

The 5 Steps to Calculating Cost per Invoice Processed

*Christopher Elmore, APM
Director of Product Strategy
AvidXchange, Inc.*

Agenda

- What is Automation?
- Determine Your Cost per Invoice
- Dealing with New Time
- Next Steps

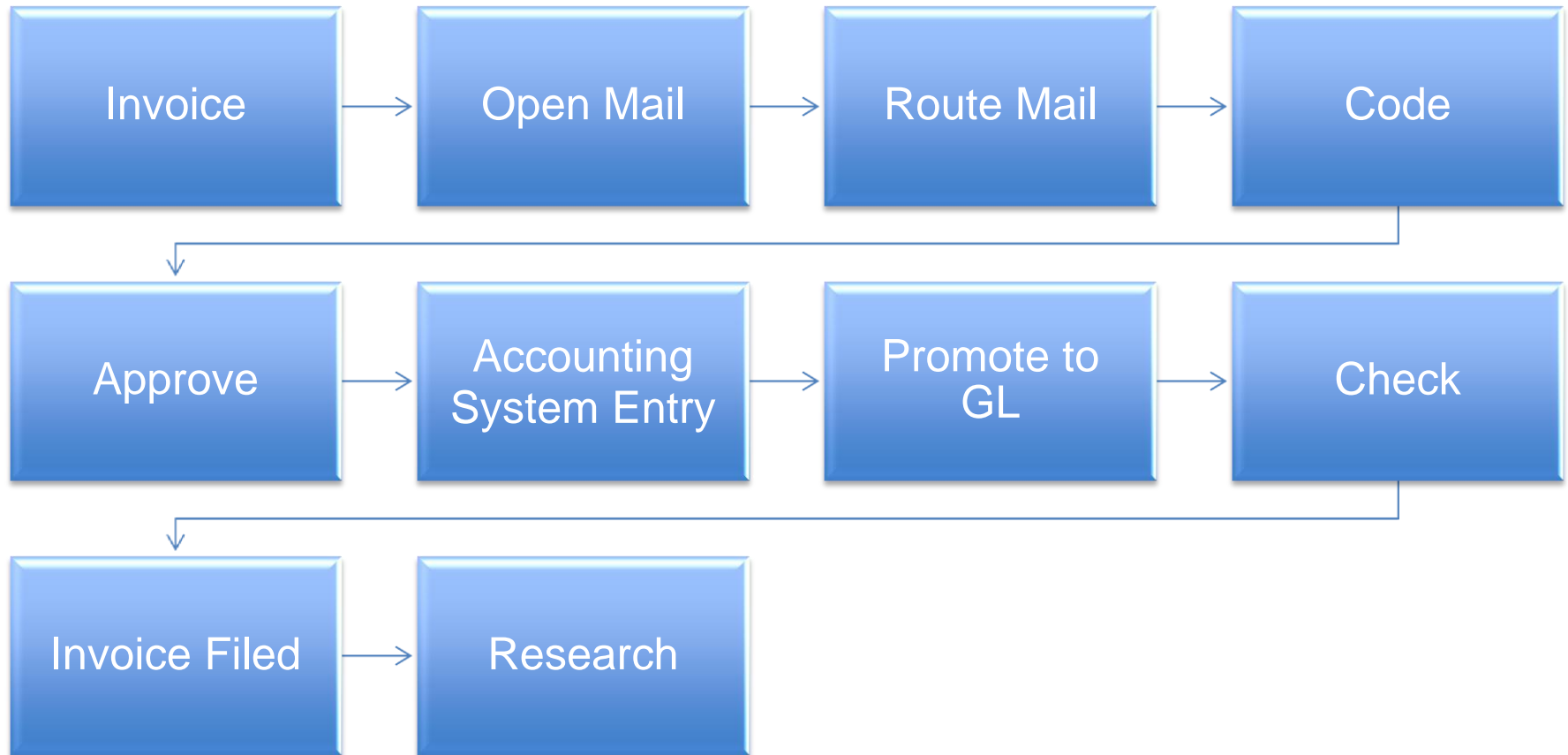
Inspiration



To This



Paper Process



Automated Process

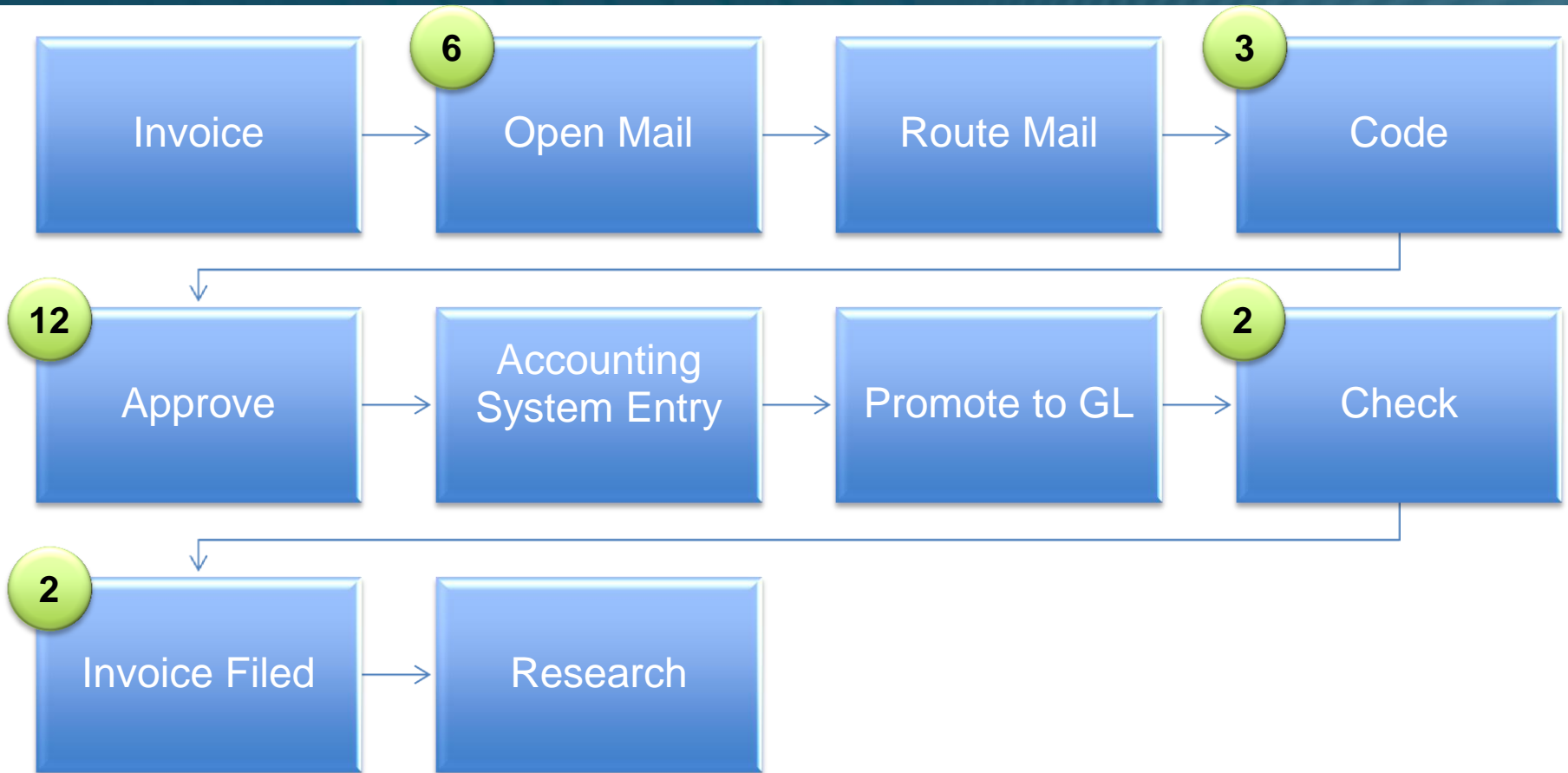


