



THE GUIDE FOR SELLING AUTOMATION TO YOUR CFO



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INTRODUCTION

If you're an AP manager, you've probably already heard a lot about automation. You've seen the news articles, perhaps you've done some of your own research, or maybe you know of a competitor or colleague in the industry who has already embraced AP automation.

What happens when you have the automation revelation? It's usually not as simple as flipping a switch and automating (although we do stand behind our 45-day implementation guarantee). Before you can even think about implementing an automated AP solution, there is usually one person who must sign off on it: your CFO.

No matter how much of a no-brainer AP automation is for you, its myriad benefits are all for naught if you are unable to communicate them to your CFO, who will likely be giving the final say as to whether your company will automate its accounts payable department.

That's why we have put together this guide of resources to better aid you in convincing your CFO of the value in AP automation. The Guide to Selling Automation to Your CFO contains information on every aspect of the automated AP process, from invoicing all the way to payment. It is filled with the stats and real-world information your CFO will require before deciding.



GET TO KNOW YOUR CFO

GOALS & OBJECTIVES:

- Accurately project the long-term financial portrait for the company
- Analyze the company's financial data to maximize profitability and answer these types of questions:
 - What is our cash flow – rents in and spend out?
 - What is our revenue/customer?
 - How efficient are our operations?
 - What changes can I make to increase efficiencies and ROI?

AREAS OF FOCUS

- Pays close attention to cash, enterprise cost management, and working capital
- Strengthening compliance and internal controls, year-end closings
- Integrating information and workflows across the company
- Day-to-day responsibility for planning, implementing, managing, and controlling all finance related activities of the company
- Growing real estate portfolio and scaling infrastructure to support growth
- Growing relationships with key bank partners

WHAT KEEPS YOUR CFO UP AT NIGHT?

As an AP manager, you work closely with your CFO to ensure your AP department is adhering to best practices, whether that means seeing that payments are made on time or providing metrics that reflect your department's performance and the overall fiscal health of your company.

Though you and your CFO have similar pressures and concerns, you have completely different roles within the organization. You, for instance, might be more focused on the day-to-day tasks and the guidance necessary to run the department. Most CFOs, on the other hand, spend much of their time monitoring the company's cash flow with an eye toward future growth and scalability.

When trying to sell AP automation to your CFO, don't approach them by talking about how automation will solve your issues –you need to address the issues your CFO is facing, and how automation can alleviate them and better help your CFO achieve his or her goals.

Some unanswered questions may be contributing to your CFO's lack of sleep:

- Do we have the right sources of cash?
- Are we managing our cash and moving it correctly?
- Have we established the right policies and procedures for paying our bills?
- Do I have visibility into the data I need to make accurate and real-time decisions for our business?
- Do I have the right combination of properties to be profitable?
- How can we operate more effectively and efficiently?
- How can I reduce costs and improve processes?

CFOs are data-driven people, and that's especially true when it comes to accounts payable. If you want your CFO to invest in AP automation, you need to prove its value to them. Show them how other companies have ditched their inefficient paper-based processes and realized savings of 60% or more on payment processing costs.

CFOs can also be very competitive, alert to see what other companies are doing to gain the upper hand. In social circles, this behavior is called FOMO or "fear of missing out." To CFOs, it might mean "fear of missed opportunities." When they see competitors saving thousands (if not hundreds of thousands) of dollars every year due to AP automation, that's a distinct competitive advantage your CFO won't want to miss out on.



BOTTOM LINE

Know the answers to the questions above and how automation can alleviate these issues to better help achieve your CFO's goals.

FINDING COMMON GROUND

As mentioned before, AP managers and CFOs share some similar objectives, but have very different roles. To sell CFOs on the value of AP automation, find areas in which you both share similar concerns.

Finding your common ground might mean identifying areas in the process in which you both would benefit from automation. One common area shared by both AP manager and CFO – as well as others throughout the company – is metrics. Metrics and data are key in painting the picture of how your department is vital to the company and can be used to create baselines for current operations and provide valuable input into what your department will do in the future to optimize operations and create more value for the company.

For the CFO, automating means they will now be able to compare real-time metrics such as days payable outstanding (DPO) and days sales outstanding (DSO). They will have a bird's eye view of virtually any metric they need, and they won't have to plug a single cell into a spreadsheet.

Just as you will be a stronger resource to your CFO through automation, so too will the CFO be a stronger resource to the CEO and board of directors when they are armed with the right metrics.

How can you help the CFO?

- Reduce the risk of fraud with greater visibility, accuracy, and control
- Help increase efficiencies through automation –including approvals across distributed locations
- Give them greater insight into spending for budgeting and overall management of company cash flow



The system is easy to use, intuitive, and directly interfaces with my accounting system. The workflow at my company is now automated, easy to track, and has significantly decreased the time and money associated with invoice and payment processing.

*Claudia Good, CFO
Borger Management, Inc.*



SPEAKING A COMMON LANGUAGE: THE ROSETTA STONE FOR CFOS

As critical as it is to find common ground with your CFO, you also must learn to speak with them using a common language. The Rosetta Stone, if you remember your history lessons, refers to a stone found in Ancient Egypt that was inscribed with three scripts that all said roughly the same thing, but in three different languages. It is this stone that allowed scholars to translate and understand the hieroglyphs.

