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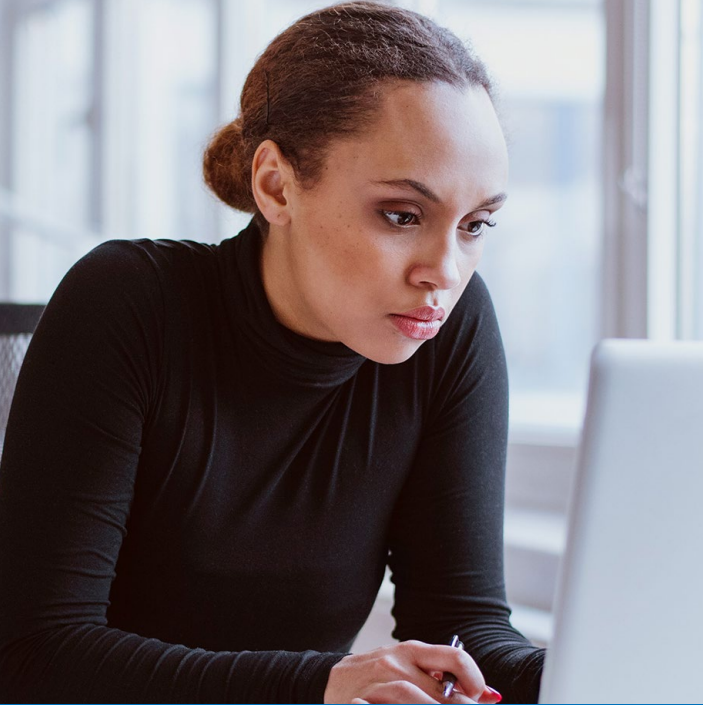
A Handbook for Modernizing AP in Higher Education

Keeping campus running smoothly by ensuring all suppliers are well-managed and paid. Reimbursing faculty and staff. Ensuring compliance with policies and regulations. Contributing to healthy cash flow. It's all in a day's work for the accounts payable department at a college or university.

On top of that, the AP team and finance leaders are under increasing pressure to mitigate fraud risk, trim costs, and keep pace with the digitization happening across the rest of the school.

Leading higher education institutions are realizing that manual processes and cobbled together tools are standing in the way of all this work. They're turning instead to accounts payable automation software that not only eliminates repetitive tasks, errors, and delays, but also helps them fulfill the financial and operational imperatives of their institutions.





The State of AP in Higher Education Today – Tides Are Turning

Today's higher education institutions are moving away from handling AP manually, and for good reasons.

All the time spent handling paper invoices and checks, scouring email chains, searching through filing cabinets, and waiting for approvals adds up. It's estimated it can cost up to \$12.42 to process a single invoice, counting both staff and operational costs. In comparison, when organizations rely on technology as part of their AP process, they can spend as little as \$2.65 processing an invoice.¹ Since reducing costs is on the to do list in many cases, AP automation software is being prioritized.

Fraudsters are also targeting AP departments in higher education with increasing frequency and sophistication. Without a systematic way to manage suppliers, invoices, and payments, it's extremely difficult for employees alone to detect threats, such as fake invoicing, check fraud, and Business Email Compromise (BEC), the latter of which is the root cause of most payments fraud.

It can cost up to **\$12.42** to process a single invoice (staff + operational costs).

With technology part of the AP process, it can cost as little as **\$2.65** to process an invoice.





BEC occurs when a fraudster uses social engineering to trick AP employees into redirecting funds to an illegitimate account or giving out sensitive AP data. 63 percent of organizations recently reported being victims of attempted or actual BEC.² As a result, there's a big push to get software solutions in place that can help root out and prevent AP and payments fraud.

AP teams in higher education are balancing an increasing workload with lack of funding, resources and attention for their department, too. AP automation software offers a way for these teams to modernize and scale while simultaneously reducing overhead. Plus, the cash back rebates earned when they switch from check to digital payments can be reinvested in the university or used to offset the cost of the AP automation and payments software itself.





