

# How to Build a **Business** **Case for AP** **Automation**

A guide to help accounts payable professionals sell automated invoicing to their business leaders





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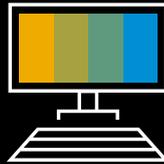


Part I

# Time to Change



# **This guide is dedicated to AP professionals and anyone responsible for vendor invoice processing.**



Especially those of you who've worn  
all the letters off your keyboard.



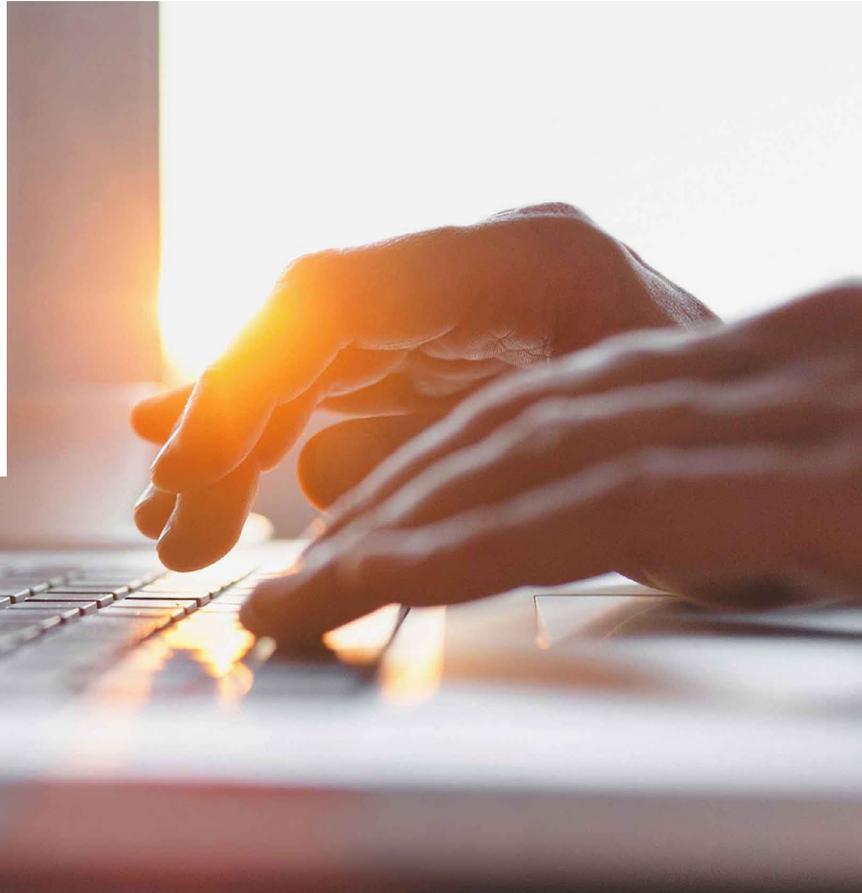
## Terrifying but True: Invoicing Horror Story 1

### She was wearing out keyboards

The invoicing process had gotten so intense for one accountant at an insulation manufacturer that she was replacing her keyboard every six months.

#### **She kept wearing the letters off.**

After her company adopted an automated invoice solution, though, month-end close time went from five business days to two. Report time shrank to almost nothing. The company stopped having to order so many keyboards. And the accountant, as she put it, got to “actually be an accountant.”





## Terrifying but True: Invoicing Horror Story 2

### They paid zombie phone bills for years

One business was paying three different phone bills each month. No big deal, right? Lots of businesses have multiple phone bills.

So month after month, year after year, the company kept paying.

The only problem was that two of the three invoices were for an old office the company had left years before.

**The company had no idea they were no longer using the services.**

The company controller only discovered – and fixed – the problem after implementing an invoice automation solution.

And far away at some other company, someone wondered, “What happened to our free phone service?”





## Terrifying but True: Invoicing Horror Story 3

### **How much in late invoices?**

One furious vendor told a company's executive team that an invoice was past due. Like way past due.