Your CFO probably isn't so cryptic that you need to consult old rocks to understand what they are saying (we hope), but it never hurts to speak their language. Chances are the two of you share a similar vision and goals, but you might express these things in different ways. When you pitch automation to a CFO, you want to explain it in their terms. So what words or phrases are commonly found in the CFO's vocabulary?

Bottom Line

This is a big one. While you might be more concerned with how AP automation will affect your day-to-day tasks, your CFO wants to know how it will affect the bottom line. For you, automation means you will immediately save time, eliminate paper and have far greater control and insight into your AP department. For your CFO, it is imperative that you communicate what this means for the bottom line.

Cash on Hand

This refers to funds that are immediately available to a business, as opposed to assets that must be liquidated to generate funds. For this reason, it is incredibly important to CFOs because it determines what projects or growth a company can undertake without going into debt or procuring additional financing.

Scalability

As an AP manager, you might be so entrenched in your daily operations that you don't often think about what your department or company might look like years down the road. Your CFO, on the other hand, is constantly obsessing over scalability and growth. By focusing on these three aspects, you will be translating the value of AP automation more clearly to your CFO. In short, you'll be speaking their language.

WORDS AND PHRASES THAT RESONATE

ROI = Return on Investment

Controlling costs

Improved visibility into different spend (MRO)

Better resource allocation

Increased efficiencies at all levels of the business

Better reporting for year-end and auditing

CRUNCHING THE NUMBERS: HARD DOLLAR AND SOFT DOLLAR SAVINGS

Before you can talk about cutting costs, you need to identify two kinds of savings: hard dollar and soft dollar.

Of the two, hard dollar savings are the easier to quantify. Hard dollar savings refer to areas that can easily be identified and quantified. In the accounts payable world, hard dollar savings might point to things like opening the mail, filing invoices, or data entry. One can easily determine the hours spent on these tasks, either through a time study or through interviews with your AP staff.

Soft dollar savings are typically more difficult to obtain, because they either happen sporadically or are difficult to quantify. These costs include activities such as the time it takes to research a vendor question, approve a bill, or pull invoices for audits. Through working with clients, we have discovered that although there is significant time associated with areas related to soft dollar costs, it is more difficult to correlate a monetary value with these activities.

This is not to say you should not bring up soft dollar savings with your CFO – just make sure to lead off the conversation with numbers that you have obtained after carefully analyzing some hard dollar costs. These savings are music to your CFO's ears, because they are concrete numbers.

Here are three good starting points from Aberdeen's Research Payables Report to use in a discussion around potential cost savings:

On average, companies are paying more than \$22 to process and pay one invoice.

**\$22
to process and
pay one invoice.**

Through automation, many companies cut their processing costs in half.



50%

Routing and approval time is reduced to around 2-3 days, compared with the industry average of 28. This could result in a reduction of late-payment fees.

