avidxchange™

AUTOMATE
BEFORE IT'S TOO LATE

TABLE OF CONTENTS

INTRODUCTION

It's hard to believe, but we're heading into year-end already for 2017. It's tempting to hold off on implementing new technologies before the end of the year, but automating your invoice and payment processes before 2018 will create so many amazing benefits for you and your team in the new year.

Instead of coming back to paper and inefficiency, you could walk back in from your holiday vacation with a completely automated invoice and payment process. That means you can take advantage of a full year of streamlined, paperless processes, reduced processing costs, and easily accessible AP data. Since you'll have an entire year's worth of electronic invoice and payment data at your fingertips, you'll have a stress-free end-of-year heading into 2019.

In this eBook, you'll learn how a cloud-based AP automation solution can improve audits, month-end and year-end closing, and the approval process by allowing AP professionals to approve invoices and payments anytime, anywhere!

SCALABILITY AND AGILITY

Growing Pains

Is your business experiencing rapid growth? What would happen if your company grew to receive two or three times the volume of invoices you are currently handling? Many accounts payable departments are seeing invoice volumes increase, which is both a blessing and a curse. More invoices mean more revenue, but it's also a challenge for AP teams that are still bogged down in manual, paper-based processes.
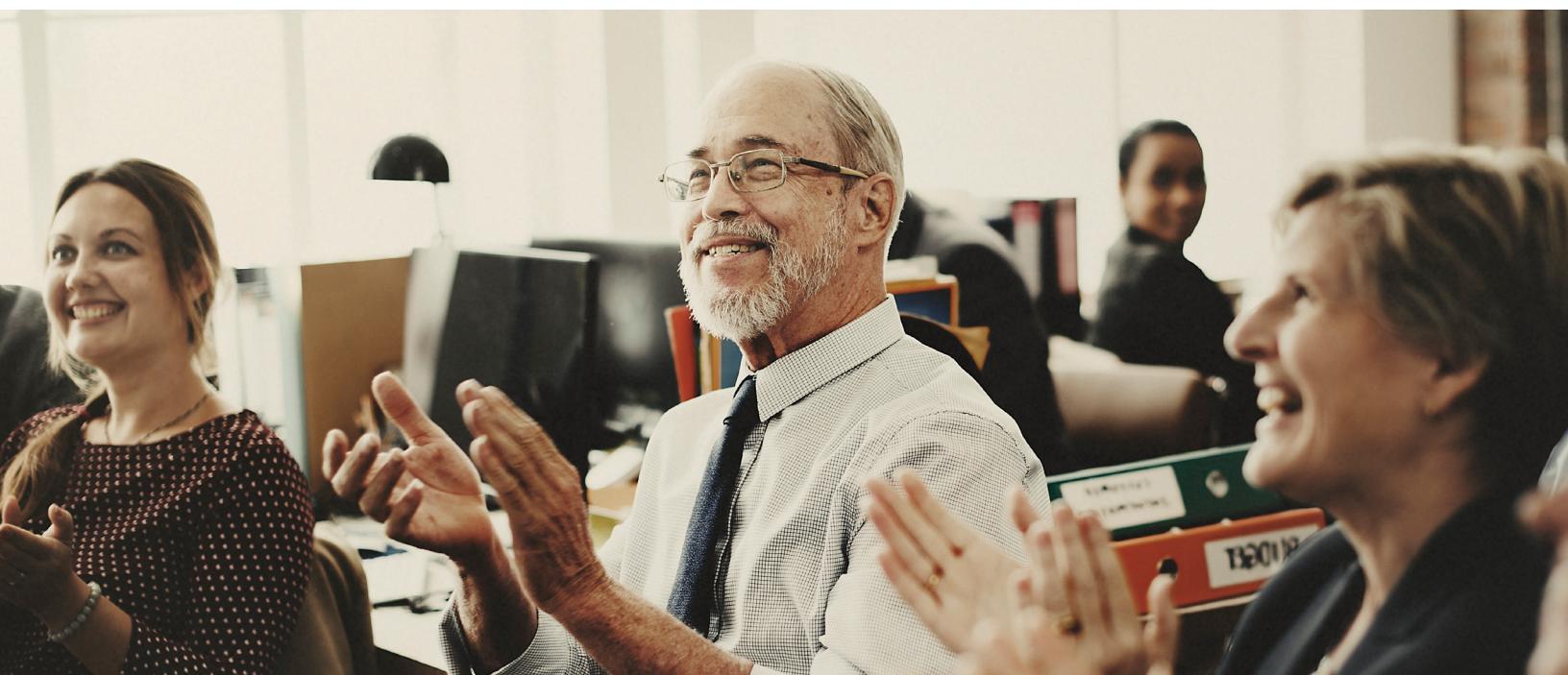
For example, The Wilton Companies, a real estate company, quadrupled in size from 2003 - 2008 without adding AP staff. Their invoice volume increased from 10,000 in 2003 to more than 14,500 in 2008, and the team was completely drowning in their inefficient, paper-based processes. After implementing a complete automation solution, the AP team was able to pay thousands of invoices with a couple clicks of the mouse.

