

How to Digitally Transform Finance in 2022

The recent surge in hybrid and remote work has led to a rise in automation and digital payments in finance departments. For some, the pandemic was a catalyst to overhaul outdated practices and make efficiency gains. For others, the need to facilitate working from home has led to more digital ways of working.

In a PYMNTS¹ survey of 400 CFOs, it was found that 93% of firms are in the process of digitizing their AP and AR operations. Notably, 96% of these CFOs view their investments as vital to improving vendor and customer relationships—rather than just increasing task accuracy and efficiency.

Considering the rising need to automate financial functions across industries, what are the main drivers for widespread automation and the key challenges AP and AR teams face? How can businesses better future-proof their finance processes for changes to come?

Key Challenges for AP and AR Teams Today

1. Hybrid and remote working

While restrictions have been relaxed in many parts of the world, some of the recent changes are here to stay. A recent survey found that about 33%² of professionals would quit their jobs rather than go back to the office full time, meaning that remote work is now the new normal.

Working remotely presents a unique set of challenges for AP and AR teams. Those that depended upon manual, paper-driven processes struggled during lockdowns to get tasks done while still adhering to compliance policies and appropriate processes. Late payments³ often caused problems with vendor relations, and put accountants through long hours and high stress levels⁴ as they battled to get it all done.

2. Rising customer expectations

Customer expectations are also on the rise. According to Forbes, 96%⁵ of customers will leave a company if they experience bad service. This is challenging finance teams to reimagine their services and prioritize customer satisfaction.

Added to that, 90% of B2B⁶ buyers say they would switch to a competitor if a supplier's digital options were insufficient. The need to implement digital technology is greater than ever—not only to improve operations, but also to retain customers in an increasingly competitive market. For teams not supported by finance automation tools, it can be a struggle to keep up with rising customer expectations through consistent and timely communications.

1. The Key CFO Insights On Digitizing AP And AR, PYMNTS.com, June 2021.

2. Nearly a third of workers don't want to ever return to the office, Fortune.com, December 2020.

3. Some Companies Are Taking Longer to Pay Suppliers Despite Recovery, The Wall Street Journal, June 2021.

4. 98% of accountants stressed – even before the coronavirus outbreak, Accountancy Age, March 2021.

5. Ninety-Six Percent Of Customers Will Leave You For Bad Customer Service, Forbes, June 2020.

6. The 2021 B2B Buyer Report: No More Excuses, Avinos, January 2021.

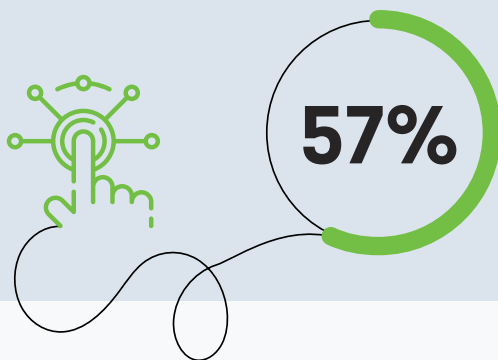
3. Fraud and security threats

Criminals used the pandemic as an opportunity to increase fraudulent activity, taking advantage of uncertainty and disruption. Today, finance teams are required to establish stronger controls against fraud. In the last year, there has been a 94%⁷ surge in “impersonation scams,” cases in which criminals impersonate trustworthy organizations. This is when clients inadvertently authorize payments to criminals. Fraudulent activities are becoming increasingly difficult to identify and guard against without the added benefit of security features from finance automation tools.

4. Inaccuracies in financial planning and forecasting

Teams are also struggling with planning and forecasting, as predictability went out of the window since the start of the pandemic. There is a newfound need to “plan for uncertainty,” all while most teams find it difficult to find time for even the most important everyday tasks.

An incredible 70%⁸ of CFOs say they lack confidence in their financial data. Data is championed as a key differentiator for companies, helping inform prudent business decisions. However, without the right technology to analyze and organize it, it’s not going to provide value. The accuracy of financial planning and forecasting can be compromised when deprived of the data transparency and accessibility automated solutions can offer.



Given the current climate, it comes as little surprise that CFOs are taking action.

In total, 57% of CFOs surveyed by the PYMNTS⁹ survey said that digitizing AR and AP is about transformation, not just automation for its own sake. This means they are not only looking to improve existing ways of working, but to establish completely new approaches and processes.

7. Scams and Fraud are already a Real Hazard for Financial Industry, Finextra, August 2021.

8. Data is a differentiator, but much of it is wrong, CFO Dive, July 2021.

9. The Key CFO Insights On Digitizing AP And AR, PYMNTS.com, June 2021.

The Transformation of Finance: Opportunities Through Automation

Let's explore how finance functions are transforming themselves through digitization.