Turns out the invoices were being mailed to the wrong location ...

... to the attention of the wrong employee ...

... who no longer worked at the company.

By the time the invoices and late fees were all totaled up, **they cost the business \$200,000.**

Oops.





## Why We Wrote This Guide

Frightening scenarios, aren't they? And they don't just impact the broader business. There's a chance fingers will come back pointing to you – the accounts payable team – because of poor, antiquated processes.

If you're reading this guide, these anecdotes might be hitting a little too close to home. But you're probably looking for a fix.

Enter AP automation.

Whether you want to propose AP automation to your company decision makers for the first time or you already have an AP automation vendor in mind, this guide is designed to help you build that case and drive change within your AP department.

And if you haven't considered AP automation yet, you might want to. It's your chance to make your job more fulfilling – and look strategic doing so.

Full disclosure: It can be challenging to create change if you're not in a leadership role. It's especially difficult when your day job is already wearing you down. And, frankly, we know many people have the misperceptions that automation is intimidating and that it's going to take away their jobs.

We address all that – and a lot more – in the following pages.

After reading this guide, you'll know how to plan, write, and present the business case for invoice automation to your company's leadership team.

We'll also show you how to follow up after the presentation and how to keep the faith when things feel like they'll never change.

Ready?

**It's going to be great.**





# It's time for a change, but leadership may not know it yet.



So, leadership doesn't think your AP process is broken. But if the process is manual or semi-automated, it may just as well be broken.

AP professionals typically know this. But what masks the problem for leadership (your CFO, business owners, or other financial leaders) is that AP invoicing can feel automated when it's not.

# ◀◀ It May Only Look Like Automation

Here are some characteristics of non- or semi-automated processes:



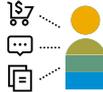
## Paper

The moment you introduce paper is the moment your process becomes semi-automated at best.



## E-mail

Ditto the moment you forward an invoice through e-mail.



## ERP

Businesses often use the accounts payable module of their ERP to create purchase orders and pay invoices. You may think your system is working great, but you may not know that it doesn't allow for growth. ERP add-on solutions typically don't scale and they lack vendor portals and mobile apps.



## Payment

Cutting paper checks, of course, introduces paper into the process. But even if your business has a bank facilitating ACH payments, it may be missing out on the payment optimization that becomes possible when you have full invoice automation.



## Workflow

What happens after an invoice arrives? If someone from the AP team has to print an invoice and deliver it to an approver, if invoices get lost, if bottlenecks arise, if it's hard to track invoices through the process, then you're less than fully automated.

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**Pro tip:** We've included some "bottom-line" metrics on the following pages that can be used as selling points in your business case presentation.



## ◀◀ It May Only Look Like Automation cont.

True automation is purely paperless (and we don't just mean using e-mail). It requires little to no manual input for routing, matching, and paying your vendors.

Automation significantly cuts invoice processing time – time your team can use to analyze spending trends and find cost-saving opportunities. It also directly affects the bottom line, saving companies tens of thousands of dollars each year. And automated processes give AP teams better visibility into company cash flow, allowing them to be more strategic about financial management.

As you build your business case for an automated accounts payable solution, think about the state of your company two, three, and five years from now. Remember: You (and your financial leader) are trained to be strategic – to help your company save money and grow. The business case for AP automation warrants their consideration.

**And don't worry:** We've compiled some statistics in the FAQ section to help you make your case.



# ◀◀ What Prevents Companies from Embracing Change

Despite all the challenges faced by firms using manual or other antiquated invoicing processes, the decision to automate isn't always as easy as you'd think.

Here are some common reasons why and how to parry them:

Why it can feel hard to change	How to respond
 <p><b>Lack of budget</b></p>	Automation doesn't just solve current problems – it opens up savings opportunities. And systems pay for themselves quickly (within five months for SAP Concur customers).
 <p><b>Familiar processes</b></p>	That's not an argument if your current processes are costly, demoralizing, and hinder the ability to grow.
 <p><b>IT ramifications</b></p>	Any reputable invoice solution provider will give you the support you need. For account activation, best-in-class companies will typically want to work with two team members (staff who know workflow, general ledger codes, reporting needs, etc.).
 <p><b>Fear of change</b></p>	Business is always changing. We have to change with it or risk falling behind.

