![UiPath - The Foundation of Innovation™]

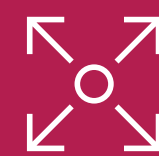# Evolving the accounts payable value stream: what's next for financial management?

Stay ahead of the curve by implementing KPI-driven automation in your finance strategy

A guide for:

Functional leads and process owners in finance who want to improve performance within their business unit

Automation teams who want to scale automation to accounts payable (AP)

Continuous improvement teams seeking organization-wide efficiency

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WHAT YOU'LL LEARN IN THIS GUIDE:

This guide is meant to be a foundational toolkit for anyone who wants to learn how they can directly influence key business metrics in AP, using modern discovery techniques, automation, and process improvement.

Why accounts payable (AP) is important for overall business growth

Businesses today face mounting pressure to align their strategies with desired outcomes in a world that's constantly changing. It's not easy though, as unexpected challenges like labor shortages, soaring demand, political instability, and material scarcities can disrupt critical processes, wreaking havoc on business goals.

The key to overcoming these obstacles lies in establishing robust and resilient processes. When processes are designed to serve the organization's goals, they become the anchor that helps navigate through turbulent times and steer organizations towards success.

One such critical process at the heart of many enterprises is accounts payable (AP). While it may seem like a simple task to pay for purchased goods, the reality is often far more complex. Delayed payments can strain relationships with suppliers, setting off a chain reaction that disrupts the entire supply chain. Moreover, a poorly optimized AP process can hinder cash flow management and overall efficiency.

AP is more than just paying invoices. It involves coordinated efforts between procurement and accounting departments, each with their own unique responsibilities and objectives. According to research from the American Productivity & Quality Center (APQC), a whopping 70% of organizations lack integration between their purchase-to-pay (P2P) and AP processes. It's crucial to recognize that AP's effectiveness relies on a seamless purchase-to-pay cycle, and vice versa.

To uncover areas of potential value, it's beneficial to take a comprehensive look at the entire process. Organizations can gain significant advantages by treating AP and P2P as a unified, end-to-end process. By harnessing the power of discovery techniques, artificial intelligence (AI), and automation, businesses can effectively align AP with their overarching strategic goals and key performance indicators (KPIs). Let's dive in and explore how to use this approach.

Key concepts and complexities of AP

Many enterprises bear the cost of inefficiencies across the AP process, including high-volumes of rework, and payment delays. But few can pinpoint root causes, and even fewer can swiftly act to improve them. Limited information about the process means it's hard to get a complete and transparent view of how suppliers are paid. Additionally, AP is managed in a fragmented way, making it difficult for departments to collaborate and drive better outcomes.

The end-to-end AP process

Put simply, the goal of AP is to ensure timely payment of goods ordered. It's an extension of the purchase-to-pay (P2P) process. Key performance indicators (KPIs) for AP include invoice processing time, invoice accuracy, and rate of early payment discount captured.

Depending on the sector, product, or service, company size, and customer requirements, AP can take different forms and mandate additional business KPIs as part of fulfillment requirements.

Accounts payable:

The process of paying and accounting for goods.

Procurement			Accounts payable	
Create purchase requisition	Create purchase order	Goods delivery	Invoice received	Payment and billing

Opportunities for AP transformation

Common mishaps in AP

From human error, to gaps in data quality, to software integration disruptions, companies have an urgent need to get ahead of potential problems in AP. However, with process deviations and variations, stakeholder interests layering in, and changing business needs, issues can be tough to detect.

Manual data entry and invoice processing that can be time-consuming, error-prone, and lead to delays.	Invoice exceptions and discrepancies leading to bottlenecks and additional manual effort to resolve.	Lack of process visibility and control, resulting in late payments, missed discounts, and poor invoice management.	Difficulty managing supplier relationships, particularly pricing disputes, late deliveries, and payment delays.	Fraud and compliance risks, and strict regulatory requirements.

Typical AP challenges:

- According to the Institute of Finance and Management (IOFM), 33% of organizations have more than 1% duplicate payments.
- The State of ePayables report by Ardent Partners revealed that for 57% of organizations, invoice and payment approvals take too long.

37%
of decision-makers report delays to their digital transformation initiatives due to misunderstood processes.

