

6 Ways Your AP Department Can Manufacture Value

With the continuing adoption of Industry 4.0, your shop floor has likely seen extensive changes as you incorporate the Industrial Internet of Things (IIoT), smart manufacturing, intelligent automation, and other technologies and innovations. But what about Accounts Payable (AP)?

In manufacturing companies worldwide, AP is still plagued by manual processes, a heavy reliance on paper checks, and lack of visibility. **It is time to implement digital transformation that will enable AP to manufacture sustainable value for your business.**

As on the shop floor, a holistic approach to digital transformation is vital. AP digitization should encompass invoice automation, complete payment services, vendor enablement options, and robust fraud prevention measures. This end-to-end strategy will drive business value in six key areas.

1

First, automation increases efficiency

By replacing labor-intensive processes with an automated workflow, AP processing occurs in a fraction of the time. Matching of invoices to POs, manual data entry into back-end systems, and approval routing are just some of the steps that can be removed from human desks. With the shift to automation, you can scale effectively without increasing headcount.



60% of manufacturers say that **time savings and improved productivity** are the top drivers of AP process automation at their organizations.¹

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Second, digitally transforming AP boosts your bottom line profitability

It provides cost savings by eliminating late payment fees, minimizes the costs associated with paying by check, and enables the capture of early-payment discounts. Plus, by partnering with an AP automation solution provider that offers cash-back rebates on ACH and virtual card payments, AP becomes a revenue generator.

¹ Strategic Treasurer, 2022

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Third, transforming AP provides better data

End-to-end AP automation offers full visibility across the entire invoice-to-pay process, putting real-time AP data at your fingertips. Using this data, you can make agile decisions regarding cash flow, optimize working capital management, determine how to best fund growth, make wise investments, and much more.



55% of finance executives **cite improved AP visibility as a top priority** and key benefit of automating accounts payable.²

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Fourth, an experienced solution provider mitigates fraud risk

Not all providers are equal in this regard, so look for one that uses a variety of methods to validate vendor bank data, both during onboarding and when updates are made to account details. They should hold sensitive supplier bank account information in an encrypted and secure network that adapts to evolving threats, eliminating your risk of a data breach. They should also notify you if a vendor is on a watch list, has a bad credit history, or shows a pattern of invoice errors or duplicate payments.

5

Fifth, digitization of the invoice-to-pay process strengthens supplier relationships

You will be able to pay your suppliers in timely fashion using their preferred payment type while giving them increased security against fraud, providing status updates, and offering them detailed remittance data. With better supplier relationships as a result, you will be able to negotiate advantageous payment terms, discounts, and deals to fuel your growth as a manufacturer.

² Ardent Partners, 2021

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Finally, AP automation empowers your employee

Automation eliminates tedious, low-level tasks that consume inordinate amounts of time, freeing skilled staff to engage in higher-value activities such as forecasting, cash management, and contract negotiation. With your AP function's core processes transformed from convoluted to strategic, you will optimize your current talent's time and attract skilled workers as your business grows.

IT'S TIME TO BRING THE LESSONS OF INDUSTRY 4.0 TO AP

Through holistic digital transformation of the invoice-to-payment process, you will increase operational efficiency, gain financial benefits, generate better data, mitigate fraud risk, improve supplier relationships, and empower skilled employees. In so doing, your AP department will manufacture sustainable value and growth for your business.



Read more in our
"8 Lessons for AP
from the Manufacturing
Shop Floor" ebook

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