Many organizations cite agility as a key priority. These companies need to be able to face uncertainty and pivot quickly when potential challenges or opportunities arise. The agile organization is one that can mitigate risks over the long term. If your company is in high growth mode headed into 2018, AP and payment automation can create scalable processes that enable companies to effectively manage increased invoice volume and ePayables without hiring additional staff.

Riding Off Into the Sunset

According to research by Robert Half, baby boomer retirements are accelerating, and more finance professionals are leaving the field than are entering it. Having grown up with technology, younger generations expect to do everything electronically. Therefore, it will be increasingly difficult to attract, and retain, AP professionals that are millennials with outdated, paper processes in place. Do you have a seasoned veteran on your team who is retiring soon? If so, you may lose decades of valuable knowledge about your organization's accounts payable process. These experienced employees have their own shorthand for coding invoices. Before these invaluable veterans leave the company for good, it's important to capture their best practices.
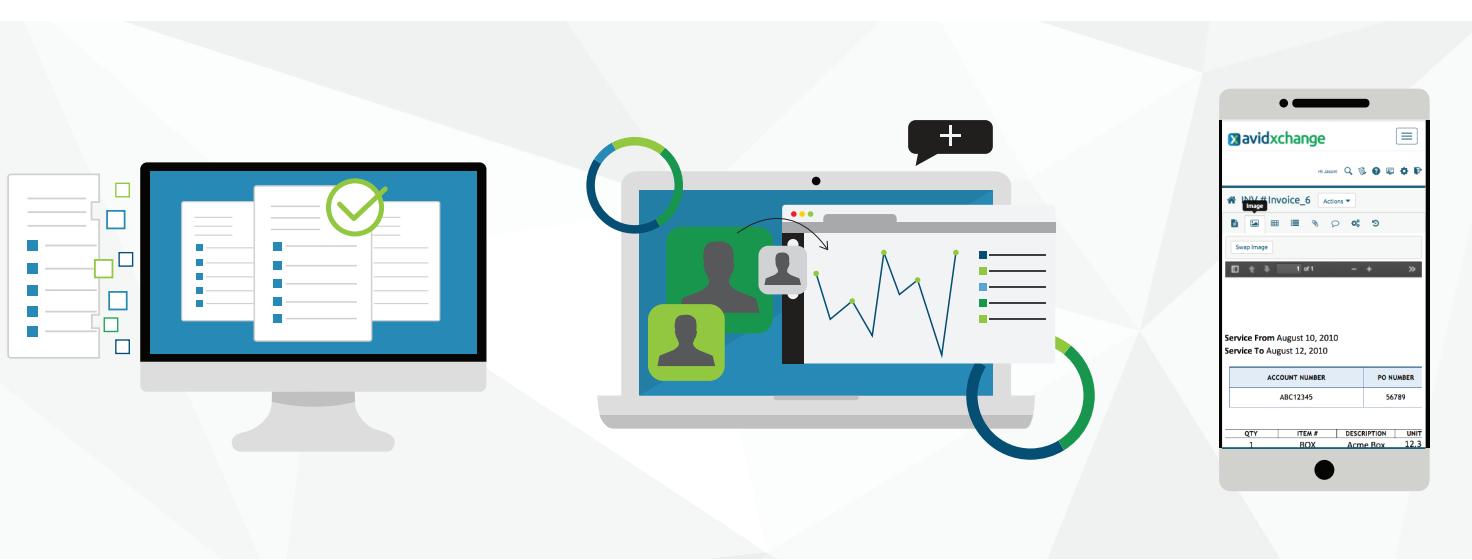
Remember the Wilton Companies? In addition to solving for their growth problem, the company also had to plan for one of their longest employee's retirement. The only job she'd ever had was with Wilton, and over the years she had become a vault of accounts payable information. When an invoice came in, she automatically knew which property it should be associated with, and the company realized that it would be impossible for her to impart all of the knowledge that she had gained to a new employee.