AIMULTIPLE

The accounts payable (AP) process involves various stakeholders across departments, each contributing to its smooth operation. The demand planning team plays a crucial role in identifying inventory levels and stock requirements, while the procurement team handles the ordering of materials. Finance ensures timely payment for the goods received. To enhance efficiency and align with broader strategic goals, there's an opportunity to reduce fragmentation and integrate the AP process seamlessly.

However, until now organizations have struggled to gain the foundational understanding required to drive successful AP alignment. 37% of decision-makers report delays to their digital transformation initiatives due to misunderstood processes.

Why existing solutions fall short

1.

Old process optimization methods are becoming obsolete

Industry-standard methods of process optimization are manual and subjective-and expensive as a result. Example techniques include hiring consultants, asking people to explain processes, working in spreadsheets, and troubleshooting issues after problems have surfaced. These time-consuming and costly projects typically scratch the surface of hidden potential.

With a manual approach, digital transformation programs are likely to fall short. The study or analysis phase of process optimization takes so much time that results can become outdated before implementation. And you're often uncovering a part of a process, not the entire process. With this draft-along effect, there's the potential for initiatives to run out of resources before completion.

2.

Tactical automation doesn't address the root cause of issues

To tackle inefficiencies, many organizations are using artificial intelligence (AI) and automation to uncover new productivity gains. Results are remarkable, especially regarding removing manual and repetitive steps from a business system. But sometimes, organizations will hit barriers regarding expanding automation programs across departments and teams. That's because every process is unique, with beneath-the-surface nuances. Full process context and understanding of how automation impacts your business outcomes is how organizations can make automation initiatives transformational rather than tactical.

The foundation of a best-in-class AP process

Best-in-class AP operations build on data-driven foundations—particularly the data that processes leave behind. The idea is to approach transformation with a KPI-focus and automation-driven tools and technologies. There's a need for integrated process discovery capabilities to assess your organization's current process maturity, identify areas for improvement, and apply those changes quickly. Often, this foundational starting point is provided by process mining.
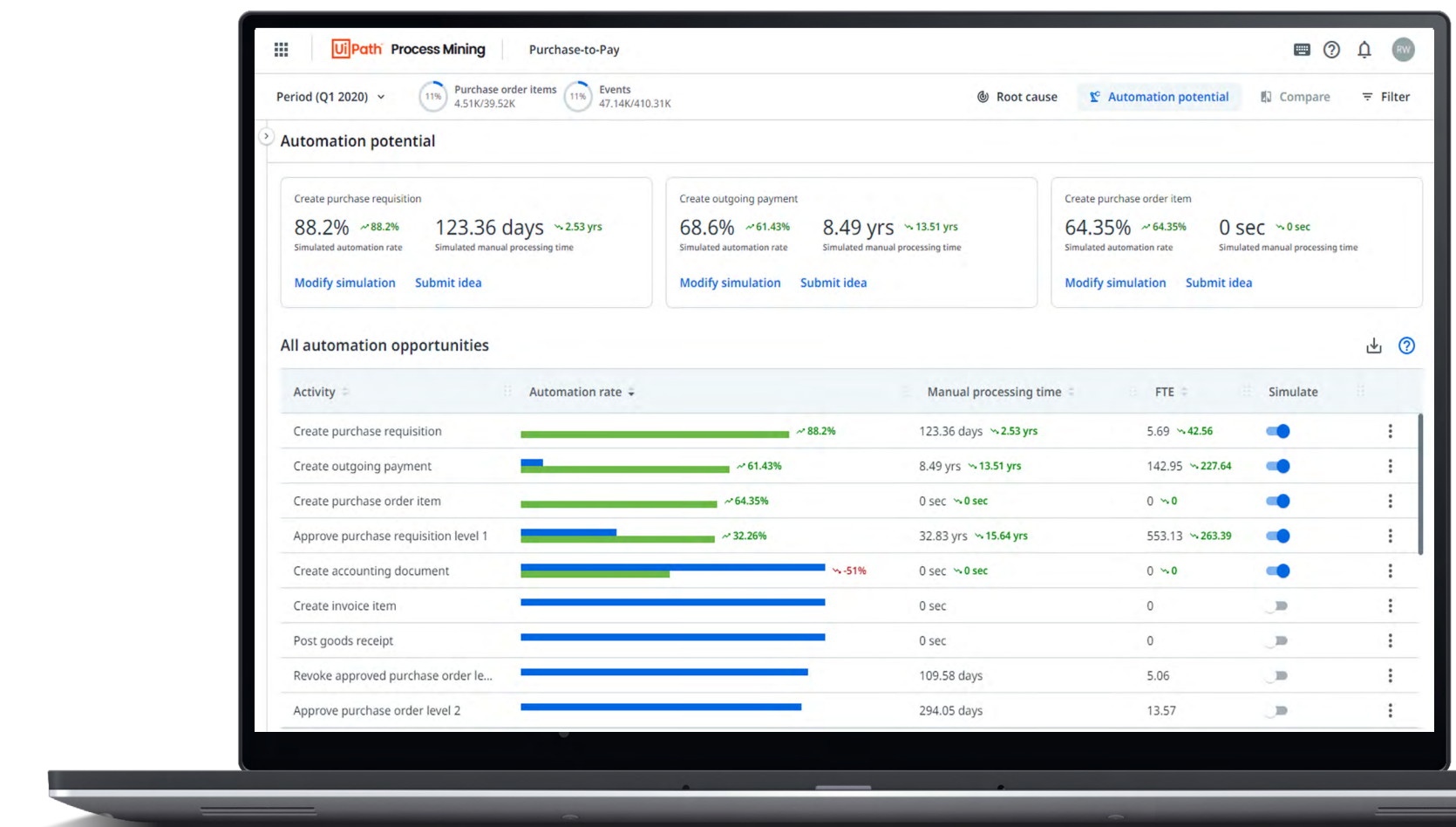
What's process mining?