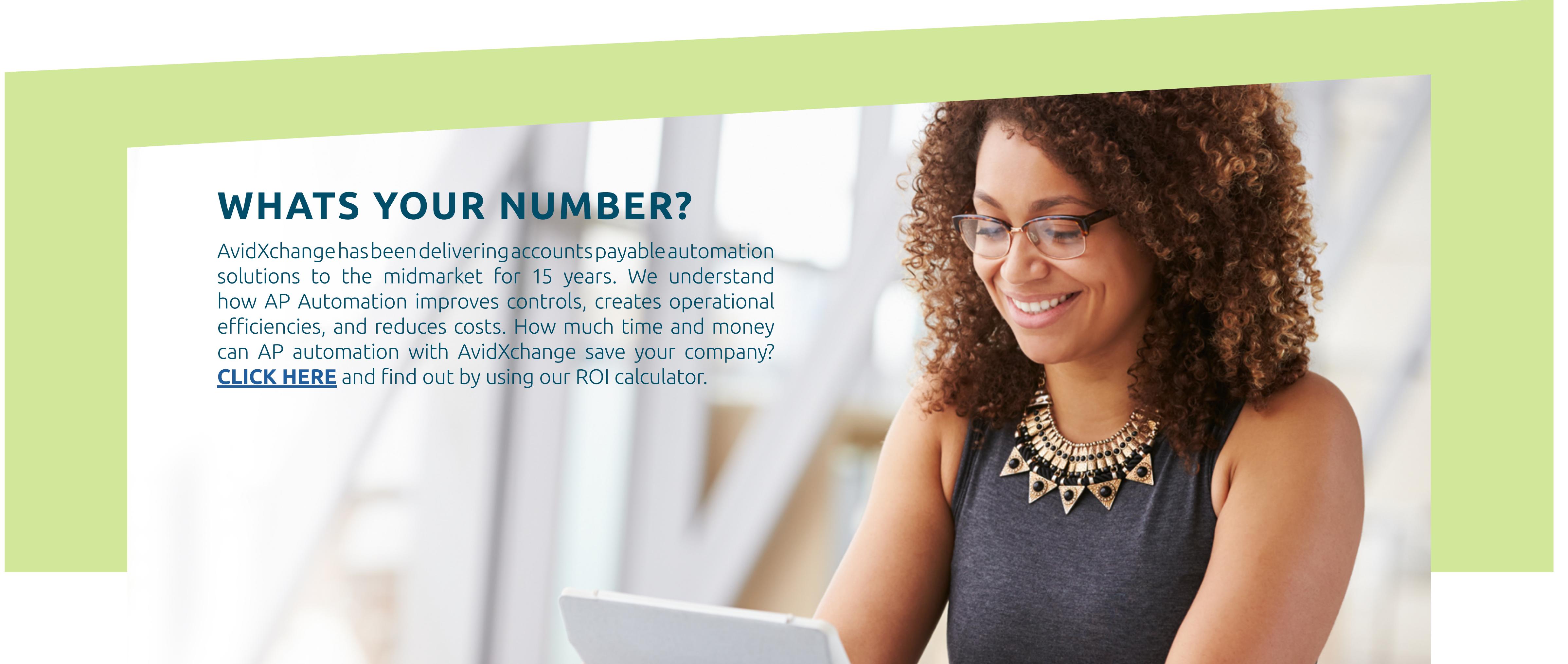
**28 days
to
2-3 days**

These industry numbers are a great starting point, but every business is different. So next, you should do a few calculations that will allow you to provide more specific, concrete numbers regarding how AP automation applies to your company.

You can start with the AvidXchange ROI calculator. Tell us how many invoices and payments your AP department processes every month, as well as how many people are in that department, and we will be able to give you a good baseline as to not only how much money you could save, but also how many payroll hours you could free up.

WHATS YOUR NUMBER?

AvidXchange has been delivering accounts payable automation solutions to the midmarket for 15 years. We understand how AP Automation improves controls, creates operational efficiencies, and reduces costs. How much time and money can AP automation with AvidXchange save your company? [**CLICK HERE**](#) and find out by using our ROI calculator.



CPI Calculator**Answers****Task: Opening Payables****How many people open payables?****2****What is the annual salary of people that open payables?****\$40,000****What percentage of time does each person spend per week opening payables?****Monetary Factor
20%****Task: Data Entry****How many people input payables?****2****What is the annual salary of people that input payables?****\$35,000****What percentage of time does each person spend per week inputting payables?****40%****Task: Filing Payables****How many people file payables?****2****What is the annual salary of people that file payables?****\$35,000****What percentage of time does each person spend per week filing payables?****50%**

HOW TO CALCULATE YOUR COST PER INVOICE

This graphic shows you how to calculate your cost per invoice.

When compared with the industry numbers, the ROI calculator offers an even greater insight into the specific savings your company might receive.

As helpful as it is, don't let the ROI calculator be your stopping point when it comes to talking about savings. We encourage you to dig even deeper. The following spreadsheet formulas can help you get even more accurate numbers based on your company's unique circumstances.

This spreadsheet shows you how to calculate your cost per invoice.

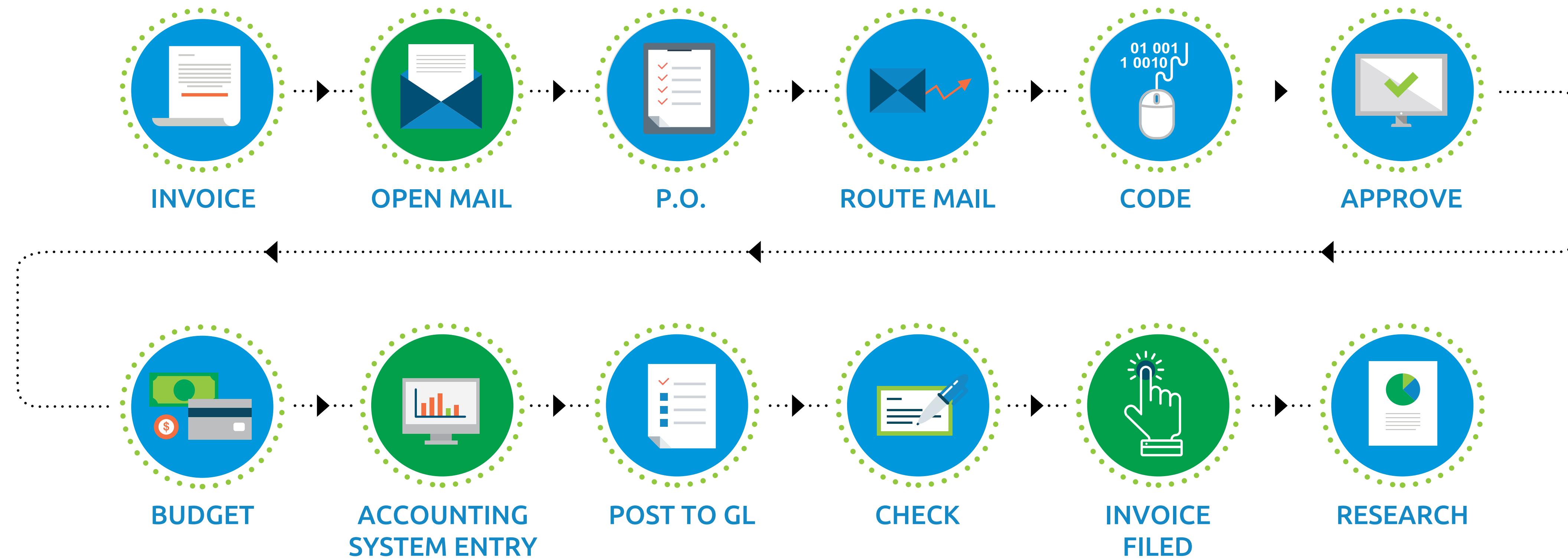
It allows us to identify three major cost factors in relationship to primary AP tasks within your organization: employees, time, and money.