Automation is bringing huge opportunities to AP departments, helping them to address current issues and future-proof their company against the changes to come. One of the biggest issues for accounting teams is the amount of time spent on manual processes. AP automation can reduce these by 83%, making errors less likely. Problems such as duplicate invoices are eliminated, and employees are freed up to focus on high-value tasks rather than monotonous data entry.

It also secures your company's finances with multi-level approval, which can be set based on budget, department, entity, etc. Tedious approval follow-ups are a thing of the past when documents are signed off through web and mobile and a digital audit trail is created. A robust approval matrix is critical in preventing fraud and abuse in any organization. Multi-level online approval channels create accountability, thereby enforcing practices such as verification of vendors and detection of suspicious invoices.

Automated software also integrates with your main financial system using two-way sync technology. This capability replaces manual import and export of data with automatic reconciliation to prevent manual errors—saving your team more time for other tasks. It ensures automatic reconciliation, and verification of which invoices have been paid.

There are equally impressive benefits when AR is automated. Using automation, teams can accelerate collections by up to 34%. This is achieved through automating all follow-up emails, and providing personalization capabilities that enable teams to tailor their collections message based on the specific customer they are chasing. This helps to better engage their clients and makes payment much more likely.

Automation makes AR teams three times as productive. This is partly the result of centralizing the team on a single platform, making collaborations easier. It also takes care of data entry tasks such as reporting, and helps eliminate errors by removing people from processes they do not need to be involved in. This allows them to focus on value-added tasks that drive further efficiency gains.

Last but not least, AR automation can drastically improve customer experience. Cloud-based customer portals enable your clients to access account details and settle invoices at their own convenience through multiple digital payment channels. This creates a win-win situation for everyone: you get paid faster, while your

customers get to enjoy an effortless payment experience. All of this benefits your business' financial health and the company's reputation for the long haul.

Below are some of the benefits firms expect to realize when they invest in digital:

- **87%** expect faster processing speed of invoices and payments
- **79%** expect improved team efficiency
- **75%** expect a better customer experience
- **72%** expect to save on operational costs
- **62%** expect to realize an improvement in days sales outstanding or "debtor days"

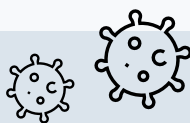
A Future-Focused AP Team

Future-focused AP teams don't want to get stuck on routine processes—they want to focus their time on more dynamic tasks. Automation can help them do just that in the following ways:

- Flags duplicate invoices and payments
- Uses AI-powered data capture to extract invoice details such as unit costs, descriptions and quantities
- Approves invoices and payments in the cloud
- Provides a 360-degree AP automation experience: purchase orders, invoices, payments and expenses are all streamlined on a central platform that integrates seamlessly with your main financial system

In Beanworks' latest State of AP report¹⁰, a study conducted with 600 finance professionals based in North America, it became clear how they benefited from automation during the pandemic:

- **77%** of finance professionals reported improved vendor relationships
- **76%** have increased productivity and mentioned less overtime in accounting
- **94%** say AP automation helped them navigate the COVID-19 pandemic
- **83%** indicate AP automation as the top investment priority



94%

Say AP automation helped their company to better navigate the COVID-19 pandemic.

Payments Bring a Competitive Edge

Payments are clearly much more than a business necessity in today's world. When digitized, they provide your organization with a competitive advantage.

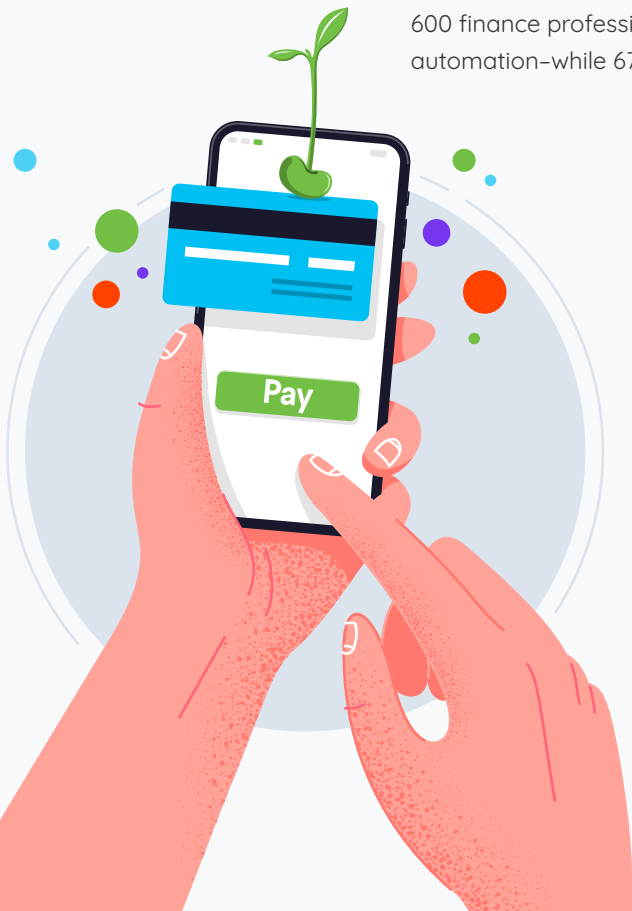
Firstly, they provide third party payment liability when every transaction is insured with a payment guarantee or warranty. While banks might not assume liability for fraud, some automated solutions will indemnify 100% of vendor payments.