Process mining connects directly to the systems and applications in which your processes are executed. For AP, think SAP or Oracle. It works by extracting raw data in these systems and applications, and turns the raw data into an event log. An event log has three characteristics–a case ID (i.e. an invoice number), a time stamp (i.e. 09:25, 10/02/2023), and an activity name (i.e. create sales order). It's these three key pieces of information that make process

mining possible. The result is in-depth visualizations and dashboards that provide you unmatched understanding of your end-to-end processes.

Process mining connects to the source system, so it's a continuous, and real-time view into how processes are run, and, most importantly, how they can be improved.

Transparency is just the beginning

Process mining provides transparency into end-to-end processes like AP, but a large proportion of work happens on people's desktops. While process mining looks at source systems for opportunities, task mining analyzes at what people do on their desktops. AI-powered task analysis helps to find everyday repetitive tasks ripe for automation and improvement. This combination gives organizations complete understanding across processes and tasks, but for true transformation, it's what happens after that matters most.

Taking action, whether that's through automation, general process improvement, or reengineering processes, is how teams can realize true transformation and return on investment (ROI). Process mining is there to ensure that you are focusing on the right things first, and know what to prioritize next. And once you've implemented changes, you can monitor the impact.

And most crucially, it enables organizations to embed a cycle of continuous process improvement into their operations. With continuous insight into their processes, they're always on the front foot. They understand what's working and what's not, and have the infrastructure in place to automate and improve rapidly.
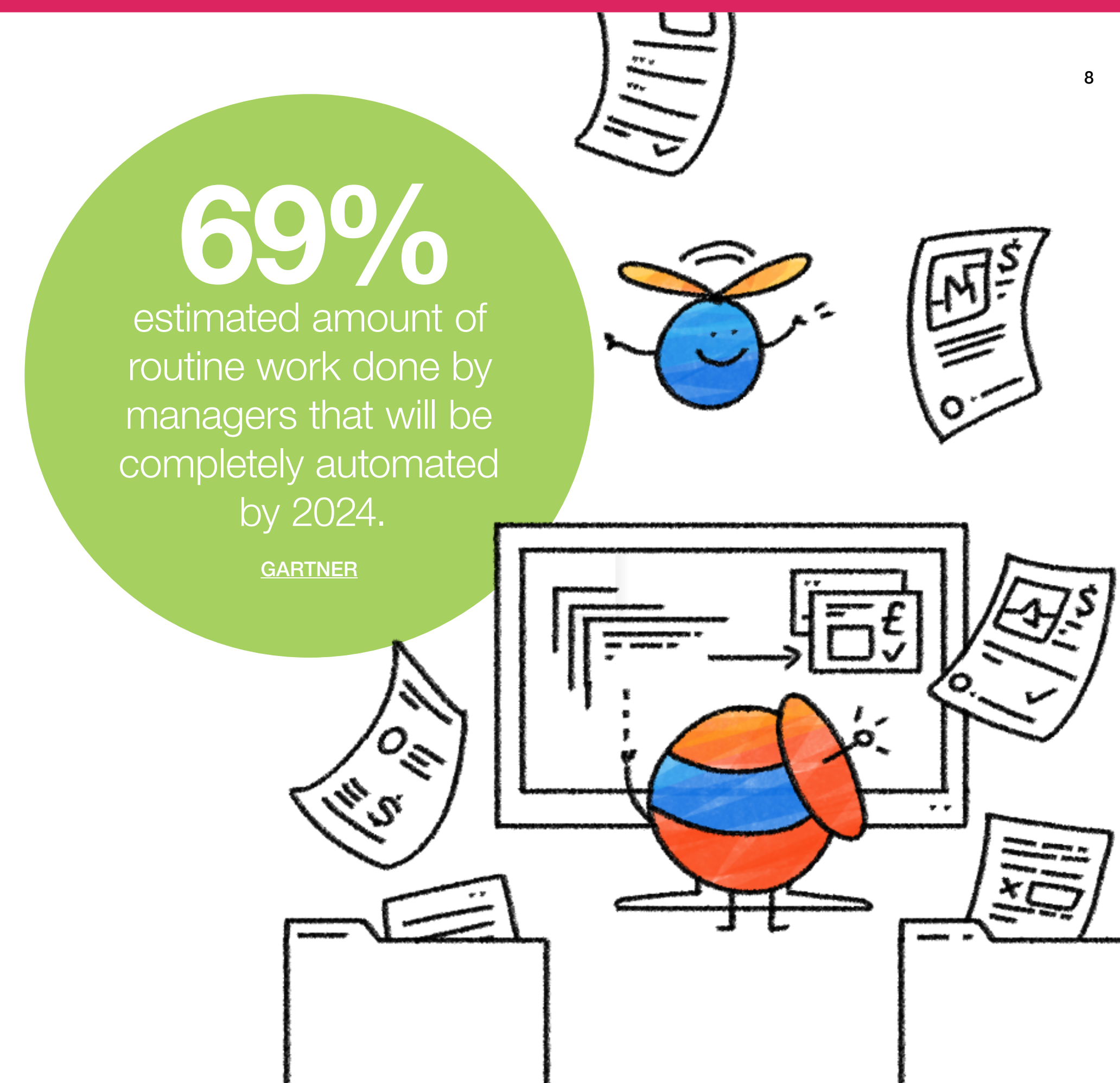
The role of automation