Let's break this calculation down into five steps:

1. MAP YOUR PROCESS, FROM INVOICE RECEIPT TO RESEARCH

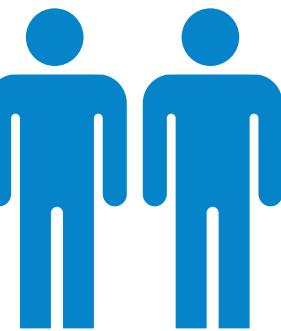
The green circles below denote tasks that are typically identified as “hard dollar” costs. These types of costs are easier to assign time associations, as discussed earlier.

If you’re looking for a fast and proven method to calculate your costs, then these costs should be your primary focus for a notable savings potential to be established.



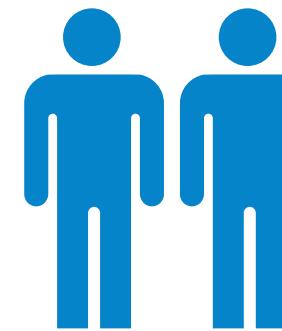
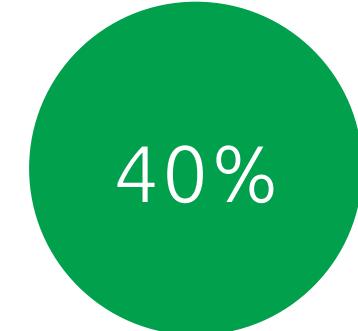
2. IDENTIFY THE NUMBER OF PEOPLE ASSOCIATED WITH EACH TASK

The green boxes from the previous page correspond with numbers in the spreadsheet. If the same person is performing multiple functions that are tied together, then one way to save a bit of time estimating the employee time association is to group these functions (as noted below with the invoice receipt, open mail and routing mail all in one task).

Task	# of people
 OPEN MAIL	
 ACCOUNTING SYSTEM ENTRY	
 INVOICE FILED	

3. IDENTIFY THE TOTAL TIME ASSOCIATED WITH EACH TASK

Here again the green boxes from the process map correspond with numbers in the spreadsheet. In this step, you are determining the percentage of time you or your employees spend on any given task.

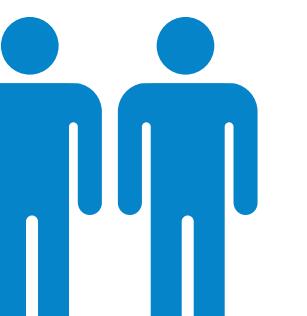
Task	# of people	% of time
 OPEN MAIL		 20%
 ACCOUNTING SYSTEM ENTRY		 40%
 INVOICE FILED		 40%

4. CALCULATE THE COST ASSOCIATED WITH EACH TASK

Use the following equation to calculate the cost of each task:

- # of people that open mail multiplied by
- % of time each person spends opening mail multiplied by
- The annual salary of people that open mail equals
- The total cost for that task