Another benefit is that outsourcing vendor data management saves you time spent on updating bank and vendor information. The third party is in charge of collecting, updating, and securing sensitive vendor payment data, so they can help to shoulder the brunt of the risks and labor involved.

Automated systems will also flag any duplicates, reducing time spent tracking them down manually.

There are a range of payment options offered, including ACH/EFT, virtual credit cards¹¹, and e-checks¹², all of which can be used to process money more quickly. Digital payments help increase a company's visibility into its liquidity, as they are easy to track and manage. This provides the basis for better risk management and more efficient use of working capital.

Furthermore, the entire workflow stays in the cloud so you can skip processes that cause delays, such as signing checks and stuffing envelopes. A survey with 600 finance professionals found that 74% reported fewer late payments with automation—while 67% reported zero late payments.



11. Does your AP Automation System Pay For Itself?, Beanworks, 2020.

12. Now Available: BeanPay with Automated Check Payments, Beanworks, August 2016.

Where We Are Headed

If we have learned anything from recent times, it is that rapid transformation will continue in the finance industry for the foreseeable future.

Far from a passing fad, remote working is here to stay. A Reuters study¹³ found that permanent remote workers will double this year. This means many firms will hire offshore talent, with another study discovering that 36%¹⁴ of companies plan to increase their numbers of international remote workers this year. At a time when many are looking to cut costs, this is a viable way to make savings. To accommodate a remote or hybrid workforce, businesses need tools and processes that can be easily accessed without compromising security or diminishing productivity.

Many organizations are increasingly using artificial intelligence (AI) and robotic process automation (RPA). Deloitte recommends RPA¹⁵ as a faster and more cost-effective way of improving efficiency through automated processes. Although widespread use of AI is more of a long-term vision rather than the current norm, many companies have already started implementing it to stay ahead of the curve.

A Bank of England study¹⁶ backs the AI implementation further, highlighting a rapid growth in the use of machine learning by companies that are keen to save time and money as well as gain new business insights.

The payments sector will also be highly influenced by automation. The value of virtual credit cards is set to increase by 90%¹⁷ over the next four years. They can earn your organization cash-back rebates and can be fully integrated with your accounting system. The key benefits of virtual cards are that they can be used as anti-fraud measures. In the next few years, expect to see payments moving directly between organizations without any intermediaries such as banks. This will significantly speed up the transfer of funds and help companies avoid processing fees.



36%

of companies plan to increase their numbers of international remote workers this year.

13. Permanently remote workers seen doubling in 2021 due to pandemic productivity - survey, Reuters, October 2020.

14. Top 3 benefits of a borderless workforce, HSBC, October 2021.

15. Robotic Process Automation, Deloitte, 2021.

16. Machine learning in UK financial services, Bank of England, October 2019.

17. Juniper Research: Commercial Virtual Card Payments to Exceed \$1 Trillion by 2022, Businesswire, March 2019.

From Struggles to Success: The Proven Value of AR and AP Automation

Here are a few companies that have successfully implemented automation in their AR and AP processes along with digital payments.

- The benefits of automated AP include:
- Access to critical AP documents from anywhere
- Ability to make remote payments
- Option to set-up multi-level approvals, which can be accessed via web or mobile

The benefits of automated AR include:

- Any time, anywhere access to real-time data
- Automated communications with a complete history for visibility
- Digital payment options
- Enhanced collaboration capabilities
- Self-service option for customers





CorneaGen)

CorneaGen is a global healthcare company. They were struggling with a slow, manual dunning process, one in which their customers were receiving invoices that were often never followed up on. Their reporting was also disorganized, as their collectors were managing portfolios in several different ways that made it difficult to determine the actual state of a customer account. Too many debts were being written off as invoices and were not being effectively tracked.

CorneaGen's AR suffered from a lack of customer-centric capabilities, which meant that customers couldn't access their account details and pay whenever they wanted. This severely impacted efficiency and customer experience, especially for those in a remote working environment.

