



What Every CFO Needs to Know About AP in 2021

The intelligent commercial bank solution for accelerated digital transformation

As a Chief Financial Officer, your purview is wide and your time and attention is limited. It may not occur to you to zero in on one particular department for potentially massive improvements, but with technology evolving quickly and fraud threats growing, taking the time to drill in can lead to a host of unexpected rewards.

One area of the business in particular affords huge opportunities and carries huge risk in 2021 and beyond: Accounts payable.

THE SCOPE OF AP'S PROBLEMS

AP can be one of the biggest sources of risk, waste, and cost in the organization, with 79% of organizations reporting that they were victims of payment fraud in the past year. Leading organizations turn AP into a profit center that makes timely, secure payments to happy suppliers. To get there, CFOs and their teams must navigate pressures ranging from too much paper, too many exceptions, and a lack of visibility and investment in technology.

Still, with the right investments and the right attention, the function can be one of your top performers. Organizations who have made the right changes to AP have found they can cut invoice and payment costs by up to 83%, for example:

According to FBI reports, phishing efforts have earned cyber criminals some \$12 billion through business email compromise alone.



79%

79% of organizations were victims of payments fraud within the last year



56%

56% of corporates experienced cyber fraud or data theft in the past 12 months



71%

71% of large businesses struggle to manage and update vendor bank account details



AP Automation by the Numbers

Just 19% of respondents in Ardent Partners' 2019 State of ePayables report believed that AP was exceptionally valuable.



Looking to increase that perceived and actual value? Organizations with the right automation partner can:

- Cut approval times **by 73%**
- Trim invoice and payment costs by **up to 83%**
- Save money, time, and aligning departments toward strategic outcomes. That's why **40% of businesses** say automation for AP is a top priority.

WHY CFOS SHOULD BE CONCERNED

A full 90% of corporates identified Accounts Payable as the biggest source of fraud for their enterprise. Only 41% of businesses have MFA enabled for non-wire payments and only 48% have monitoring systems to catch internal fraud, two of many reasons organizations feel the risk is so great for AP.

Payment fraud is incredibly widespread, and both the reputational and revenue costs of even a single successful payment fraud attempt can be devastating.

Just 42% of corporates are feeling confident that they have a better security posture than they did a year ago, which is a symptom of feeling behind the curve. A reliance on antiquated paper checks and invoices, plus manual processes, is a major driver.

Unfortunately, time isn't going to change that—only resources, energy, and attention from the larger organization will. While the challenges are significant, it's best to start by looking at the opportunity ahead.

THE LANDSCAPE OF AP OPPORTUNITIES

With relatively modest investments, accounts payable can become a positive force for the business. CFOs who want to transform their AP function need to focus on the ways that automation can enhanced security and team productivity while driving significant financial returns in the form of processing cost savings, early payment discounts, and rebates.

THE IMPORTANCE OF AUTOMATION

C-suites across industries are focused on how they can intelligently implement technology and automation to improve the business results of their respective functions. Looking at the big picture and finding more ways to make the business profitable, efficient, and stable should be the focus of every employee, but time and resources limit that possibility for most of your staff.

Automation can create that time—and the time for more value add-activities—by removing manual tasks from your AP team's processes. An AP team without those manual tasks can focus on big picture initiatives that benefit the business.

Those same advantages come into play for mergers and acquisitions, which are often the bane of a CFO's existence. Automation of existing systems can make integrating new processes and workflows much simpler and more straightforward, removing considerable headaches.

WHY SECURITY IS KEY

Enhancing your security through stronger technology and partnerships is key for the AP function, especially with 73% of corporates reporting that they have seen the threat of fraud rising in the past year. If you're considering automation, your organization should plan to find a partner who addresses the most critical security vulnerabilities of your current AP processes.

The bottom line is that you must protect against both internal and external fraud, and the easiest way to do that is to secure every stage of the lifecycle from invoice to payment. With the right AP automation solution and fine-tuned internal controls and procedures, the risks of Business Email Compromise (BEC), social engineering, account takeover, or payment interception are significantly reduced.

The key is to recognize that better training and monitoring, while essential, can only go so far. Putting the right technology in place to combat fraud is vital, given that fraudsters won't hesitate to use cutting-edge technology to defraud your organization.

REALIZING REVENUE OPPORTUNITIES

Accounts Payable has a traditional reputation as being a cost center. Often that's a result of manual processes and a failure to capture early payment discount and rebate opportunities.

With a more automated and streamlined invoice approval process, your AP staff will be better positioned to examine and seize early payment discounts that your suppliers offer. Paying suppliers with a virtual card can create opportunities to pay earlier while holding on to cash longer and also earning rebates on AP spend. While some suppliers can be reluctant to accept card payments, offering enhanced remittance detail in their preferred format and other accounts receivable benefits will help drive adoption and ensure your organization receives the benefits.

THE BENEFITS OF FULL-SCALE AP AUTOMATION

- Mitigate payables fraud attempts and damages
- Gain enhanced analytics, reporting, and business intelligence
- Enhance supplier relationships
- Save money and earn rebates on AP spend
- Eliminate paper processes, invoices, and checks
- Empower your staff to be more productive and strategic, and attract and retain top talent



Understanding the Threat of Fraud

- ⚠️ **Only 41% of businesses** have multi-factor authentication enabled for non-wire payments
- ⚠️ **Only 48% of businesses** have monitoring systems to catch internal fraud attempts
- ⚠️ **71%** feel supplier relationships are particularly susceptible to fraud



Want to learn more about automating, securing, and streamlining your AP function? Check out this Bottomline AP automation video.

► WATCH NOW

Sources: Ardent Partners State of payables, Strategic Treasurer B2B Payments Survey, Strategic Treasurer Treasury Fraud & Controls Survey, CFO Tech Outlook

Paymode-X

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3 STEPS CFOS CAN TAKE TO BRING ABOUT THIS REALITY

- **Leverage leading tools.** Ensure incoming invoices, outgoing payments, and the matching, coding and approvals in between are all as automated as possible. Using a single technology across the invoice-to-pay lifecycle will create maximum visibility payables data and cash flows. Partnering with the right fintech or bank can make this process relatively straightforward, and leveraging those partnerships makes streamlining processes a much easier lift.
- **Focus on security.** The right partnership can insulate you from fraud attempts by taking on the validation and secure management of supplier and bank account information, offer multi-factor authentication to freeze out fraudsters, and offer other sophisticated tools for discovering whether someone attempting to login is who they really say they are. Ensuring your team has the right structure and the right processes should do the rest.
- **Seek out rebates and new revenue.** If your AP function is streamlined and secured, the next step is ensuring your team is capturing all the early payment discounts and virtual card and ACH payment rebates possible. Working with a proven, knowledgeable partner is the best way to ensure you can capture rebates on AP spend and keep suppliers happy at the same time.

By putting yourself in the driver's seat for AP's transformation, you can be the champion of a function that can go from a laggard to a leader in short order.

This is the year to prioritize turning your organization's accounts payable function into one of the most efficient parts of your business, reaping all the benefits that implies.

About Bottomline

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