When implementing an automation solution, you can attend hands-on configuration sessions to create an automated process that mimics your current process, translating a veteran employee's knowledge built into business rules and intelligent approval workflows. While you may lose a co-worker, you won't lose their expertise!

APPROVALS: ANYTIME, ANYWHERE!

Tis' the season — for out of office replies! With year-end rapidly approaching, you may see an increase in auto-responses to emails and the direct passage to voicemail when you call an approver with an urgent AP matter.

With the holidays right around the corner, people will be traveling However, when important business decisions are needed, they're still needed. This pain is realized by the AP team in a very tangible way if they are still processing paper invoices, because while the boss is on their way to Aruba or Aspin, their invoices are stuck on Overdue Mountain. If you've ever seen that movie Alive, Overdue Mountain is a lot like that, but instead of a Uruguayan rugby team, it's paper invoices and checks. You get the idea. Without the appropriate precautions, it is very possible that the one person you need to approve invoices in your organization is out of town without cell service for days or even weeks!

For approvers, the beauty of implementing an automated AP and payment automation solution is that your accounts payable team can reroute approvals while executives are out of office, so business can continue as usual. When you setup your automated AP and payment solution, there will be established rules that will define how approval should be delegated to in the absence of an approver, so you still have all of the control you normally do, but you don't have to be physically present to make decisions.

Even if you choose not to reroute approvals, if you have Internet access then you have the same ability to approve invoices and payments that you normally do. As long as your travels don't find you in exotic locales where WiFi is scarce, you can approve invoices anytime, anywhere. If you do want to put up the proverbial "do not disturb" sign, then approval rerouting is always an option.

BETTER MONTH-END AND YEAR-END CLOSINGS IN 2018

As we are all painfully aware, the month-end and year-end closing processes can be tedious and time-consuming tasks for AP professionals. Closing out business from the previous month or year, carrying forward balances, and opening posting accounts for the upcoming period is a lot, especially during the holidays, when AP staffers take much-needed time off.

As the period comes to a close, every AP clerk approaches the month-end or year-end closing process with a healthy dose of apprehension. Tracking down invoices from the previous month or year and closing them out can be a tedious and time-consuming task.

To ensure that financial statements are accurate and timely, most companies utilize journal entries and detailed checklists for the various tasks that must be completed during the month-end or year-end period. It's crucial that statements reflect only the transactions and entries relevant to the month's revenues and expenses, and end-of-the-period assets and liabilities.

In an article by Maria L. Murphy, the author concludes that, "inadequate systems and system constraints, including lack of general ledger interfaces, inadequate tools for querying and reconciling data within the system, and the need for manual journal entries due to lack of automation," contribute to lengthy close times.

Many of these manual, paper-based processes can be streamlined with AP automation. With improved controls and approval documentation, historical data, and regular approvals, there aren't any surprises at the end of the month or year. There's no need to hit the panic button because you have 24/7 access to invoice and payment status with approval rerouting functionality. In an automated system, all invoices are automatically stored in a centralized, searchable database so you can easily reconcile invoices, quickly satisfy vendor requests, and produce management reports on demand.

The AP team can track the status of any invoice, anytime anywhere, giving you the ability to track critical metrics like approval cycle times, approver productivity, and month-end accruals. And with one-click accrual, you'll see what's pending approval, how it's coded, and the dollars outstanding in an easy-to-use journal entry format.