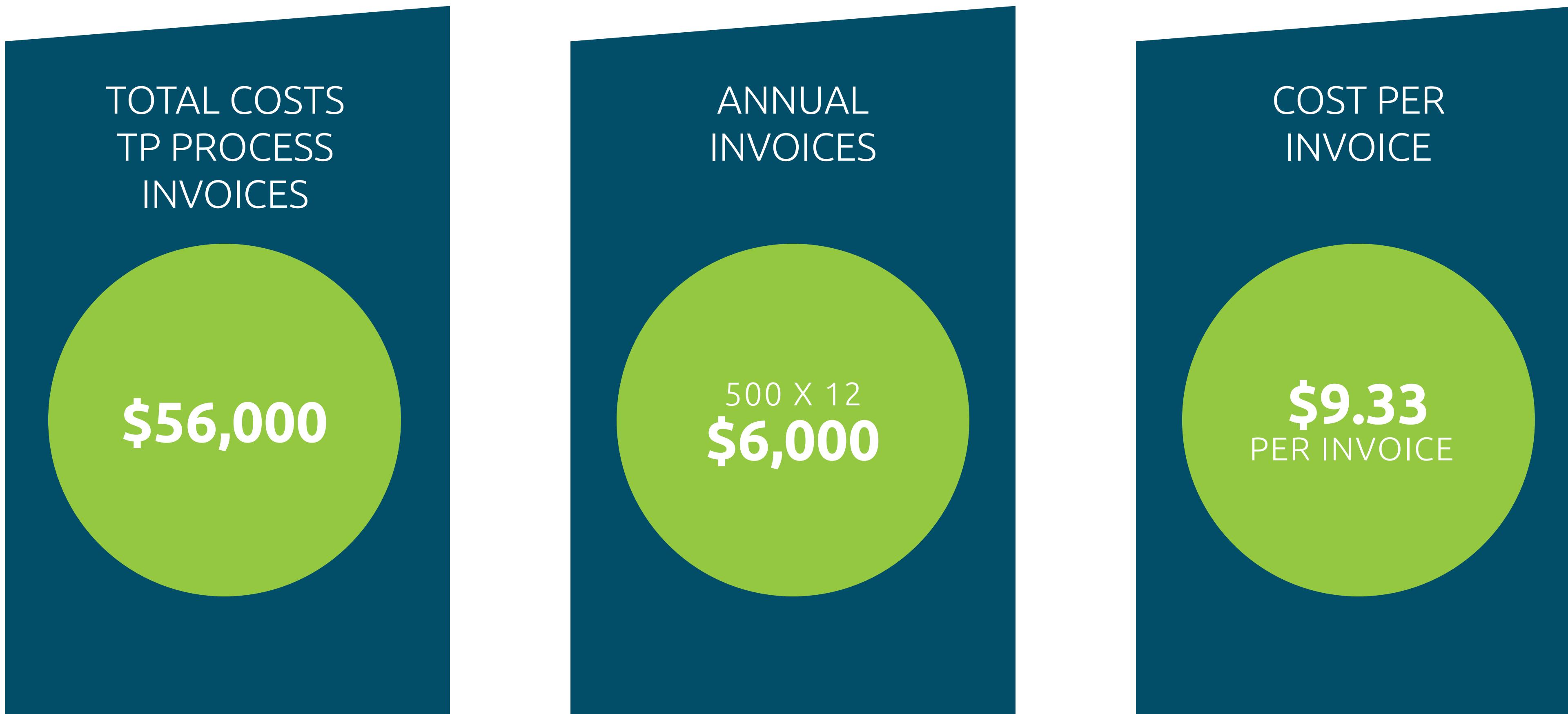
Example:
 $1 \times 20\% \times \$42,000 = \$8,400$ total cost for that task

Task	# of people	% of time	Salary	Total Cost
 OPEN MAIL		 20%	 \$42,000	 \$8,400
 ACCOUNTING SYSTEM ENTRY		 40%	 \$42,000	 \$33,600
 INVOICE FILED		 40%	 \$35,000	 \$14,000
TOTAL COSTS TO PROCESS INVOICES				\$56,000

5. CALCULATE YOUR COST PER INVOICE

Equation: Total Cost Associated with All Tasks divided by the number of invoices

Total the costs associated with all tasks from Step Four and divide that amount by the number of invoices processed annually. If we utilize our current example, then we know that the institution processes 500 invoices per month or 6,000 invoices annually. So, their calculation would look like this:



Task: Printing Checks

How many people print checks?

1

What is the annual salary of people that print checks?

Monetary Factor
\$40,000

What percentage of time does each person spend per week printing checks?

Time Factor
20%

Task: Mailing Checks

How many people mail checks?

2

What is the annual salary of people that mail checks?

\$35,000

What percentage of time does each person spend per week mailing checks?

50%

Task: Signing Checks

How many people sign checks?

1

Additional Costs

What is the annual salary of people that sign checks?

\$90,000

Check Stock

\$1,000

What percentage of time does each person spend per week signing checks?

