationships by ensuring on-time, accurate payments and providing process improvements in their own systems via support for invoicing, vendor portals, punch-out catalogs, etc.

- ◆ **Incorporating technologies and techniques that support agility and versatility**
While true AP automation is the primary source of value and savings creation in optimizing accounts payable, financial leaders must also embrace the capabilities afforded by other technologies to keep the cash flowing and the bills paid.

Remote work, for example, is a fact of life in today's business world, and companies that develop practices allowing AP team members to get the job done remotely (and managers to effectively lead remote teams) will be in a much stronger position to weather disruptions or resume operations when the smoke clears after a disaster.

Toward that end, consider investing in additional training for your team members to ensure they're agility-ready (or adding team members who already have agility skills and knowledge). Agile businesses are better equipped to act quickly, strategically, and decisively to preserve business continuity, seize opportunities to improve performance, value, and profits, and strategize novel responses to unprecedented disruptions.

Agile businesses are better equipped to act quickly, strategically, and decisively to preserve business continuity.

Build a Foundation for Future AP Success by Optimizing Today

The role of accounts payable is evolving—is your business ready to evolve with it? Stay ahead of the curve by analyzing your AP needs, developing strategies to help meet them while also transforming from a cost center into a value creation center.

Embrace the technology, tools, and techniques necessary to achieve true AP automation. By investing in AP optimization today, your business will gain invaluable improvements to spend management, better strategic insights and financial guidance, and greater competitive strength that will help carry it to greater heights of success tomorrow.

—
Stay ahead of the curve
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