To illustrate how AvidXchange's AP and payment automation streamlines processes, we asked our customers about their year-end closing procedure before and after automation.

How Has AvidXchange Helped with Year-End Closing? Before using AvidXchange, what did your year-end process look like?

Valerie V.: "Before AvidXchange, our year-end process looked like lots and lots of boxes. Everyone would be running around like chickens with their heads cut off. We were stressed out, working long hours and people were not happy."

Suzanne C.: "Our year-end process was mostly manual in nature. We would utilize our Yardi accounting system for accounting year-end close activities. The process for 1099 generation, however, was manual and very tedious. It often involved figuring total payment amounts to vendors through Microsoft Excel and hand-populating 1099 forms to vendors - a process that was both frustrating and time-consuming."
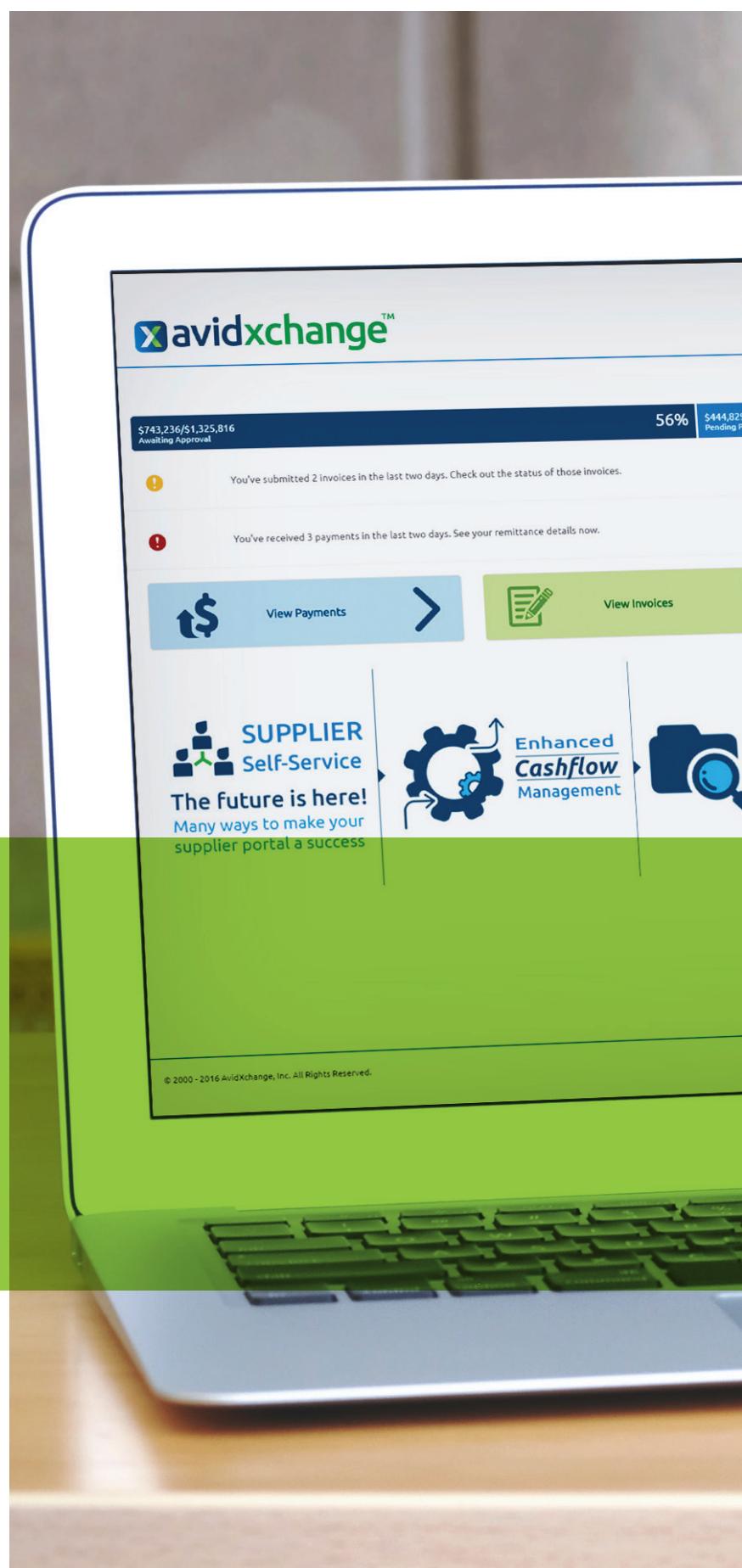
How has AvidXchange's products and services improved your year-end process?