YayPay automated and customized collections, helping CorneaGen better engage with their customers and accelerate collection efforts. This drove a significant reduction in days sales outstanding (DSO) or "debtor days", driving them down from an average of 78 to 38, a 50% decrease. This means they are getting cash into their business much faster.

Write-offs decreased by 70% due to improved portfolio management. The AR team is now working from a centralized platform that presents data on intuitive, actionable dashboards. Key information is highlighted and acted on, ensuring nothing falls through the cracks.

YayPay's cloud-based portal enables customers to access their accounts and make payments at any time, from anywhere. Not only has this improved the AR team's experience—as their time is no longer spent responding to customer emails or speaking to them over the phone—it has also transformed the customer experience, providing a streamlined service that encourages them to pay faster and maintain a better relationship with CorneaGen.

Jaime Beadnell, Billing and Collections Manager at CorneaGen, said:

"YayPay has been a game changer for CorneaGen. When the global crisis struck, we faced significant collections challenges. YayPay enabled us to not only address these challenges, but also introduce more effective ways of managing AR, which has led to remarkable cash flow improvements and an enhanced customer experience."



LogMeIn, a global software organization, had difficulty managing remote relationships with customers. They had seen a 26% increase in electronic invoicing since the start of the pandemic, and did not receive any customer support from their existing AR provider to help navigate this change.

With YayPay, LogMeIn got automated and customizable collections to manage the increase with no new employees required. YayPay's customer portal simplified the transition to remote working. Although the team's workload increased and customer relationships had to be managed virtually, LogMeIn was able to use the portal to keep its team and customers aligned to ensure disputes were resolved, payments were collected, and customers were looked after at a very challenging time.

YayPay's team made themselves available to LogMeIn to help them get maximum value out of the platform, onboarding them to key features which helped them manage new challenges posed by COVID-19.

Peter Roller, Director of Credit & Collections at LogMeIn, said:

"The true competitive edge that YayPay has is the relationship they create with their clients. My team feels heard, feels appreciated, and we are active partners with YayPay. This results in success for both of us."



AIR is an organization for institutional researchers on college universities and campuses.

The organization was experiencing some major challenges within their AP department. The team was storing documents inside physical boxes and this was causing significant issues in a number of areas.

The invoice to payment processing was a week-long process, and payments were handled manually. On a typical day, an AP clerk would enter the invoices and forward them to the director for review. After approval, checks would be printed and given to the CFO for signature. Then the checks were scanned, put in envelopes, and mailed. The other issue was that documents often got lost between the back and forth with coworkers, so recovering them became a challenge during events like audit season.

That's where Beanworks AP Automation came in. The software moved the AP cycle into the cloud and replaced paper with digital automation.

As a result of using Beanworks, the organization has been able to fast-track their AP process. They now spend only 2-3% of their day on payments-related tasks, and more than 50% of their vendors have moved to electronic payment methods such as ACH. Time spent filing has also been saved. The annual tradition of hauling three or four boxes per year over to a storeroom has finally come to an end.

Their Director of Finance, Charles McCumber, said

“Going to Beanworks made things a million times easier. People can send documents around within the system, and reject them and kick them back if needed. It’s very manageable for the small accounting team that we have. People seem less daunted by a list of items on their desks.”



In another case, a golf club called **Minikahda Club**, based in Minnesota, was experiencing interruptions in completing routine AP tasks. Everything was done manually, requiring hours of data entry—and led to the need for huge stacks of paperwork and filing cabinets that were hard to keep track of. On top of that, 15 people were approving invoices every month, causing major delays and making it difficult to catch duplicates. A big issue was that all financial documents with sensitive information were on paper and stored in a physical facility.

It was critical for Minikahda Club's AP team to take back some control over their financial processes, including tackling issues such as duplicate invoices. With Beanworks' AP automation, the golf club was able to spot \$10,000 in overpayments including credits and duplicate payments. Managers can now use the web and mobile app to approve documents online.

Their AP controller, Randy Zats, said:

“The key word is control. Once we close, we know that we’ve got everything, there isn’t something hidden in a desk drawer or something that’s going to come back in a week. It has pushed accountability back to the managers because everyone is watching their budgets and their metrics.”



Approve invoices and pay vendors remotely while reducing AP costs

By eliminating tedious and complex processes, and strengthening management through centralized AP workflows, Beanworks by Quadient helps your company flourish without having to worry about security.

With Beanworks automation software, you can approve invoices and pay vendors remotely while drastically reducing your AP costs.

Are you ready to mitigate risk, improve AP spend visibility, and revolutionize your company's productivity?

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Intelligent AR for B2B finance teams

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Quadient supports hundreds of thousands of customers worldwide in their quest to create relevant, personalized connections and achieve customer experience excellence.

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