5%

Postage

\$3,000

HOW TO CALCULATE YOUR COST PER PAYMENT

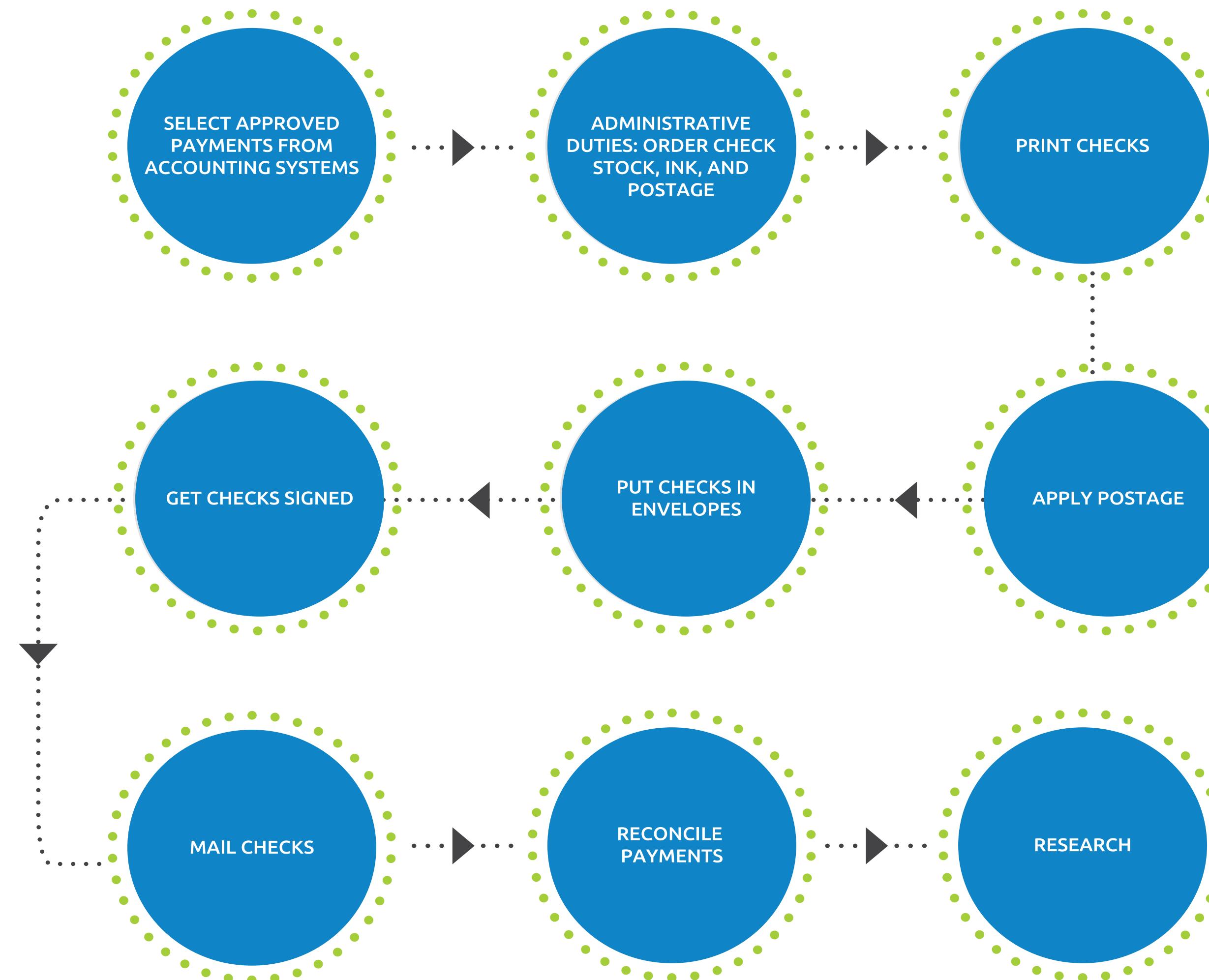
Like invoicing, the check payment side of the AP process also involves hard dollar savings. These are slightly more obvious than costs associated with invoices, and therefore more easily identified. Examples of hard dollar costs associated with check payments include:

- Check stock and printing costs
- Time and cost of sorting and signing
- Stuffing envelopes
- Postage and handling
- Filing

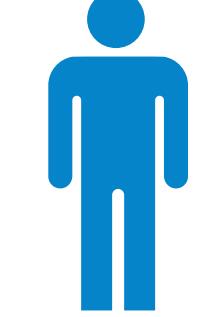
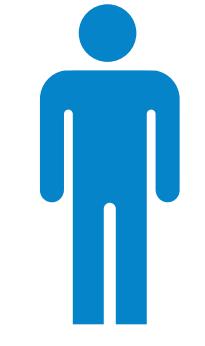
These hard dollar costs, along with the time associated with performing the process of printing and mailing checks, can be eliminated and replaced with automated payment options. This spreadsheet shows you how to calculate your cost per payment.