Valerie V.: "It's rare to see people working long days now, and it's much easier to find information. We added the approval process in AvidXchange with Journal Entries and that has helped so much. All the information is right there inside AvidXchange!"

Suzanne C.: "We anticipate this year's year-end closing process to be much smoother and more efficient. The automation of vendor payments through AvidXchange allows us to digitally reconcile vendor payments. Through our upgraded Yardi system, we will be able to generate 1099 documents in a matter of minutes instead of the week-long process we conducted before."

In Closing Excellence, a study published by Ernst & Young, the international financial services firm recommends automation processes as a way to improve month-end and year-end closing. "Automation of existing processes in the form of IT integration or automation of manual procedures and controls increases the speed of the process and reduces the risk of financial reporting errors," the report states.

We've seen companies dramatically improve their year-end close by automating accounts payable processes. A stressful, weeklong ordeal can quickly become an organized, efficient 1-2-day process. Who doesn't like the sound of that?

BETTER AUDITS IN 2018

Since the implementation of the Sarbanes-Oxley Act in 2002, most public companies need to submit their records for external auditing. Auditors check whether company records adhere to the standards specified in the Generally Accepted Accounting Principles (GAAP). Although compliance creates extra work for businesses, large-scale corporate scandals are much less likely to occur now than in the past.

There's no set way to perform an AP audit. Auditors pick their methods based on the size and shape of a business and the desired thoroughness of the audit. The implementation of GAAP regulations varies per state, with some states allowing public companies to publish additional reports that don't need to follow GAAP standards.

Despite these differences, auditors will generally look for completeness, validity, and compliance of records, and see if the AP balance was properly disclosed on the end-of-year statement. Together, these confirm whether the company's AP records present an accurate view of the business.

An AP audit usually consists of four stages: planning, fieldwork, audit report, and follow-up review.

Planning – During the planning stage, auditors notify the business that an audit is about to take place. The next step is usually a formal meeting where the scope and objectives of the evaluation are discussed. Based on this meeting, the auditor will draw up a plan for the examination itself.

Fieldwork – The fieldwork phase is when auditors dive in. They will spend several days or weeks sifting through the company's records before they compile their data into a report that summarizes their findings and evaluation of those findings.

Audit Report – Once the fieldwork has been completed, the findings are put into the final audit report.

Follow-up Review – Just because the report has been completed doesn't mean the job is over. The final step is for the auditor to perform a follow-up review after one year to check whether the desired results have been achieved.

Audits in an Automated Accounts Payable Process

Audits can be as burdensome as outdated, manual processes. Often an auditor will spend 2-3 days with a company, searching through file cabinets spilling over with paper invoices. In an automated system, however, it may only take 2-3 hours for an auditor to complete their task. By providing an auditor read-only access to your online portal, they can quickly search at random for any invoices they'd like to review and see the audit trail immediately. It isn't exactly a vacation for the auditor, but it's an easy day at the office for both of you!

Accounts payable automation provides greater visibility into the entire audit process. There's no such thing as a paper trail: you simply log into your portal to see the entire history of any invoice—from receipt through payment. It makes it easier on your auditor(s), but more importantly, it makes it easier on you during the audit process. And with cloud-based automation solutions, employees can access all data and applications from anywhere, anytime, using any device.

Switching to a digital AP system ensures faster, cheaper, and simpler auditing because your records will be easier to find. By giving auditors read-only access to your records, their job may be done in as little as two or three hours, as opposed to the days or weeks they would spend in your office by auditing the traditional way.

