



# UNLOCKING TOMORROW'S AP OPPORTUNITY TODAY

A GUIDE TO TURNING YOUR ACCOUNTS PAYABLE DEPARTMENT  
INTO A STRATEGIC BUSINESS LEVER



Every company has Accounts Payable (AP), but not every AP department provides strategic value to the company.

Whether through under-resourcing, inefficient paper-based processes, or dealing with complex legacy IT systems, AP may find itself spending much of its time on data entry and resolving escalations.

As a result, many business leaders view AP as a transactional function. With the right investments in people, process, and technology, however, the AP department can vastly improve efficiency and even become a strategic business lever for the company.



## PICTURE THE IDEAL AP DEPARTMENT.

What would the ideal AP department look like? How would it function? Would it:

- Make suppliers want to strengthen their relationships with the company?
- Minimize the need for manual exception handling?
- Effortlessly validate invoices at the line level?
- Ensure policy and contract compliance?
- Automatically match every invoice to the right budget?
- Provide real-time visibility into outstanding liabilities?
- Provide complete control over when to pay each invoice?
- Do all of this with almost no paper in sight?



## THEN THINK ABOUT AP TODAY.

- How many AP people need to be added, just to keep up?
- How many paper invoices are received from suppliers?
- How many invoices go missing, and how much time does it take to locate them?
- How many back-and-forth emails can it take to get an approval?
- How many exceptions have to be resolved manually?
- How much time is spent validating invoices that don't have a corresponding PO?
- How many late payment fees do you rack up?
- And what about audits—are there audit trails for every validation and approval?



## A NEW ERA OF AP AUTOMATION

While many companies have invested in AP systems, a new generation of cloud systems is yielding paradigm-changing results. These systems are so much easier to use for suppliers and employees that they're able to produce truly digitized supplier relationships and business processes. That stands in stark contrast to older systems that didn't deliver promised results in key areas such as cost and risk reduction.

Digitizing supplier relationships and AP processes can add value across the company and the supply chain. Putting simple tools in place to let suppliers quickly and easily get started with electronic invoicing can deliver huge improvements in efficiency and accuracy, immediately unburdening an overloaded AP team. Digitizing supplier relationships can also lay critical infrastructure for broader AP automation efforts.

Automating AP processes end-to-end represents an opportunity to transform AP into a strategic business lever. From delivering better visibility into budget consumption for managers across the company, to managing risk better by ensuring adoption of the approval processes mandated by corporate controls, AP can deliver real business results across the company.

Where earlier platforms took more than a year to implement and routinely failed to deliver supplier adoption and results, today's cloud systems can be implemented in just months.

This guide is designed to help businesses understand the opportunity for AP digitization, plan for a successful transition, and then make it happen. The AP ideal doesn't have to be a daydream. It can happen for your company this year.

*"What I look for is something that's going to delight the end user, something that they're going to want to use, something that's easy to use, and that they're not going to spend a lot of time hating using."*

*- Brian Kinion, Former CFO, Marketo*

# 6 KEYS TO UNLOCK THE POTENTIAL OF AP

- 1 Expand Your Vision of How AP Can Impact the Business
- 2 Take a Hard Look at the Current AP Process
- 3 Choose the Right Criteria for Success
- 4 Get the Team on Board for AP Success
- 5 Implement, Go Live, and Start Improving Relationships
- 6 Watch the Benefits Begin

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## EXPAND YOUR VISION OF HOW AP CAN IMPACT THE BUSINESS

The first key to unlocking the potential of the AP department is to set a broad vision of the benefits that AP can deliver. Adding technology or resources that only speed up the current process may help to lighten AP's load, but making changes across people, process, and technology can unlock the true potential of AP. AP is a critical function that the entire finance team relies on, and with the right changes it can deliver tremendous business impact to the entire organization.

Whether you're a growing company ready for rapid expansion, a mature enterprise looking to bring down costs, or something in between, optimizing AP can support those ambitions.