## ◀◀ What Prevents Companies from Embracing Change cont.

There's another facet to the fear of change: AP professionals might be afraid of losing their jobs.

That reason is the most understandable of all. But what actually tends to happen after automation is that AP staff become more important than before because they're freed to do more strategic work, making them more valuable assets to the company. Automation allows AP professionals to shift away from the drudgery of manual tasks and become strategic partners to their financial leaders. They can become payment optimizers instead of invoice managers. Strategic innovators instead of tactical workhorses.

Also, because AP managers become the experts on automated invoicing tools, they have a direct effect on the bottom line. They become defenders of profit margins and key partners to their controller or CFO.

Plus, not all invoice-related work vanishes – expert eyes are still needed. AP pros must still manage even the most efficient automated system. They need to check exceptions, make sure coding is correct, and hit the approve button.

Now that you know why the change to invoice automation is so essential (to your company, team, and personal growth), let's talk about how to build your case.





Part II

# Make Change Happen

# Find Your Allies and Your Audience

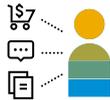
You need to know your internal constituents and what pain points and challenges they're most concerned with. If you can address those talking points, you'll have a strong business case. Additionally, every group has at least one "No" person, so be ready to engage them up front. Find out what objections they might have and be ready to address them as you're building your case.

Here's a look at the common stakeholders and their typical core concerns:



## CEO/Owner

- ROI on purchases
- Employee satisfaction
- Implementation time
- Data security
- Product scalability
- Support/maintenance requirements



## CFO

- Developing the business and providing strategic value
- Discovering opportunities through better data visibility
- Supporting business growth
- Controlling spend



## CIO/IT Leader

- New software support
- New software integration
- Implementation time
- Data security
- Compliance with U.S. data privacy regulations



## Controller

- Getting a complete view of employee and vendor spend
- Creating and managing spend policies
- Minimizing missed opportunities due to lack of data
- Supporting additional revenue growth with current systems
- Containing costs



## AP Peers

- Locating invoices and expenses in the workflow
- Making timely payments
- Getting visibility into spend
- Capturing early payment discounts
- Reducing time to payment
- Ensuring managers review invoices before approving them
- Improving the approval and submittal process



# Keep these key points in mind as you shape your **conversations with internal stakeholders.**



**As you talk with internal stakeholders, it will be helpful for you to frame your conversations around the idea of proactivity.** You don't want to wait for pain points to surface before you realize you need to change. Show your audiences the opportunities automation provides instead of just the pain it solves. Get them thinking about the state of your business five years from today instead of just today.



# Create the Business Case Document

Here's the information you'll need to know. Remember to give you and your team time (a month or so) to gather internal invoice-processing data.

## Preliminary work

Before you prepare the report, gather some data about your own processes. Here are some questions you'll want to answer and include in your business case:

### Receiving and capturing invoices

- In what format do invoices arrive at your office?
- How do you get invoice data into your accounts payable system?
- On average, how many hours per week do any of your employees (AP manager, clerks, administrators, etc.) spend tracking down and collecting invoices?
- How many invoices do you manually print or scan when capturing or filing invoices?
- How often do you have missing or misplaced invoices?

## Routing and approving invoices

- How much does it cost to process a single invoice? (Best in class: \$2.74; industry average: \$15.02)
- How long does it take to process a single invoice? (Best in class: 3.5 days; industry average: 12 days)
- What percentage of invoices are linked to a purchase order? (Best in class: 71%; industry average: 21.8%)
- Are you using spreadsheets to manage the invoice process?
- How many people are involved in the review and approval process?
- How long does the review and approval process take?
- How often do you receive duplicate invoices or late fees?
- What is the financial impact of duplicate invoices and late fees on your company?
- How much time does your team spend answering payment inquiries from vendors?