Still wary to let go of your paper records? Keep in mind that paper-only offers an illusion of control. Records can be misplaced, accidentally shredded, or simply lost. Paper is the antithesis of efficiency: It makes the invoice and payment process less visible, and thereby harder to track.

Automated Audit Case Study

Sheri McGowan, CFO for Humphrey Management, a full-service, residential property management firm, initially automated because the company was processing a record number of invoices with only four AP professionals and an AP manager. She soon found that it made her auditing process a breeze, too.

"When we automated, I didn't realize how beneficial it would be during audit season," McGowan said. "I used to spend so much time going back and forth between filing cabinets to look for an invoice, but now I can pull up the bills without leaving my desk."

Imagine how easy your auditing process will be when all the required documents are accessible via your web-based portal? Simply type in the invoice number and there it is – not only the invoice, but any conversation surrounding it as well as any relevan¬t payment information.

An automated audit trail tool assures auditors that you are following your internal process. You can instantly see the status and audit trail of an invoice, which in turn reduces the time it takes to pull sample invoices.

The truth is that the big filing cabinet filled to the gills with reams of paper doesn't represent control so much as it does the illusion of control. You have far more control through an automated AP process – and that's as true in your day-to-day tasks as it is when it comes time to audit. Remember, automation gives you power over your payables and streamlines not only your AP process, but the audit process at the same time.

What's the Point: Detect Fraud

If you're still not convinced that an automated AP solution is right for you, consider one of the main purposes of AP audits: fraud detection. AP departments are particularly vulnerable to fraud because they process a high volume of transactions. The Association of Certified Fraud Examiners estimates that an average organization loses 5% of its annual revenues to fraud.

The most mundane form of fraud is tampering with invoices. If an invoice has been treated with correction fluid or if important information is missing, alarm bells should go off. The same goes for duplicate or photocopied invoices. Implementing an automated digital AP system is the easiest way to make these types of fraud things of the past.

Other types of fraud can be harder to detect. Fraudsters know that auditors don't have time to check every single invoice, which allows opportunities for successful manipulation of information. This is where automation can once again provide additional security. Automated AP systems create an instant audit trail and makes it easier to search for common indicators of fraud, such as invoices just below approval amounts, rounded-amount invoices, and vendors with P.O. Box addresses. No system is completely fraud-proof, but digital AP solutions do make it simpler to spot and prevent fraud.

With a strong AP department in place, there's no need to fear the audit process any longer. Going digital will make auditing faster, easier, and cheaper. Most importantly, staying on top of your game will be a breeze and will offer you more time to pursue progressive strategizing—like planning for your company's financial future.

AVIDXCHANGE'S 45-DAY IMPLEMENTATION GUARANTEE

There's always a certain level of angst around transitioning to a paperless process because it's new. That's why our team of project managers and [AP automation](#) implementation specialists are here to ensure that your transition is easy, and that you're fully automated in 45 days or less.

To help ease your anxieties about changing, we've picked the brains of our customers and implementation experts to put together this handy FAQ about AvidXchange's implementation process.

Q: How would you describe AvidXchange's implementation process?

A: The implementation process takes an average of 45 days from start to finish, but if a client wants to move faster or slower we can always look at adjusting the timelines to suit their needs. Our goal is always to make the implementation process as easy and painless for the client as possible.

Q: What are clients' biggest concerns when implementing?

A: We understand that there are going to be some concerns about implementation. The most common concerns I hear relate to the time and resource commitments it will take to make a 45-day implementation goal realistic. We understand that the idea of implementing an enterprise-level SaaS- based application in such a short timeframe sounds aggressive, but in our experience, it is entirely possible while still allowing the client to focus on their day-to-day responsibilities.

Q: How does your team combat concerns and make clients feel more at ease?

A: On our first call, we will cover your project plan in detail, and a team member will give you a full walkthrough of what to expect during each week of the implementation. We will give you an estimate of how long each task typically takes, and a good understanding of what resources they will involve.

Q: What are the "steps" to implementation?

