

Bottomline | PAYMODE

The Cost of Manual Accounts Payable

It's no secret that manual processes, paper invoices, and check payments are inherently inefficient. But what is the "cost" of sticking with people-driven and paper-based AP workflows?

AP staff time accounts for the majority of that cost with supplies, bank fees, mailroom, administrative, and infrastructure accounting for the rest. The cost to manually process an invoice and pay suppliers by check varies across companies and depends on how each organization's AP department and accounting opperates, but there are many similarities across companies that paint a picture of the inefficiency caused by manual AP processes.

Cost to Process an Invoice: **$9.90**



Manual processing of a single invoice costs almost $10 and takes more than two business weeks, according to recent research by Ardent Partners.

Here are some manual invoice processing steps to consider when thinking about how to determine costs at your company:

Mailroom:

- Time and overhead costs allocated to receiving mailed invoices

Infrastructure:

- ERP, IT support, facilities, storage, and more

Vendor Relations:

- Responding to vendor calls and emails asking about payment status

Reporting:

- Pulling together data to provide insights on AP performance

Manual Processing:

- Opening envelopes
- Printing emailed invoices
- Scanning invoices
- Entering data into the AP system
- Reviewing invoice in ERP
- Matching invoice details to approved POs
- Handling exceptions
- Coding of non-PO invoices to the general ledger
- Chasing down approvals
- Paper invoice sent to storage

Cost of a Check Payment: **up to $20**

DID YOU KNOW



of B2B payments are still being made by check today?

The cost estimates of making a check payment vary, but $4 to $20 per check is an often-cited range by many industry experts. Below are cost components of paying suppliers by check:

Supplies:

- Check Paper
- Envelopes
- Printers
- Ink
- Postage

Bank Fees:

- Check clearing fees
- Positive pay fees
- Reconciliation file fees
- Check image file fees

Infrastructure:

- ERP, IT support, facilities, and more

Fraud:

- Losses from stolen checks would have incremental financial impacts

Manual Check Printing and Mailing:

- Chasing down approvals
- Creating check print file
- Printing check
- Obtaining check signature Stuffing envelopes
- Applying postage
- Mailing checks
- Create and transmit positive pay file
- Cost to reissue a lost check

The Financial Impact of Automating AP Processes

Transforming AP certainly makes a compelling business case from a financial perspective. When considering possible financial gains, don’t overlook the costs of manual invoice and payment processing. AP staff time spent keying (and re-keying) information and following up on approvals can certainly be better spent on more value-add activities. That's not even mentioning the cost of printing and mailing checks, positive pay bank fees, and the burden of escheatment tracking. Any fraud losses resulting from stolen checks would have incremental and likely severe financial implications too.



Consider not only the hard cost savings you would realize, but also the positive impacts from eliminating late payment fees, capturing more early payment discounts, mitigating fraud risk, and earning cash-back rebates when you pay your vendors by ACH and virtual card.



How Paymode Can Help

Paymode is the largest B2B electronic payment network with over $570 billion in payments processed annually with zero fraud to over 635,000 suppliers. By processing and paying your supplier invoices digitally using Paymode, you'll decrease manual tasks and paperwork, reduce the unnecessary risk of fraud, increase visibility to cash, and create rebate opportunities, which boosts cash flow.

Learn more about Paymode and how the majority of customers reduce their AP processing costs by over 50%.

Learn More

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