Determine Your Cost per Invoice

Step 1 - Map



Step 2 - People



Step 3 - Time



Step 4 - Money



Step 5 – Determine CPI

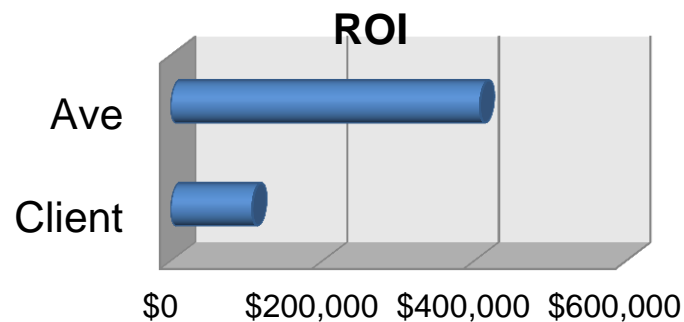
$$\frac{\text{Total Cost}}{\text{Total Invoices}} = \text{CPI}$$

Average CPI is \$22

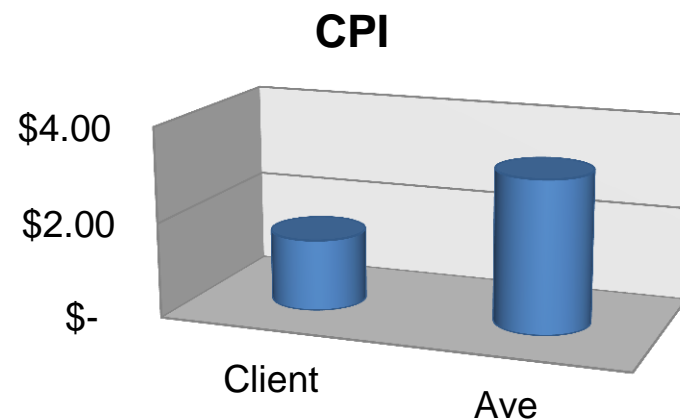
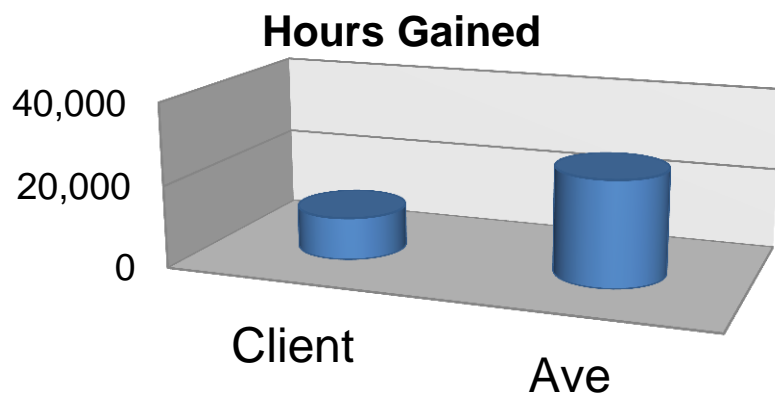
Example