A: There are three main phases to implementation. Phase one is devoted entirely to data collection. During this phase, you would provide AvidXchange with your chart of accounts, vendor list, user list, and entity list. Once we get all the data back, we move into phase two where we would help you to configure your portal and test the integration between AvidXchange and your accounting system. We do these tasks 100% remotely through a series of webinars that are designed to hold your hand through every part of the implementation. Once everything is setup, then we move on to phase three, which is dedicated to testing and end-user training.

Q: How will the implementation process impact the workday for those involved?

A: During the first two weeks (for the data collection phase), involvement is usually minimal. Most accounting systems have native reports that allow you to pull the data that we need. So, this process is as simple as running a few reports and doing a quick copy and paste. Some clients do like to use this time to clean up their data, for example, getting rid of old vendors or consolidating their accounts. If you think this type of work will be necessary, then you'll want to allow your team some time to handle that during those first two weeks.

In weeks three and four, the project starts to ramp up so you'll be asked to join a total of 3 configuration sessions that last around 2 hours each. These sessions are designed to both train your administrator group and help you set up your AvidXchange portal. After each session, there may be a few minutes of work required from your team in the portal for making associations, adjusting user settings, etc. We try to get as much done on our configuration calls as possible to minimize the extra time you'll spending on the implementation project. The good news is that after these three calls you're essentially finished with your portal's configuration.

Weeks five and six are reserved primarily for testing and training. The amount of time you spend testing really depends on the complexity of your process, but we see 1-2 weeks as more than enough time for even the largest companies. For training, our implementation model lends itself to work extremely well with a "train-the-trainer" system. We give you all the tools you need – everything

from videos to manuals, to a training script if you prefer to do live training. End-user training can realistically be done through the combination of our training videos and a 30-minute Q&A call afterward, or it can be done on a one-hour webinar for your entire company – I've seen it done both ways. In either case, both options allow you to stay focused on your day-to-day responsibilities while training your users on how to correctly use the new system.

Q: How does the implementation team get "buy-in" from employees that are affected?

A: This question brings up a great point. It's always important to have buy-in from everyone involved with any project, but one of the things that contributes to the velocity of our process is that we only need to involve the key stakeholders to keep things moving at a good pace. We prefer to limit the "cooks in the kitchen" (so to speak) to only the project sponsors and the group that will serve as future AvidXchange portal administrators. These are the people that were usually involved in the decision to automate in the first place, so our projects tend to hit the ground running.

When questions about gaining buy-in do come up, they usually relate back to getting buy-in from your end-user group. Change management is always key with any process improvement project, but in our experience, this really isn't a difficult thing for your employees to get excited about. Seeing the system in action on a single training call is usually enough to get everyone excited about the benefits of going paperless and automating your process.

THE BENEFITS OF A
FULL YEAR OF AUTOMATION

With our 45-day implementation guarantee, you can integrate an AP and payment solution with your accounting system software before the end of 2017. Why is this important? Because you'll be able to take advantage of a *full year* of streamlined, paperless processes and reduced processing costs, leading to a stress-free end-of-year heading into 2019.

Year-end accruals are so much easier with an automated solution! No more wondering if you have all the invoice copies or spending precious time hunting them down. Instead of keeping track of those year-end invoices on an Excel spreadsheet, you can easily run a report that has a comprehensive listing of all invoices received but not yet entered into your accounting system.

Implementing an AP automation solution at the end of the year ensures that you're starting the new year with greater efficiency and visibility. The time saved not spent manually opening mail and entering invoices can be applied to all the time-intensive tasks that an AP team is faced with in January – accruals, 1099s, and auditor requests.

DON'T HESITATE, AUTOMATE BEFORE IT'S TOO LATE!

This guide was created by AvidXchange™. AvidXchange revolutionizes the way organizations pay their bills. Serving more than 5,500 clients throughout North America and 300,000 vendors nationwide, AvidXchange is an industry leader in automating invoice and payment processes for organizations spanning multiple industries including Real Estate, Financial Services, Energy, Non-Profit, and Construction.

Interested in automating your payables and creating efficiencies for your AP team? Schedule a meeting with an AP automation expert to learn how you can increase efficiency and protect your business. Our automation specialists will create a customized demo and walk you through the streamlined workflow of an automated AP process.

To schedule a demo, click Here!