What Exactly Gets Automated with AP Automation?

While there's a recognized need for AP automation software, some AP teams may be surprised to learn all the processes and steps that are made significantly easier once it's in place.

AP automation digitizes every step of the accounts payable process. Manual tasks like receiving and uploading invoices, capturing invoice data/coding, PO-matching, invoice approval routing/approvals, supplier payments, and reconciliation are all handled with technology instead of hands-on work. That's a welcome relief for lean AP teams in higher education.

Supplier management can be improved with AP automation as well. When you digitize payments and eliminate paper checks, your AP automation partner converts suppliers to electronic payment methods. As part of the onboarding process, this partner will vet suppliers to ensure they're legitimate and validate that bank account information is correct. Suppliers also gain the ability to manage their bank account information, payment preferences, and more in their own supplier-specific portal. This eliminates a lot of the back-and-forth between AP employees and suppliers.





In addition, accounts payable automation systems provide dashboards, reports, and built-in analytics tools that let you see where things stand, address bottlenecks, track productivity, and more. With all AP data digitized and stored in one place, it's easier to search for and audit information, which can help organizations with complex and demanding data and reporting requirements.

AP automation tools integrate with leading ERP/ accounting systems, passing AP data seamlessly back and forth. This allows colleges and universities to keep their system of record, while also being able to operate more efficiently.



**AP automation
digitizes every step
of the accounts
payable process**



AP Automation Levels Up More than Just Invoices and Payments

With AP workflows automated and payments digitized, the business office enjoys a host of

benefits. Many of these benefits extend to the larger institution, as well.

1

Gives AP More Bandwidth (and Helps Employee Retention)

Since AP automation frees staff from time-consuming, tedious work, they can turn their attention to more value-add strategic tasks. This can include things like:

- developing employee mentoring programs
- analyzing spend to look for savings opportunities
- measuring and analyzing KPIs

This type of work can keep employees happier and more engaged and reduce turnover in the AP department. You can lower your expenditures related to hiring, onboarding, and training new employees as a result.

2

Provides Continuous Protection Against Invoice and Payments Fraud

There are countless ways AP automation lowers the risk of fraud, which has been identified as a primary need in higher education business offices. First, it allows you to segregate duties, so the same person can't both approve and send payments for example. You can also spot potential fraud more easily with visibility into all AP data in one place, replace fraud-prone paper checks with secure electronic payment methods, and get assists from AI and machine learning to flag threats like duplicate invoices, irregular payment requests, or unauthorized changes to payment details.



3

Improves Cash Flow Planning

With all your AP data centralized in one system, and a host of reports available at your fingertips, it's far easier to track invoice volume, payment trends, cash flow patterns, and financial performance in real-time. This enables institutions to forecast more accurately, identify gaps and surpluses, and make better decisions.

5

Bolsters Supplier Relationships

When you can process invoices quickly and make accurate, speedy payments via digital rails, it helps keep suppliers happy and minimizes disruptions in the goods and services they deliver. Suppliers can also typically cut down on the amount of time they spend contacting customers, since they can self-serve through the supplier portal.

4

Simplifies Compliance

AP teams must ensure payments are compliant with all applicable laws, regulations, and standards. AP automation software enforces your institution's pre-defined policies and processes. Plus, with online audit trails available for every invoice and payment, you can spot policy deviations more easily. This can help to eliminate non-compliance penalties and other regulatory issues.

6

Adapts with the Organization Through Change and Growth

Once AP automation is in place, increasing AP volume, changing headcount in AP, addition of new entities, and growing operational complexities become less worrisome. AP automation software is highly configurable and can scale in tune with your institution's needs, both now and into the future.



What to Keep Front of Mind When Choosing an AP Automation Partner

With a clear understanding of all the ways AP automation can assist your college or university, evaluating and selecting the right solution is one of the next steps. Since the marketplace is crowded and there are several types of automation tools available, it's critical to review these key topics with potential partners.