[Gartner estimates](#) that almost 69% of routine work done by managers will be completely automated by 2024. Automation is undoubtedly the future of work, and what can be automated, should be automated. However, as you're discovering automation opportunities, you'll also uncover other ways to improve processes.

That's why UiPath believes organizations should take a holistic approach to automation. Technologies like process mining give you the broader view to understand where automation delivers ROI, vs. other ways to optimize processes.

Aligning process mining to finance outcomes

Like many technologies have done before, process mining is undergoing a revolution of sorts. Until now, process mining dashboards and metrics have been relatively generic and less optimized for business users to interpret. It's evolved to enable business leaders and users to truly understand how their processes run. With process-specific dashboards and KPIs for AP, UiPath Process Mining is customized to suit the desired business outcomes that each enterprise invariably has. We'll dive deeper into the relevant KPIs and business outcomes in the next chapter.

69%
estimated amount of routine work done by managers that will be completely automated by 2024.
GARTNER

Process Mining offers app templates to help you get started with mining processes like AP quickly. Benefits include:

Time to value
Quickly build your Process Mining apps using templates for specific processes and source systems.

Customizable
Create better apps for business users with easy customization of KPIs and dashboards.

Flexible
Reconfigure your KPIs and dashboards as priorities and business outcomes change.

Scalable
re-use dashboards across different processes to scale process improvement efforts across the business.

The path to best-in-class AP

Establishing a cutting-edge accounts payable operation

At a minimum, successful companies recognize the importance of measuring, improving, and understanding the performance of their core competencies, relative to competitors. Quality is built into their processes and while there may be room for improvement, they continuously strive to get better. The table below shares what distinguishes good from great and best-in-class organizations.