## Create the Business Case Document cont.

### Optimizing invoice payments

- What percentage of payments do you make by paper check? By ACH? (Sending a paper check is 10 times more expensive than sending and receiving an ACH payment.)
- How long does it take you to do a check run?
- What percentage of payments are wire payments? (Median cost: more than \$14)
- What percentage of payments do you make by card? (Median cost: between \$1.00 and \$1.99)

### Post-payment process

- How confident are you that you have a full invoice audit trail for compliance purposes?
- Is it easy to see what has been spent per department over time?
- Can you easily identify individual vendor spending to use for negotiations?
- Can you easily track your vendor spend against budgets?
- Can you easily integrate that data with other spending metrics to see the full financial picture?

Once you've got that information, you can start to build out the sections of your business case document.

For more industry data, see the SAP Concur sponsored report [The True Costs of Paper-Based Invoice Processing and Disbursements.](#)





# Know your **constituency.**



The main thing for your stakeholders to know and for you to keep in mind is that **there's a better way for AP professionals to use their time** – a way that will allow you to be more strategic and create more value for the company.

For example, if you're not manually keying invoices or tracking down approvers, you can spend your time:

- Removing bottlenecks
- Moving payments into an ACH system
- Calling vendors and negotiating better payment terms
- Reconciling company cash-flow projections with planned initiatives
- Exploring virtual-card payment options that offer cash back



# Putting It All Together

## Executive Summary

Describe these three things:

1. The exact problems you're addressing
2. The consequences of neglecting them
3. Why it's important to make a change now

**Hint:** For the rationale and supporting data, look back at pages 9 through 11, the industry research cited on the following pages, and the internal data you've gathered.

Define the root causes of your accounts payable challenges, which informs what resources your business needs to invest in to solve them. Also identify any barriers that may cause delays, such as people, processes, and technology. In addition to describing what they are, be sure to show how they are impacting your business.

**Extra credit:** Use the following framework in your business case presentation once you've filled it out. We've included a common challenge to help you get started.





## Putting It All Together cont.

	<b>Challenge #1</b>	<b>Sample</b>	<b>Challenge #2</b>	<b>Challenge #3</b>
		Payments to vendors are often late		
<b>Impact #1</b>		We incurred \$5,000 in late fees.		
<b>Impact #2</b>		We are missing early payment discounts.		
<b>Impact #3</b>		We are not viewed as a reliable business partner.		
<b>Impact #4</b>		We are unable to negotiate discounts or better terms.		

## ◀◀ Putting It All Together cont.

### Cost-benefit analysis

It will be critical to your leadership audience that you accurately define and quantify the costs and benefits of an AP automation investment.



For more information, see the infographic [What Can Concur Invoice Do for Your Small Business?](#)

**Industry ROI data.** Have some figures on hand that demonstrate the value of automation for both the AP team and the business as a whole. For example:

### The Business Value of Invoice Automation



**67%** fewer late payments to vendors



**29%** less IT time dedicated to managing AP solutions



**68%** less staff time spent on invoice processing



**99%** compliance with procurement policies



**505%** five-year ROI

## ◀◀ Putting It All Together cont.

### Cost-benefit analysis

**Your company data.** You need to show your leadership team the high cost of manual processes by demonstrating how much time and resources you're spending on day-to-day tasks. (See the question list on pages 17 and 18.) To help you put the numbers together, we've filled out an example spreadsheet using our model company, Acme Co., below:

<b>Cost-Benefit Analysis Estimator</b>		Sample
Company name: Acme Co.		
<b>AP Savings: Processing, Coding, Data Entry, Filing</b> (20 hrs/month x \$21/hr)	\$420	
<b>Error Elimination/Duplicate Catching</b> (\$10M invoice spend/month x .05%)	\$5,000	
<b>Paper Check Savings</b> (500 checks/month x \$4 per check)	\$2,000	
<b>Future FTE Salary</b> (for 1 month)	\$3,750	
<b>Total Monthly Savings</b>	\$11,170	
<b>ANNUAL SAVINGS</b> (multiple the number above by 12):	\$134,040	