Knowing What Implementation Involves

You're automating invoices and payments because you're already short on time, so you don't want to go through overly complex implementation. Talk through the steps of getting the AP automation solution up and running, what departments will need to be involved (i.e. IT, Procurement, etc.), and how the provider will help you manage the switchover with your internal stakeholders. Pick a partner who can provide best practices, implementation timelines and checklists, hands-on training, and other resources for an efficient and thorough ramp-up process.

You may want to automate one part of your AP process as an initial phase, and automate other pieces later. When you automate payments first, for example, you can achieve a return on your investment quickly thanks to the cash back rebates earned from card and certain types of ACH payments. Talk through the available options to ensure there's a path that aligns with your specific goals.





Maximizing Supplier Participation

If you're switching to electronic payments as part of your AP automation initiative, you're going to want your technology partner to do the heavy lifting with supplier onboarding. They'll have the expertise and experience to educate suppliers on their various payment options, walk them through the enrollment process, and explain what receiving and reconciling payments will look like moving forward. They should also know which suppliers are most likely to accept electronic payments, and target that population first. This way, you'll be issuing payments more efficiently and generating rebates right out of the gate.



Dig into the numbers with your AP automation partner, determining how many suppliers they have in-network accepting electronic payments, how many of those suppliers serve higher education institutions, what payment types these suppliers typically accept, and what tools they provide to keep suppliers happy. You'll want to team up with a provider who has a proven track record of keeping suppliers aboard well after their first few payments, so see if you can find one who openly shares their vendor retention rate.

You also want to understand what the provider does for supplier onboarding on a continuous basis, as a "one-and-done" approach will not lead to optimal supplier participation. The software partner should reach out to suppliers at regular intervals to encourage participation and use a variety of channels to communicate with them such as email, newsletters, and webinars.





Future-proofing Your Institution Against Fraud

The need to manage fraud risk and limit losses on college campuses grows each day, especially when you consider that the cost of a data breach in higher education can cost \$3.65 million.³

To deal with this risk, your college or university will need a layered approach with multiple defense strategies in place. This includes having well-defined internal AP policies and procedures, providing ongoing employee fraud prevention training, and implementing measures like multi-factor authentication (MFA), which enforces a 2-step verification process to gain access to applications, tools, portals, etc.





Your AP automation software should also be a critical component of your fraud mitigation strategy. In order to attain that, you must choose a solution provider that's forward-thinking and agile so they can help you stay ahead of fraud threats and neutralize them in real-time. Here are some fraud-related topics to delve into with a potential AP automation provider:



Do they employ user, behavioral, and device monitoring to identify anomalies (e.g. will they know if a user is attempting to login from an unfamiliar IP address)?



Can they provide payment risk scoring to highlight potential fraud before payments are made?



How many pre-validated suppliers transact through their software (more suppliers in network makes it harder to impersonate accounts and intercept payments)?





Helping Others Embrace AP Modernization

It's not uncommon to experience some resistance from stakeholders when automating and modernizing AP, even with a fully developed business case including the details outlined here. Involve every party in the project from the outset, including partners in Procurement, Treasury, and IT. Make yourself available to field questions, address concerns, accept feedback, and set expectations.

You should also place a strong emphasis on what each team will gain, whether it's a more efficient day-to-day, lowered risk of fraud, or greater visibility into cashflow. You'll also need to be ready to demonstrate how the AP automation project will align with your overall institutional goals as well.

With some stakeholders, such as AP clerks and managers, you may need to outline how AP automation software will not stand in for certain employees but will augment their work instead.

An efficient and intelligent AP operation will certainly have positive impact on the organization, but some teams and individuals may need a little more convincing.





Now's the Time to Modernize AP in Higher Education

Accounts payable is a high-stakes undertaking at your college or university, since partners campus-wide are relying on it being done right. Accounts payable automation software can help you deliver on these expectations and guide strategic decision-making for the institution as a whole.

**Earn an "A" for
AP Automation
with Bottomline
and Paymode, our
business payments
network.**

Get started



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