### WITH A FULLY DIGITIZED AP PROCESS, YOU'LL BE ABLE TO SET AMBITIOUS GOALS SUCH AS:

- Adoption of e-Invoicing by 90%+ of all suppliers
- "Touchless" processing of 90%+ of all incoming invoices
- Increasing efficiency in Accounts Payable by 50%+
- **Real-time** visibility into outstanding liabilities
- Auditable approvals for 100% of the invoices
- And never a late fee or missed opportunity to realize an early-payment discount

*"It was a huge transformation for us, as a company, to go from no process to a fully automated, very efficient process. And it's really changed the dynamic of how our employees understand how spend is managed. Now, not only do they use the processes but they actually embrace the processes. We work together better."*

*- Burke Hill,  
Senior Director of Procurement,  
InsideSales.com*

## TOUCHLESS INVOICING— WHAT DOES IT REALLY MEAN?

Technologies to automatically read paper invoices can save some time for AP teams, but not every technology approach to managing invoices produces a touchless invoice process. With a truly touchless invoice process, the entire process happens without manual work from the AP team: receiving invoice data from suppliers, validating that the details are correct, coding the invoice to the appropriate general ledger account, and collecting any necessary approvals.

Technologies such as Optical Character Recognition (OCR) alone address only part of the process. If AP still needs to validate invoice details manually, or follow up for approvals manually, or resolve misread invoice data manually, the process isn't truly touchless.

*"The accuracy of the invoice content remains a problem; typically 20-30% of all [paper] invoices have to be treated as exceptions in one form or another, resulting in very high processing costs."*

*- Billentis, 2016*

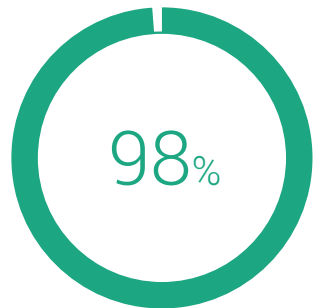
## 2 TAKE A HARD LOOK AT THE CURRENT AP PROCESS

With ambitious goals in place for the AP department, it's time for a fresh look at current AP processes. If many suppliers are still submitting paper invoices and there's no way to approve incoming invoices without manual review, then there's room for substantial improvement.

Ambitious goals for AP can't be realized by automating just one part of the process. Considering technology investments calls for examining the entire AP process. It's an opportunity to improve the AP process, rather than just re-implementing the old one.

Measuring the efficiency of the current AP process against Key Performance Indicators (KPIs) will give context for this review, helping you to understand where you are now and how big the opportunity to improve might be.

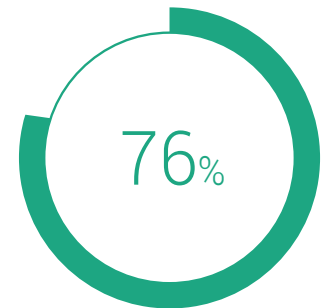
### LEADING DIGITIZED COMPANIES.



Have their invoices backed by POs



Average invoice approval time



Process invoices electronically

### HOW DO YOU COMPARE?

\* Coupa Benchmark Report 2016

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## CHOOSE THE RIGHT CRITERIA FOR A SUCCESSFUL PROJECT

Embarking on a project to support the vision of making AP a strategic business lever for the company involves identifying criteria for judging project success. To maximize AP efficiency, improve supplier relationships, and provide better visibility and control over spend, the project needs to deliver a system that meets three fundamental criteria.

### MAKE THE NEW SYSTEM EASY AND COMPELLING FOR SUPPLIERS

Many suppliers have been burned by legacy AP automation systems that charged them fees and made them jump through hoops. For AP automation to succeed, the benefits of the new system must be clear to suppliers. The system must be easy for them to use and meet the distinct needs of each supplier—whether it's a “mom-and-pop” shop that wants to send an invoice by phone, a mid-sized supplier that wants to email a PDF invoice from their AR system, or a large enterprise that wants to use cXML integration. Real-time visibility into payment status entices suppliers to participate, while supplier fees do the opposite. It's important to remember that all suppliers must actually adopt the new system to achieve the full benefits of automation.

