

# Reinventing the Finance Organisation

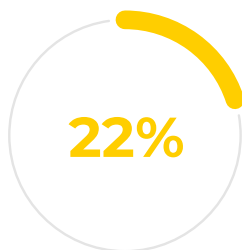
3 Best Practices for Strategic Impact

**Technology innovation has impacted  
every business finance function.**

For accounts payable and accounts receivable departments, technology transformation is creating a truly unique opportunity to reinvent finance's role within the modern organisation.



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say their organisations still view AP as “not at all important” to the business.

Many finance departments already recognise the strategic value of data and insights, as indicated by the 48% of respondents to a recent survey who selected “enhanced reporting and data metrics” as their top priority.<sup>1</sup> However, a small but growing number of best-in-class finance departments have reinvented their roles as a strategic business function. The aim is to create value for their organisations with new insights into supplier relationships, new sources of operational intelligence, and better ways to combat payment fraud, among other contributions.

How are these finance departments achieving best-in-class results and strategic impact, and how can other teams follow a similar path? By embracing these three critical best practices that have helped finance departments transform their processes and reshape their companies’ perception of the function.

## The Big Three

1. Adopting a holistic view of both the AP & AR function by tearing down functional silos and embracing a complete invoice-to-pay and collection process
2. Thinking in terms of continual process improvement and workflow automation, especially when choosing and implementing technology solutions
3. Stay up to date with risks in the payment process. Financial crime has more than tripled in recent years resulting in an elevated risk as fraudsters move across channels and organisational silos in their attacks

Implementing these best practices requires a commitment to change that touches every aspect of the department’s people, processes, technology, and data — a commitment that starts with the CFO and includes every member of the finance team.

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## CHANGING ATTITUDES

Best-in-class AP teams are helping to reshape perceptions of the AP function. According to one recent survey of finance professionals, a majority (55%) say their organisations now view AP as a “very valuable” or “exceptionally valuable” function. The battle of perceptions is far from over, though, because 22% say their organisations still view AP as “not at all important” to the business.





## Best Practice #1

### Think holistically about the finance process

While many departments currently automate the three phases of the finance function — invoice receipt and generation, processing, and payment/collection — most also treat these as three separate, largely disconnected processes. Best-in-class organisations, however, bring together all three phases within a single integrated solution.

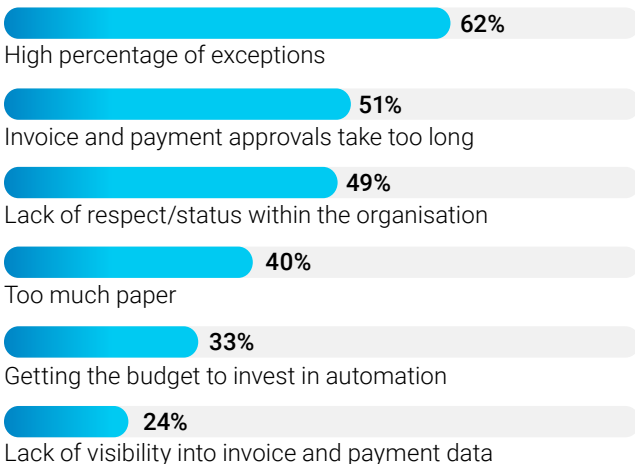
This integrated approach to process automation delivers several important benefits:

1. It provides a more **consistent flow of data** across the entire finance function, helping accounting, cash management, and treasury functions to better manage and predict cash flow, in addition to helping the team elevate its own performance measurement and benchmarking activities.
2. It provides the **opportunity to segregate duties within any sort of payment process**. Bringing secure user-differentiated access for employees, freeing up senior staff and securing sensitive company data. In addition both AP & AR teams can customise levels of approval for full workflow audit and authorisation.
3. It supports better **collaboration and communication** with treasury, finance, procurement, and other stakeholders, allowing these groups to benefit from improved visibility of the combined departmental functions and new operational intelligence.

