

# Harnessing ERP Software And AP Automation's Combined Power

Successful companies know they must be agile and flexible to meet customers' ever-changing demands, forge valuable long-term supplier relationships and operate smoothly. Many are turning to ERP tools with AP automation to harness both solutions' abilities and level up their businesses' values. Bringing AP automation to ERP offerings enhances working capital management, reduces operational costs and improves productivity. ERP software was developed as an inventory management solution in the early 1960s but has evolved into an increasingly popular way for corporations to view and control all aspects of an enterprise, and as a result it can bind together companies' disparate computer systems and departments. Research predicts the global ERP software market to grow double digit percentage points over the next several years, reaching \$70.3 billion by 2025.

Quickly adopted cloud-based ERP solutions are fueling that growth, especially among SMBs. One report released last year found that 96 percent of the growing businesses it surveyed had implemented an ERP system, and another study found that 95 percent of companies that adopted ERP solutions had improved their processes.

## ERP AND AP AUTOMATION UPTAKE

Implementing cloud-based ERP software has appealing benefits, but industry analysts find most companies lack the comprehensive AP capabilities necessary for efficient record keeping or rapid invoice and payment processing. AP automation simplifies the invoicing process to the extent that it can cut the cost of processing a single invoice to \$2.74 — far less than the industry average of \$15.02. The time it takes to process an invoice also drops from 10.3 days to 3.5 days.

AP automation's demonstrated ROI is thus software implementation across the entire business landscape. It especially appeals to the growing number of chief financial officers and treasurers eager to make their AP departments profit centers.

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## THE BENEFITS OF COMBINING ERP AND AP AUTOMATION SOLUTIONS

Using ERP software alone to handle AP tasks often results in paper-based, manual processes that can be relatively slow and costly. Augmenting ERP software with robust AP automation capabilities, however, produces a system that significantly reduces typical human errors, such as duplicate invoice payments, and often provides additional support for innovative payment methods. These solutions also limit late or missed payments, which, alongside improved payment method support, strengthens vendor relationships. AP-automated ERP software also records past invoices and payment histories, increasing cash flow control.

Properly combining an AP automation solution with ERP software also offers firms full transparency over the entire invoice-to-payment-to-reconciliation process as well as visibility into workflows, all while cutting down on fraud. Designated parties in the organization would be responsible for paying each digital invoice thanks to a traceable approval process that reduces fraud.

## UPGRADING ERP SIMULTANEOUSLY WITH AP AUTOMATION

Industry analysts note that companies implementing full-scale ERP upgrades still often give too little attention to automated AP processes' impacts on their operations' functionalities. Embracing AP software solutions by implementing them simultaneously with ERP upgrades can streamline technical integration efforts and maximize worker productivity.

Technologies such as APIs and ERP-specific connectors, which are sometimes API-based, foster plug-and-play connectivity between ERPs, AP automation solutions and even banking platforms, streamlining integrated tools' adoption and ongoing use.

Source: PYMNTS.com, Next-Gen AP Automation Tracker (February 2020)



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