### MAKE IT EASY AND EFFECTIVE FOR EMPLOYEES

Anyone who has worked with a clunky, confusing ERP system has seen the extraordinary lengths that employees will go to to avoid using them. To entice employees to use a new system—including approving invoices quickly—the new system must be easy for them to use, even on the go, with no training required.

### MAKE IT END-TO-END

Getting suppliers to adopt electronic invoicing is essential. To make the entire AP system touchless, so that no manual work is needed, it must be fully integrated into a requisitioning system that has achieved very high adoption across the company.

## NO MORE COMPLIANCE NIGHTMARES

Up at night worrying about compliance? Break into a cold sweat when an auditor starts asking about accruals and beginning-of-period invoices?

With today's leading AP automation, governance around invoicing is built in. Audit trails and approvals are clear and easily demonstrated. Invoices are automatically validated line-by-line against POs or contracts so that controls are met without the risks of human involvement.

AP automation is not only good for the AP department and your company's bottom line—it'll also help you get a good night's sleep.



## 4

# GET THE TEAM ON BOARD FOR AP SUCCESS

With an updated, more efficient AP process, all players need to learn what's in it for them. Understanding the benefits of improving AP processes helps ensure that users adopt the new processes and technologies, and that they're ready to use the new capabilities and data that a best-in-class AP function can provide.

*"The realm of accounts payable is changing, shifting into new and exciting areas. No longer a simple back-office function, AP groups are now well-positioned to become true 'hubs' of visibility and intelligence, extending the value created within AP more broadly across both the enterprise and supply chain."*

*- Andrew Bartolini,  
Chief Research Officer, Ardent Partners*

### SUPPLIERS

Many suppliers have been disappointed by new systems they've been asked to use in the past. Communicating the benefits of a new AP system to suppliers is essential, especially the ability to get real-time payment status by submitting invoices electronically with no login or supplier fees required.

### AP

With a touchless AP process, the AP team gets to stop being data entry clerks and start being detectives—analyzing the root cause of any issues and resolving them, plus improving supplier relationships.

### APPROVERS

Approvers on the go need to know that they can approve easily on their mobile devices—that there's no need to wait until they get back to the office.

### FINANCE

Finance team members need to understand the visibility and control that they'll get from the revised AP process. From running accrual reports to taking advantage of early-payment discount programs, Finance needs to understand the benefits of the new tools at hand.

### END USERS

End users around the company need to know where to direct suppliers to submit invoices and view payment status—and they won't have to follow up with AP on behalf of their suppliers anymore.

### EXECUTIVES

Securing the right C-level sponsor right from the outset can help to get everyone in the organization on the same page regarding the need for change, the priority level of the initiative to make AP a strategic business lever, and project timelines.

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## IMPLEMENT, GO LIVE, AND START IMPROVING RELATIONSHIPS

Many businesses have endured painful rollouts and flawed deployments of new technology systems. But with modern, cloud-based AP automation solutions, that's ancient history. AP automation that's fully integrated with requisitioning can be deployed and rolled out to employees and suppliers in just months. Once employees and suppliers see how easy it is to use, adoption follows quickly and relationships benefit.

*"With Coupa, we're able to look forward in the business more than just looking back at past processes and expenses."*

*- JR Miller,  
VP of Finance  
Leukemia & Lymphoma Society*



## 6 WATCH THE BENEFITS BEGIN

Once the system is up and running, benefits will begin to appear immediately.

### LOWER OPERATING COSTS

With automated AP transactions taking far less manual effort, AP can do more with less.