1. MAP YOUR PAYMENT PROCESS

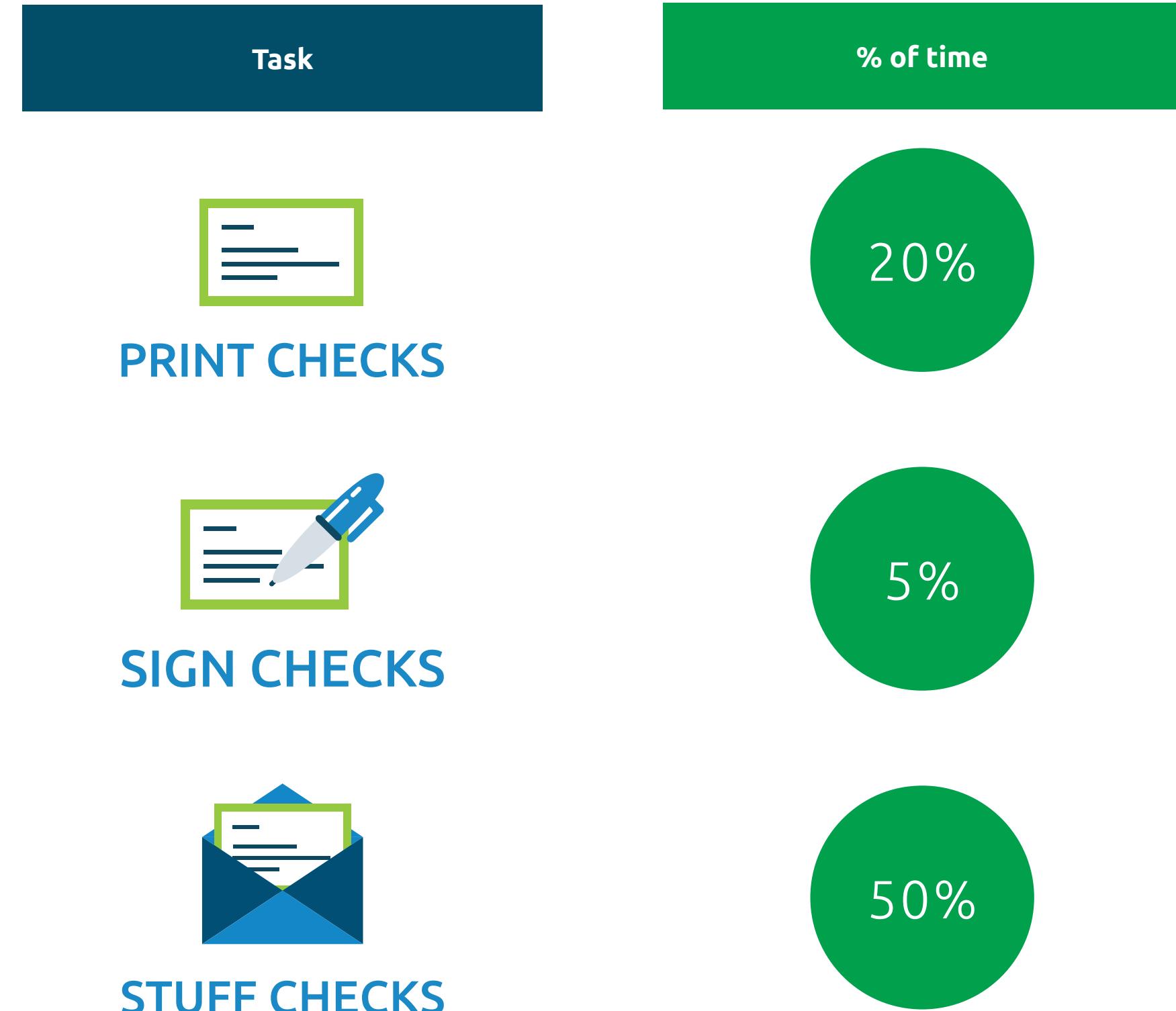
The same five-step process used to calculate your cost per invoice can also be used to calculate your cost per payment.



2. IDENTIFY THE NUMBER OF PEOPLE ASSOCIATED WITH EACH TASK

Task	# of people
 PRINT CHECKS	
 SIGN CHECKS	
 STUFF CHECKS	

3. IDENTIFY THE TOTAL TIME ASSOCIATED WITH EACH TASK



4. CALCULATE THE COST ASSOCIATED WITH EACH TASK

For example, if we are going to solve for how much the task of printing checks costs based upon the numbers we have previously used, then our equation would look like this:

- Annual salary of people printing checks (\$40,000) multiplied by
- Number of people printing checks (1) multiplied by
- Percentage of time people spend printing checks (20%), equals
- Total cost for the task of printing checks (\$8,000)

Task	# of people	% of time	Salary	Total Cost
 PRINT CHECKS		20%	\$42,000	\$8,000
 SIGN CHECKS		5%	\$90,000	\$4,500
 STUFF CHECKS		50%	\$35,000	\$17,500
TOTAL COSTS TO PROCESS INVOICES				\$30,000

5. CALCULATE YOUR COST PER PAYMENT

Equation: Total Cost Associated with All Tasks, divided by number of payments

Total the cost associated with all tasks from Step Four, and then add your “additional costs” from the spreadsheet (check stock and postage) and divide that amount by the number of payments processed annually.

So, if the financial institution processes 500 payments per month or 6,000 annually, then the calculation would look like this:



RETURN ON INVESTMENT (ROI)

We've already talked about ways you can speak a common language with your CFO, but there's one phrase we left out: return on investment, or ROI. We didn't include it earlier because the phrase – and the concept itself – merits its own chapter. The return on investment from automating should be one of your biggest selling points. To put it simply, your CFO wants to know what the company is going to get by automating. What's the return?

Both [Humphrey Management](#) and [The Wilton Companies](#) now save more than \$70,000 thanks to automation. That is a sizeable ROI, but don't think for a second that ROI just applies to finances. You've hopefully already done some of the calculations mentioned in the previous chapter, so you should have a good idea of the money your company will save and how it will affect the bottom line your CFO cares so much about.

“

Our whole operation scales now! You have transformed my day and eliminated my AP headaches.

*Cameron Vaughan, VP & CFO
The Wilton Companies*

”



You've made your argument thus far by referring to the concrete, hard numbers, which is exactly what a CFO will need to hear prior to deciding whether to automate the accounts payable department. In addition to the costs saved, though, there are several other returns of investment that are often overlooked. These might include:

The ROI of Control

Though many in the AP industry feel they are giving up control by automating, that just isn't true. When you introduce things like electronic invoicing and electronic payment into your AP process, you're not eliminating your role in the process. Rather, you are automating aspects of that process that unnecessarily consume large amounts of your time. With AP automation, you are still in control of coding invoices, approving invoices and promoting them to the general ledger. Because AvidXchange digitizes everything for you throughout the entire process – from scanning the invoice to chronicling the entire conversation around it – you have greater visibility and insight into the process. And greater visibility means greater control.