CPI Calculator	Answers	Cost	Hours
How many people open payables	5		
Annual Salary	\$30,000.00		
What percentage of time does each person spend per week	27%	\$ 0.21	2,808
How many people input payables (AP - Managers - Assistants...)	5		
Annual Salary	\$30,000.00		
What percentage of time does each person spend per week on entry	73%	\$ 0.57	7,592
How many people file payables	0		
Annual Salary			
What percentage of time does each person spend per week on filing	0%	\$ -	0
What percentage of invoices have a PO	50%		
What is the amount of late fee you pay a year	\$5,000.00	\$ 0.03	
Storage Cost (per month)	\$0.00	\$ -	
Annual Transit Cost (UPS, FedEx...)	\$10,000.00	\$ 0.05	
What percentage of invoices have are utilities	7%	\$ 0.00	
What Percentage of invoice have Job Cost	0%	\$ -	
How many audits are performed per year (CAM, Financial, Internal...)	2	\$ 0.01	
How many vendor call do you receive a week	75%	\$ 0.00	
What percentage of invoices are there a copy made (per month)	0%	\$ -	
Totals		\$ 0.86	10,400

Example



Rate	\$	0.95
HC-CPI	\$	1.51
Hours +		10,400
ROI	\$	107,520.00



Difficulties

Soft Dollar Savings

- Approvals
- Disputes
- Coding
- Reconciliation
- Research
- Accounting System

Hard Dollar Savings

- Opening the Mail
- Accounting System Entry
- Filing

New Time

Deal with new time!

OR

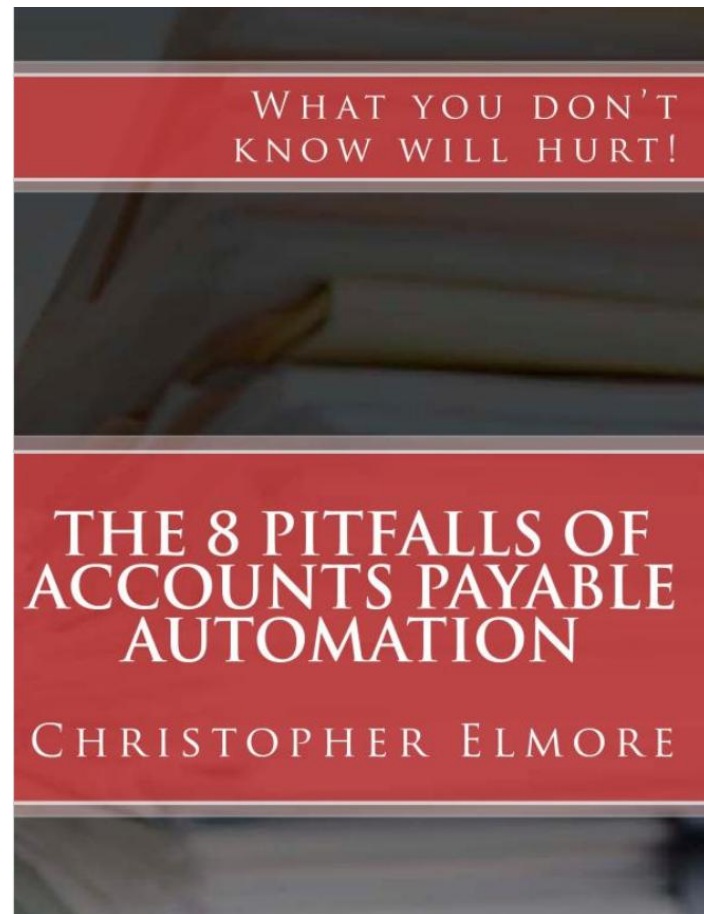
... it will deal with you!

New Time



The 8 Pitfalls

1. Know Your Environment
2. Selecting a Service Provider
3. Getting Organized
4. The Project
5. Training and Going Live
6. Communicating with Vendors
7. The Evaluation
8. The Future



Learn More About CPI Analysis

- To get your copy of *The 8 Pitfalls of Accounts Payable Automation* go to:

[http://www.avidxchange.com/
landing/5-steps-to-cpi](http://www.avidxchange.com/landing/5-steps-to-cpi)

Chris Elmore

*Director of Product Strategy
celmore@avidxchange.com*