### MORE STRATEGIC ACTIVITY

Freed up from paper handling and data entry, people can focus on activities that drive value.

### BETTER BUSINESS INTELLIGENCE

A real-time view of important financial metrics and analytics generates insights for better decision-making.

### IMPROVED CAPITAL MANAGEMENT

With optimized invoice processing, you have the control you need to either take advantage of early payment discounts or stretch your Days Payable Outstanding (DPO) to hold onto cash.

### REDUCED RISK

The less anyone has to touch an invoice, the less opportunity there is for error, and the less worry about errors and compliance.

### SUPPORT FOR GROWTH

Whether your business is growing organically or through acquisitions, an automated AP system enables you to scale easily while minimizing the need to add headcount.

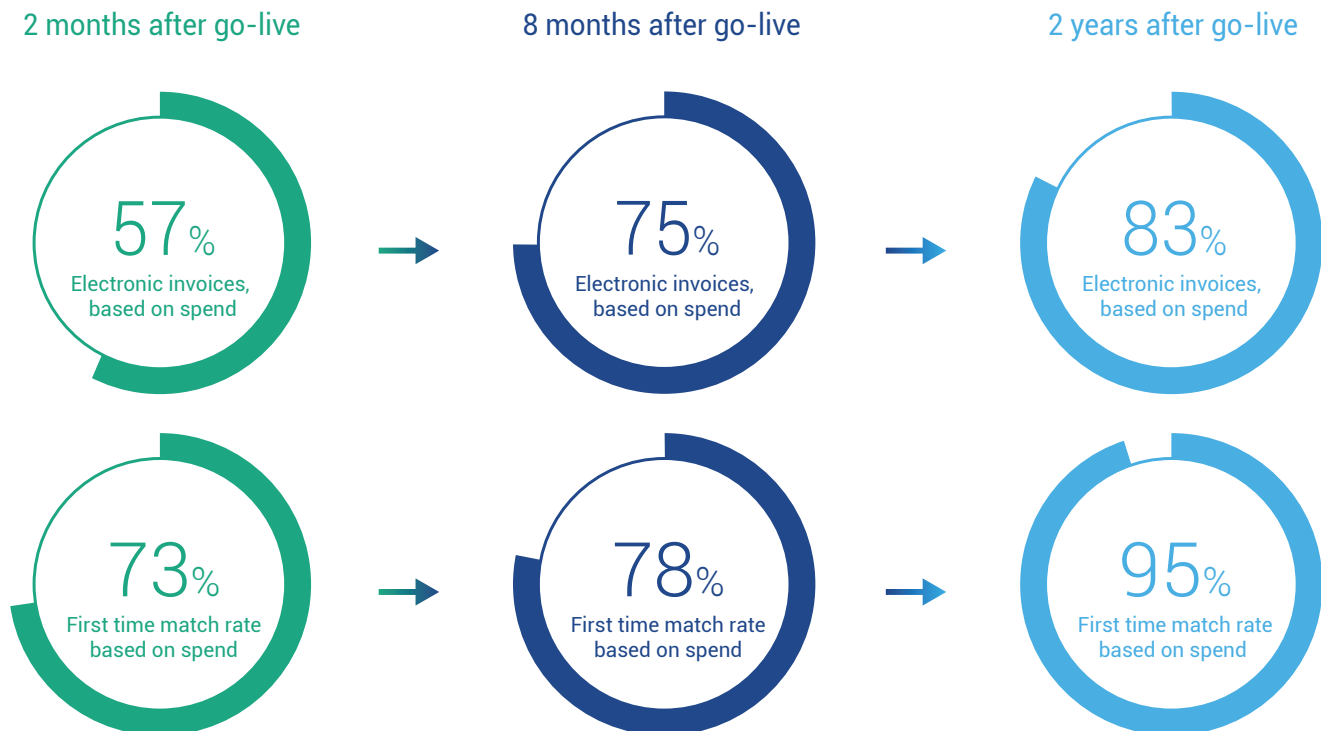
### FASTER CLOSING OF THE BOOKS

Every CFO likes to have real-time visibility into spend, and every controller likes to have automated processes and on-demand accrual reports that help to close the books quickly and easily at the end of every period.