#### Key

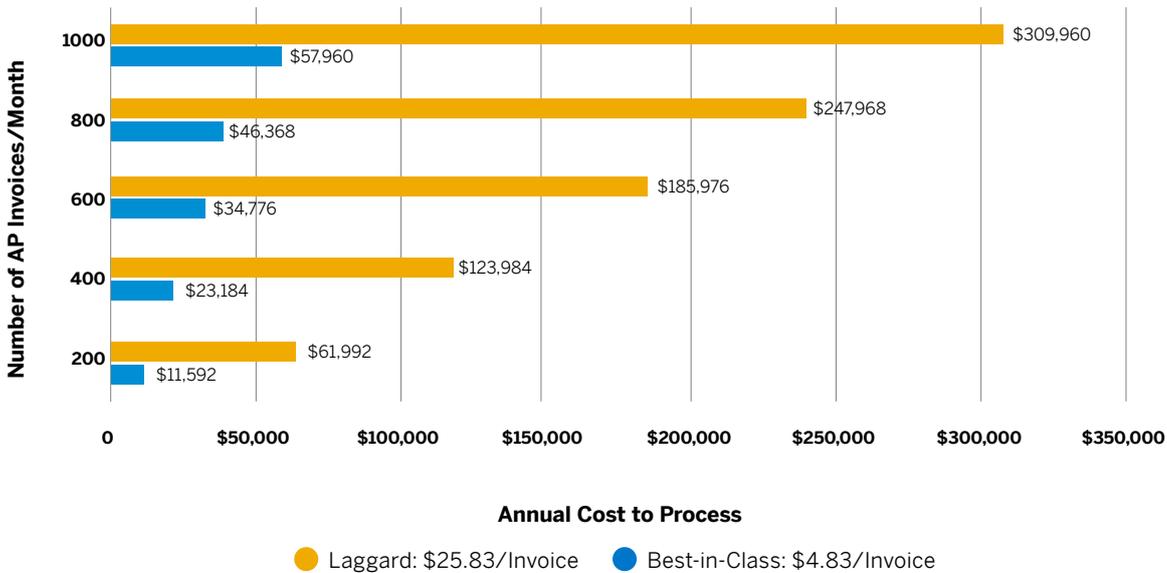
- Replace with your company's numbers
- Industry averages (Do not replace)
- Your company's savings

## Putting It All Together cont.

### Cost-benefit analysis

In addition to your calculations, we've compiled a "best-in-class" example, which shows how manual processes can waste time and resources as your company (and number of invoices processed each month) grows.

### Cost to Process Invoices



# ◀◀ Putting It All Together cont.

## Cost-benefit analysis

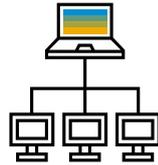
**The implementation plan:** There are three main phases to remember when implementing a new tool. Having these steps outlined can help to vet functionality and increase your team's reception to change. To help you get started, we've provided a framework to help you outline your process.



## Validate

Validating with a small team helps you work out any kinks and understand what questions to expect from users. At a minimum be sure to test the following:

- Submitting and reimbursing expense reports
- Paying invoices
- Data imports from credit cards and Human Resources



## Deploy

Decide whether a staggered or one-time rollout works best for your organization.

- A one-time rollout lets you maximize your ROI faster
- A staggered rollout allows you to train and prepare your teams over time as users come on board
- Simplify your users' access to cloud apps with single sign-on that's scalable and secure



## Support

Before you roll out to your employees, think about how you'll support them when they have questions.