Good	Great	Best-in-Class
A few AP activities automated	AP process pipeline created	All data processed automatically to increase speed and granularity of decision making
Additional repetitive tasks within AP teams identified and automated	AP process fully documented	Continuous analysis of AP KPIs to identify further improvement and automation potential in the process
Finance department better able to cope with peak workload	Redundant and unnecessary activities retired	Automation meets performance goals and KPIs for process improvement and ROI
Quality and timeliness of finance data improved	Some automations within AP	Proactive alerts configured to send undesired process behavior or exception handling to process participants
Limited automation of key tasks within the process	Traditional automation KPIs and measurements identified and implemented	Intelligent automation and AI learns from employees to work as 'digital assistants' to intelligently complete activities

The optimal accounts payable metrics

KPIs can help leaders deepen their focus and attention to detail. High performing AP processes will ultimately be focused on and commonly work with a cluster of KPIs.

Successful AP improvement strategies are KPI-driven. As organizations seek to improve the efficiency of their processes, there's a need to examine what activities to automate.

With many layers, steps, systems, and people, the process can be complex. We've identified a cluster of KPIs, grouped by five areas of functional impact. These are areas that leaders can focus on optimizing.

Efficiency	Performance	Timing	Risk and Compliance
• Average days to approve an invoice • Number of process variants • Negotiated discounts captured	• Spend under management • Realized savings • Average cost to process an invoice (by type) • Cost per invoice • First time match rate • # of accounts (invoices) per FTE	• Invoice processing time • % of invoices paid on time • Days paid outstanding (DPO)	• % of payments made via urgent payment process • Duplicate payments • Value of duplicate payments

AP roles and key interests

AP is an enterprise process chain with touchpoints across departments. Overcoming complexities—and meeting strategic outcomes—means improving collaboration, eliminating silos, and enabling each stakeholder to align based on data.

With the prevalence of AI, automation, and discovery technologies like process mining, organizations now have the means to quickly and more accurately identify and resolve process blockers, understand how to remove them, and ultimately transform how they operate.

Role	Key interests	Relevant KPIs
Chief financial officer (CFO)	The CFO is responsible for the planning, implementation, managing, and running of all the finance activities in the organization.	- DSO: days sales outstanding - DIO: days inventory outstanding - DPO: days payable outstanding - P2P cycle times - Liquidity ratios - EBITDA & EBITDA growth - Net profit margin - Return on capital expense
Financial controller (FC)	The FC has direct responsibility for the reporting of the accounts payable and receivable function in the P2P process.	- Forecast variance/strain - Planning and budgeting lead time - Forecast variance - Forecasting lead time - Cost accounting response time - % touchless processing
Chief accounting officer (CAO)	CAOs oversee the organization's ledger and financial accounts, cost control, and other financial reporting and auditing functions. They work closely with the chief financial officer (CFO)	- Regulatory compliance expense - Regulatory report creation - Financial statement accuracy - Financial non-compliance cost - Average re-work cost - Maverick and non-compliant spend

Identifying high automation potential in AP

Successful AP transformation features automation programs based on KPIs. As organizations seek to improve the efficiency of their processes, there's a need to look at specific KPIs, and examine specific steps where automation fits in. These steps include—but aren't limited to—reducing invoice processing time, achieving a high rate of discounts captured, reducing late payment penalties, and more.

Manage Procurement Activities	Purchase Goods & Services	Receive goods and services	Process invoices	Process Payment	Generate Reports
Measure performance	Create and submit requisitions	Process receipts	Manual invoice collection, digitalization and storage	Run payment process	Generate standard reports
Manage vendor master data	Create purchase orders	Receive goods and services	Process electronic invoicing	Complete initial payment review	Distribute and manage reports
Develop procurement strategy and process	Submit purchase orders to vendors	Manage discrepancies and returns	Validate and handle invoice data	Handle payment reconciliations	Develop reporting process and policies
Manage supplier and vendor relationships	Manage requisition approvals	Manage inventory	Submit transactions for processing	Manage payment exceptions	Generate adhoc reports
	Manage purchase order approvals		Manage matching discrepancies		

Highest automation potential

Identifying improvement potential with UiPath Process Mining

The key to steering transformation forward and moving from good to best-in-class is to optimize specific components of the AP process. With a granular approach focused on individual elements–invoice approval, or cycle time-it's possible to drive automation efforts, which deliver on KPIs for key stakeholders and result in bigger-picture efficiencies.