## AFTER THE BENEFITS ARE UNLOCKED— OPTIMIZE, OPTIMIZE . . .

With a new AP system in place, suppliers adopting it, and benefits accruing, the question becomes How can it get even better? How close can you get to 100% digital invoicing? How close can you get to meeting ALL of your goals for AP?

Using the new system and KPIs, you can track your progress over time and compare your performance against that of industry leaders.



\* Coupa customers with 1-3 years of tenure, more than \$20M of lifetime spend through Coupa and with 'top quartile' values.  
2015 and 2016 data. U.S. customers only.

## AP AS A STRATEGIC BUSINESS LEVER

The 6 keys to unlocking the potential of AP show that a broadened vision for AP has potential to deliver outsized returns to the business. Investment to move suppliers from paper to submitting invoices electronically can immediately unburden an overwhelmed AP team while also putting infrastructure in place to support that broader vision.

Not long ago, truly touchless invoicing seemed like a fantasy—something you could only dream about. With today's advanced cloud technology, that's no longer true. You can start realizing the dream of end-to-end touchless AP processing within just months. You'll need an AP Automation system with:

- Complete integration with a business network that provides flexibility for suppliers with no roadblocks to getting started and no supplier fees, to ensure supplier adoption
- Complete integration with a requisitioning and receiving system that achieves complete adoption by end users so that the critical data on account coding, price, quantity, and receipts can be validated against each invoice at the line level
- Mobile capabilities and ease-of-use that let approvers approve on the go in 24 hours or less



*Jennifer Garvin  
VP Supply Chain,  
Allegheny Health Network*



*Richard Landerholm  
Global Supply Chain  
Manager, Woodward*



*Myron Gramelspacher,  
Sr. Director,  
Global Indirects Sourcing & SC,  
Grief, Inc.*



*Brian Kinion  
Former CFO, Marketo*



When end-to-end AP automation provides complete visibility and control over spending, AP becomes a strategic business lever that lets everyone in the company understand exactly what has been bought and from whom, and gives control over payment. Do we pay early to receive an early-payment discount? Do we stretch our payment terms? Are we expecting an invoice from this supplier, even if we haven't received it yet? All of these questions and many more are easily answered when AP's potential becomes reality.

To achieve this, you may want to look at your requisitioning process and consider whether you have the user adoption and deep integration needed for end-to-end AP automation. If not, consider a full P2P project at the same time as—or soon after—your initial AP automation effort. The infrastructure that you put in place for AP automation, including the platform and user roles to let users approve invoices on the go, can easily be extended to the entire P2P process.

And once you have a foothold of quantifiable process improvement, you can build and improve until your company reaches industry-leading performance levels.

TO LEARN MORE ABOUT  
THE POTENTIAL IMPACT  
OF TURNING AP INTO A  
STRATEGIC BUSINESS  
LEVER WITH END-TO-END AP  
AUTOMATION, ATTEND  
ONE OF OUR LIVE WEEKLY  
AP TRANSFORMATION  
DEMO SESSIONS.  
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# ABOUT COUPA

Coupa Software (NASDAQ:COUP) is the cloud platform for business spend. We deliver “Value as a Service” by helping our customers maximize their spend under management, achieve significant cost savings, and drive profitability. Coupa provides a unified, cloud-based spend management platform that connects hundreds of organizations representing the Americas, EMEA, and APAC with millions of suppliers globally. The Coupa platform provides greater visibility into and control over how companies spend money. Customers – small, medium, and large – have used the Coupa platform to bring billions of dollars in cumulative spend under management. Learn more at [www.coupa.com](http://www.coupa.com).

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