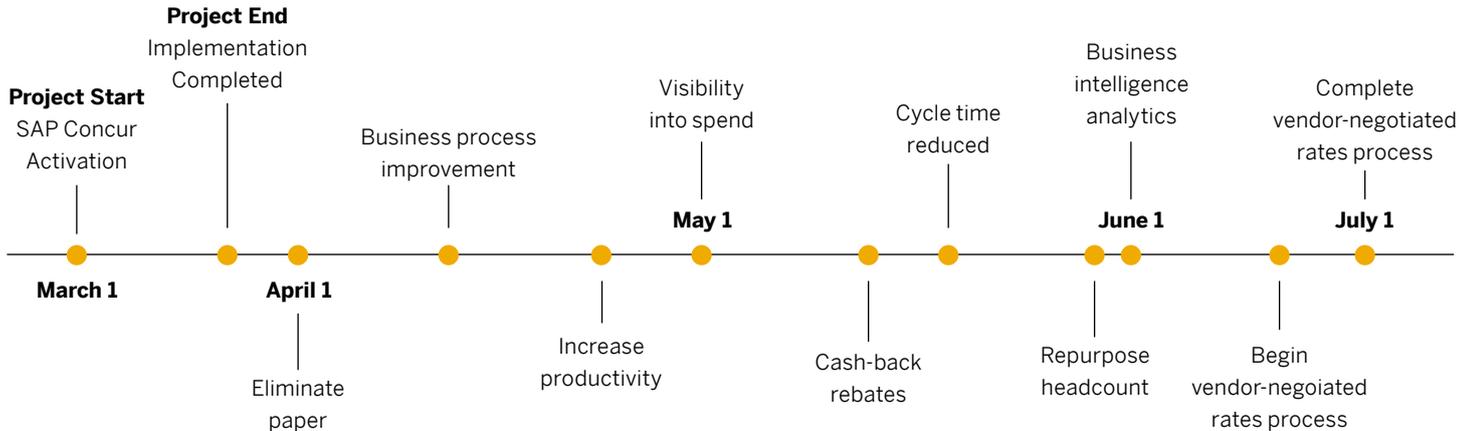
- Will you provide e-mail or phone support to your users?
- How will you staff support so users can get help when they need it?
- Who will be a backup contact?

# Putting It All Together cont.

## Cost-benefit analysis

**Expected progress milestones.** Finally, here's a diagram of some of the changes you can expect to see within the first three months of implementing an invoice automation solution.

## Timeline to Value (Three-Month Period After Launch)



## Cost-benefit analysis

**Case studies.** Choose a couple examples of companies that are similar to yours in size and industry. These can often be found on providers' Web sites. You can also find a slew of them on the [SAP Concur case studies page](#).

# ◀◀ How to Actually Present Your Business Case

Creating a compelling business case is only half the battle, according to AP expert Ernie Humphrey. The other half is persuasion.

Here are some tips and suggestions on how to make your pitch a success – whether you're giving a formal presentation or simply having a conversation with the CEO over coffee:

**Present with confidence.** Being confident and energetic shows that winning approval for the investment really matters to you, in addition to benefiting the company. You've done the homework, so enjoy your opportunity to help the company.

**Suggest project roles and responsibilities for stakeholders.** Each person you talk to needs to understand what you'd like from them.

**Define success.** Stress your project success benchmarks, how you will communicate them on an ongoing basis, and how you will hold yourself accountable for the ROI of your project.

**Practice.** Run through the presentation a few times – first alone, then with your team. Have them ask you questions that stakeholders might ask during the “live show.”

**Don't overload your presentation slides with data.** Or words. You don't even need a deck. Tell a story (e.g., invoice automation is going to help our business grow – and make employees a lot happier). Fit the data into that story. And offer your printed business case as a leave-behind.

Ultimately, it may be helpful to think of your presentation not as a single presentation at all. As you work to start the conversation and get consensus among stakeholders, you may end up having a series of coffee-shop conversations – sharing different parts of your business case with different people at different times to get insights and input. That's completely fine.

In the end, though, how you present your business case ultimately depends on your unique situation. The size of your business and your relationship with your financial leader might allow for a more informal discussion. Or you may want to talk with everybody at once. So, as Ernie Humphrey explains, each person knows “what you expect from them in the scope of the project.”<sup>1</sup>

Finally, remember that everything starts with AP. You keep the finance engine running at your business. You are the champions for change. To make it happen, you need to know that you have the ability to make it happen and that your company needs you to make it happen.