To that end, organizations can use Process Mining to streamline AP activities before transitioning them to automated states:

- Use process mining to understand how long invoice approval is taking, and evaluate specific needs, goals, and compliance requirements to determine the optimal number of approval steps to save unnecessary time spent approving invoices.

- Identify rate of discounts captured and uncover root cause of lost discounts that could be down to incorrect payment terms, or master data.

- Use process mining to better understand top suppliers and review and negotiate payment terms depending on cash flow needs.

- Uncover invoice price discrepancies which could be caused by poor master data maintenance.

- Understand the weak points in the process that might require clearer communication with suppliers and other stakeholders regarding lead times, payment terms, or prices, and immediately address any discrepancies.

UiPath Process Mining provides a fact-based understanding of the state of processes. Organizations can use this to drive transformation and automation efforts, while delivering on the KPIs that matter to the business. Process Mining helps organizations understand how automation and improvements fit in the bigger picture, and lays the groundwork for building a business case for future automation initiatives.

Process Mining gives you granular visibility into your processes

Process steps	Throughput time	Automation	Interactions
Identify process steps that are:	**Identify process steps or cases that:**	**Identify opportunities for higher process automation or improve existing automation(s):**	**Identify abnormal user-to-user or site-to-site interactions such as:**
• Undesired • Missing • Repeated steps • Executed in the wrong order/sequence	• Take a longer time to complete • Take shorter time to complete • Overdue dates and SLA violations • Bottlenecks	• Repetitive manual steps • Existing automation exceptions	• High case volume handoffs • Heavy workloads • Productivity gaps • Capacity scarcity

Compliance	Volume	Cost	Attributes
Compare as-is processes with:	**Identify volume variations, peaks, throughputs that are:**	**Identify unwanted additional costs or revenue loss from:**	**Gain insight into specific details such as:**
• Different areas of the company (ex. regional/offices) • How it should be or was intended • Industry benchmarks	• Abnormally high or low • Exceptions or errors	• Rework • Manual review	• Customer specific recurrences (late payments, order types, escalations, delinquents, etc…) • Manual-work triggers (free text orders, special invoices, etc…)

The benefits

UiPath Process Mining enables and enhances the overall impact and speed of process improvement. Applying UiPath Process Mining to the end-to-end AP process brings crucial benefits at all levels of the organization.

It unlocks new possibilities for process transformation, enabling organizations to transition from the status quo to a best-in-class accounts payable operation.

With an automation-driven approach to discovering, understanding, and taking action towards KPIs, organizations gain a renewed capability to continuously improve processes that drive the most impactful business outcomes.

| Capability comparison	Old process optimization	UiPath Process Mining
Approach	Reactive	Strategic
Style	Siloed	Connected
Effort	Manual	Automatic
Type of analysis	Subjective	Science-based
Data Collection	Interviews	System event logs
Scope	Limited by experts' bandwidth and depth of knowledge	Limited by the quantity and quality of data in the source system
Process transparency	Limited to a few steps	End-to-end across complex dimensions and variants
Implementation	Slow, long, delayed, and fragmented	Real-time and continuous connection to back-end systems
Method	Analytical, inquisitive, focused on identifying	Action oriented, and real-time insights
Focused on	The process	Business outcomes and how to use insights to impact KPIs
Reporting	Spread across multiple files, documents	Visual and centralized
Outcome	Piecemeal, inconsistent, varied	Consistent outcomes driven by KPIs and automation potential