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#### THE HIGH COST OF MANUAL PROCESSES:

##### TOP AP CHALLENGES





## Best Practice #2

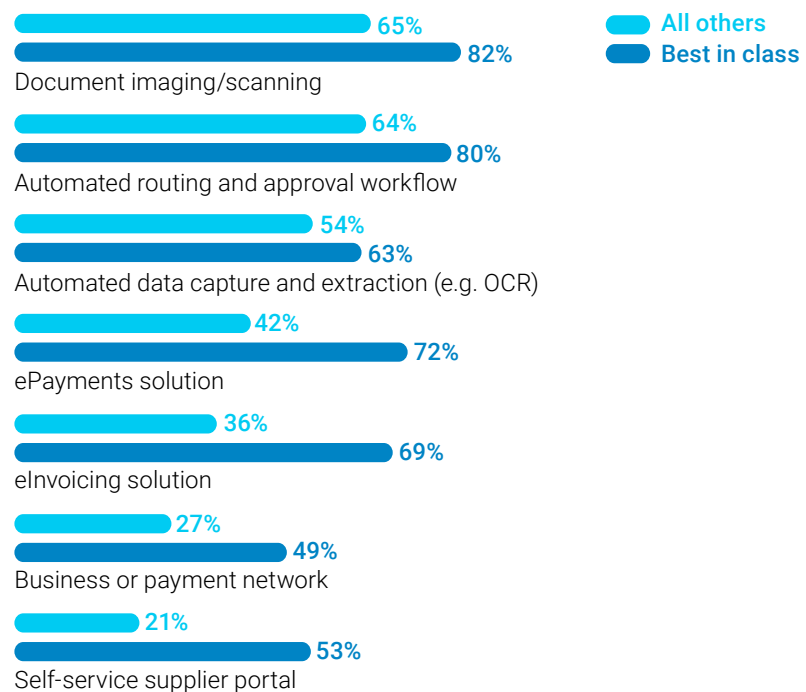
### Adopt continual process improvement

Best-in-class finance teams work constantly to update and improve their processes, which helps ensure they are always prepared to accommodate new growth, adjust to change, and stay ahead of fraud and risk challenges.

1. When these high-performing teams implement process improvements, they consistently rely on three best practices:
2. Leveraging automation to eliminate low-value, "checkbox" tasks and to engineer simpler, streamlined business processes that can accommodate change.
3. Emulating the ways that best-in-class finance teams leverage technology. Research shows that these team members are more likely to show a mastery of their chosen solutions, and thus they adopt technology more often (see chart), use more features and capabilities, and display a better grasp of how technology creates business value.

Staying up to date with new payment initiatives such as Open Banking can provide access to new innovative technology, from seeing all your bank accounts in one secure dashboard to offering customers new ways to pay their invoices.

#### ADOPTION RATES FOR KEY TECHNOLOGY SOLUTIONS:





## Best Practice #3

### Stay ahead of fraudsters and know the risks in the payment process.

Hardly a week goes by without news of yet another cyber hack and the misappropriation of funds or the loss of sensitive company and consumer data – often resulting in severe reputational damage and financial exposure. Despite the concerted efforts of security experts and law enforcement, financial crime is on a rapid increase. Fraud prevention is no longer considered to be purely an IT issue.

Recent research shows that a staggering 58% of decision-makers admitted to viewing financial loss due to payment fraud as 'part and parcel of running their business'<sup>2</sup>. This is a concerning assertion on the part of business decision-makers considering the financial losses they face.

Solutions that actively search for indicators of potential fraud (or errors) in payment data can prevent suspect transactions or files being sent to Bacs and Faster Payments. Best-in-class finance teams should ensure they use a payments system which can:

1. Encrypt payment files at the point of production, eliminating the risk of unauthorised access, and the breach or tampering of payment data.
2. Analyse 100% of transactions for indicators of potential fraud and error by alerting you to all first time payments, detecting duplicates, preventing diversion of legitimate payments.
3. Segregate user permissions so that no individual can execute transactions across the entire payment process.

#### TOP FRAUDULENT ACTIVITY TO WATCH OUT FOR IN THE FALL-OUT FROM COVID-19:

- Fraudsters finding new ways to use the pandemic to their advantage and developing new scams
- Increased use of online, mobile, and contact centre channels putting pressure on operations
- The challenges of increased working from home, and facilitating remote fraud and AML operations
- Reprioritisation of technology investments following financial losses as a result of the pandemic
- Internal fraud is always a key concern going into any recession



Manual or fragmented payments processing carries a heavy burden in staff inefficiency and it is the single largest vulnerability when it comes to addressing the risk of financial fraud. It also prevents treasury and finance departments from having clear financial visibility and cash control. In addition, the increasing regulatory pressures can be a further challenge for such inefficient systems, and the heightened expectations for immediate payments and transactions are simply impossible without a modern flexible payments infrastructure in place.

## Is the time is right to reinvent your finance organisation?

AP & AR professionals have a unique opportunity to transform themselves, their departments, and their organisations by bringing together the data, technology innovation, and process improvements needed to become strategic, high-value business functions.

These best practices, combined with the right advice from experienced technology partners, give AP & AR teams a clear path to follow as they begin their own journeys to achieve best-in-class results.

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