The ROI of New Time

Once the immediate savings are realized and the process is automated, you might wonder, "What's next?" After all, you just saved your AP department a lot of work. What will they do with their new time? With their new time, Duke Realty transformed their AP department from an expense to a profit center by pursuing higher-level tasks, such as early vendor payments, electronic payment incentive programs, and rebate programs. They are now generating revenue for their company. Automation is only as good as what you do in this newfound time – so make sure to have a plan for your CFO.

The ROI of Scalability

As captivating as the immediate savings are, one of the greatest returns found through automation occurs years down the road. As your company grows, you will be able to retain the same AP staff. Can you imagine tripling your invoice volume without adding any AP staff? It is possible with automation.

HANDLING YOUR CFO'S OBJECTIONS

If you've read this far, you have already taken a major step in being able to convince your CFO of the value of AP automation. You now know not only how automating your accounts payable process will affect your own job, but how it will affect the bottom line both now and for years to come.

Armed with the knowledge from this guide, you are probably feeling confident at this point. But don't pat yourself on the back just yet – even after presenting a compelling case, your CFO might still have some questions. These might include:

WHY SHOULD WE DO THIS, AND WHY NOW?

We should automate because it will immediately save time and money, and also enable our AP department to pursue higher-level tasks that will save the company even more money. Why should we do it now? Because we are losing money with each day spent committed to the manual, paper-based process. AvidXchange has a 45-day implementation guarantee, so we could automate and start seeing savings very soon.

IF IT ISN'T BROKEN, WHY FIX IT?

This is a common objection. After all, the AP process has been handled in the same basic, manual fashion since time immemorial. The paper process is familiar, and some might fear that by eliminating it they are giving up an element of control.

This couldn't be further from the truth. The truth is that we're not reinventing the wheel here – we're just making it roll more smoothly. The process remains the same, but through AP automation you will save considerable amounts of time and money when compared with the inefficient, outdated manual process. And to top it off, you will have more control and visibility because you will be able to log into your portal at any time to see the status and history of any invoice or payment.



WHO ELSE IS DOING IT?

More and more businesses are experiencing the automation revelation every day. More than 5,500 such companies have chosen to work with AvidXchange to automate their AP process. Would you like to speak with an AvidXchange user, perhaps in your same industry? Contact us and we will find a client that can identify with you in your journey toward paperless AP.

WHY AVIDXCHANGE?

AvidXchange provides a set of solutions that provide CFOs with more control over managing costs, helping you scale and grow your portfolio, increasing visibility into your company's cash flow, while completely automating your AP and payment processes for greater efficiency. Our annual growth rate is 60 percent, with hundreds of new clients joining every year. And they're sticking around: AvidXchange's customer retention rate is 98 percent.

Those stats would not be possible without their real competitive advantage – their people. They are a software-as-a-service company, and their product is only as good as the people behind it. You might log into a portal and never see them, but behind the scenes AvidXchange has more than 1000 people working on your behalf.

CAN WE TEST THIS FIRST?

AvidXchange's automation specialists would be more than happy to schedule a customized demo for you. Call us at (888) 918.2843, email the sales team directly at sales@avidXchange.com, or [CLICK HERE](#) to schedule a demo today.

HOW LONG UNTIL WE SEE RESULTS?

You will see results almost immediately, namely in a reduction of your invoicing and payment processing costs. AP automation will continue to pay dividends by allowing your team newfound time to pursue higher-level tasks like rebate procurement and vendor discounts that could yield additional savings.



FINAL STEPS BEFORE PRESENTING



FORMULATE
YOUR
PLAN.



CUSTOMIZE
YOUR
PRESENTATION
WITH YOUR
DATA, BRAND
IDENTITY AND
POINT OF VIEW.



PRACTICE
MAKES
PERFECT



DO A DEMO.
WALK THROUGH
THE PROCESS
SO THAT YOU
WILL BE ABLE
TO SPEAK
ABOUT SPECIFIC
FEATURES AND
BENEFITS.

AND FINALLY....

IF ANY OF THIS SOUNDS FOREIGN TO YOU, IF YOU NEED A LITTLE MORE INFORMATION, IF YOU WANT US TO HELP WITH SOME OF THE SPREADSHEET CALCULATIONS MENTIONED IN THIS GUIDE – DO NOT HESITATE TO REACH OUT. EVEN IF YOU'RE IN A PRELIMINARY, "KICK THE TIRES" STAGE, OUR AUTOMATION SPECIALISTS ARE HERE FOR YOU. THEY KNOW THE PRODUCT IN AND OUT, AND THEY KNOW THE RIGHT QUESTIONS TO ASK TO LEARN MORE ABOUT HOW YOUR COMPANY WOULD BENEFIT MOST FROM AP AUTOMATION.



ABOUT AVIDXCHANGE™

This guide was created by AvidXchange™. AvidXchange revolutionizes the way organizations pay their bills. Serving more than 5,500 clients throughout North America and 400,000 vendors nationwide, AvidXchange is the leading provider of cloud-based, purchase-to-pay solutions for Enterprise and Midmarket organizations, spanning multiple industries including Real Estate, Financial Services, Energy, Non-Profit, and Construction.

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