Reach out if you need help getting started on your business case. We can provide you with resources, a presentation template, and more.

<sup>1</sup> 10 Tips for Creating & Effectively Communicating a Business Case, Ernie Humphrey, 2017. <https://www.linkedin.com/pulse/10-tips-creating-effectively-communicating-business-humphrey-ctp/>

# ◀◀ Cheat Sheet: FAQ and Statistics

Here are some of the questions and objections you can expect, along with suggestions for how to answer them.

## **We don't have the resources to switch to an AP automation solution.**

With a cloud-based solution there is no software or hardware to buy, install, maintain, or upgrade. That means we can be up and running quickly. And because the solution is simple and intuitive, getting our staff trained and ready to use it is relatively easy.

## **We don't have the budget.**

Let's talk about your expectations of the investment in a tool like this and review all the areas of hard-dollar savings we'll realize.

## **It's not a good time to change our process.**

Can we afford not to? Change is always hard, but we need to be asking "Is our long-term success at risk if we don't improve in key areas?" I think it is.

## **How much does the average company save by automating?**

The average company saves \$34,000 per year and \$11 per invoice after implementing invoicing solutions.

## **How much will it cost?**

When it's time to discuss pricing we'll get a fair, transparent quote with relevant ROI data. Here are two statistics to keep in mind: Invoice automation has an average five-month payback period, and companies that implement invoice automation see a 505% five-year ROI.

## **Our current solution works. Why should we change?**

Our current solution is posing risks – around visibility into cash flow, opportunities for growth, and overall employee morale. It's something we can show quantitatively with the cost-benefit analysis we put together.

## **What will it look like after we've automated?**

We can expect to get paper out of our system in about a month. In two months, we'll have near total visibility into spend. In four months, we'll have negotiated better payment terms with vendors.

Here's what we can expect after a year:

- 34% decrease in the time spent on tasks related to invoice management
- 51% acceleration of average time to pay vendors
- 45% reduction in the number of questions from vendors to the accounts payable department
- 11% increase in line-of-business staff productivity

## ◀◀ Cheat Sheet: **FAQ and Statistics** cont.

Here are some other figures that show the kind of **savings you can expect**:

<b>Metrics</b>	<b>Best in Class</b>	<b>All Others</b>
Cost to process a single invoice (all-inclusive cost)	\$2.74	\$15.02
Time to process a single invoice	3.5 days	12 days
Invoice exception rate	11.5%	19.9%
Percentage of invoices processed "straight-through"	58.4%	18.1%
Percentage of suppliers that submit invoices electronically	51.1%	18.9%
Percentage of invoices linked to a purchase order (PO)	71%	21.8%



**Sounds great!**  
**How soon can we start?**  
How about right now?



## We're SAP Concur

SAP Concur has built a thriving global community of small and medium-sized businesses powered by connection.

Connected solutions help you drive growth by revealing the risks and opportunities hidden in your spend management data. And our connected network of businesses allows you to unlock the collective knowledge, data, and buying power you need to reach your goals. In short, we grow with you.

We believe businesses of all sizes can change the world – but sometimes they need a little help bringing their visions to life. Business owners need powerful tools that free up time so they can create. They need a clear, simple view into the vital statistics of their businesses. They need readily accessible innovation and insights. And they need a champion who will support their growth at every step along the way.

Our invoice automation product, Concur Invoice, helps companies optimize cash flow with near real-time insights into accounts. Concur Invoice allows you to put invoice management on autopilot and get the visibility you need to create efficiency, reduce errors, control spend, and increase profit.

With Concur Invoice, you can:

- Get timely and accurate reporting for accruals and cash flow so you can make the right decisions for your business
- Eliminate wasted time by putting an end to mind-numbing manual invoice processing
- Monitor invoices easily, manage exceptions, and speed up vendor payments
- Track and approve invoices on the go with our mobile app

**We love to talk invoice automation.**

**Get in touch**



## Learn more at [concur.com](https://concur.com)

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