Why it works

Taking a structured approach to process improvement and automation results in better outcomes. Process Mining connects to actual process data, is KPI-driven, and offers real time process insights. It can align overall strategy with how processes are executed, setting expectations across teams and stakeholders. What's more, Process Mining has the potential to drive value across departments, not just accounts payable.
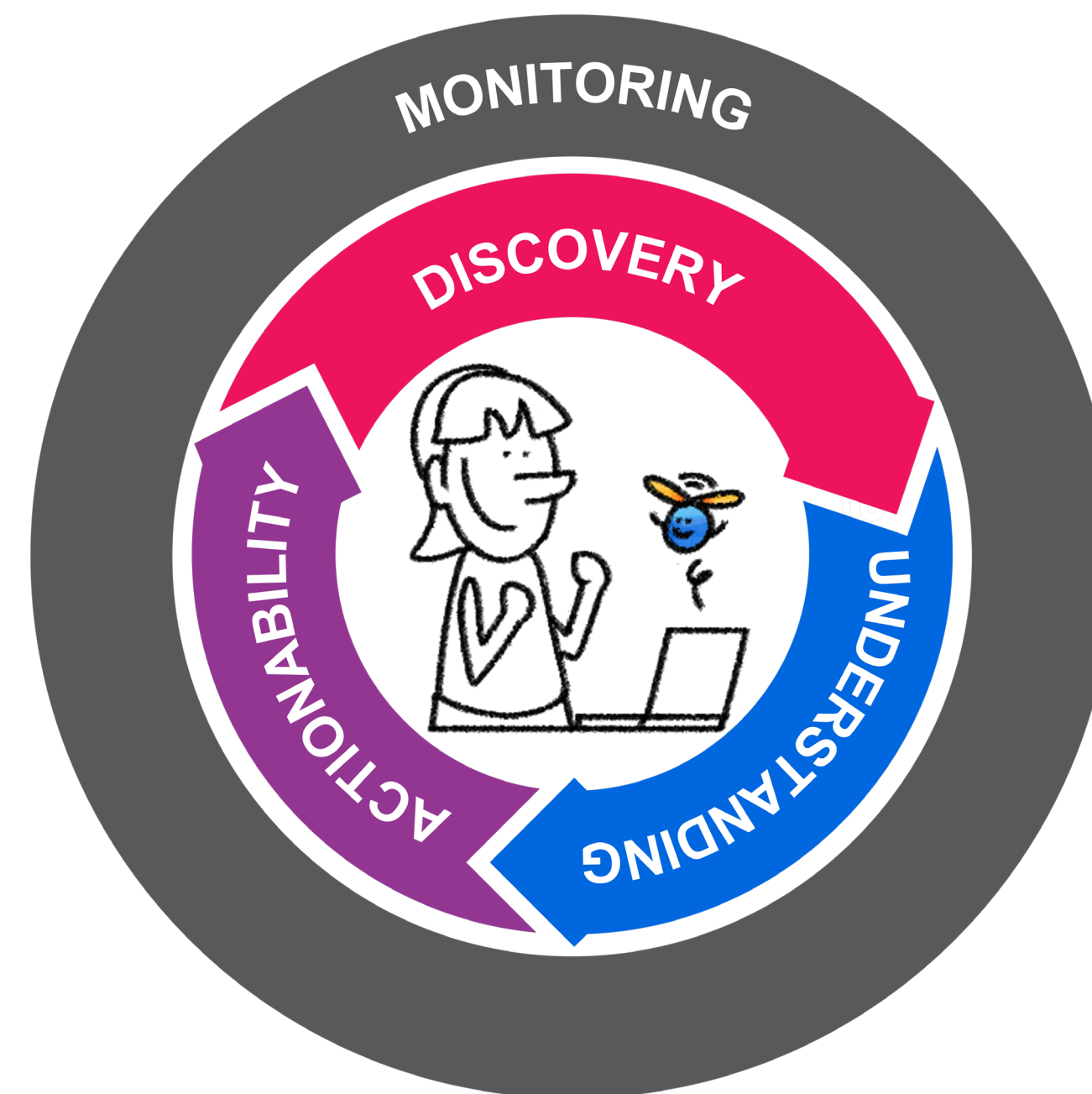
Strategy	Execution

Goal

Improve company cash flow
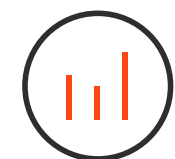
Metric

% Discounts Captured – discounts that are awarded whenever invoices are paid early or promptly

MONITORING

DISCOVERY

ACTIONABILITY

UNDERSTANDING

Connect the SAP accounts payable process with the out-of-the-box connector for SAP accounts payable. Configure relevant KPIs, including % of discounts captured and the impacted value.

Process Mining reveals a low % of discounts captured. Further analysis shows which suppliers are paid later than the due date, and the impacted value.

Automate invoice payment for suppliers with an early payment discount program, and trigger alerts to accounts payable team when payment exceeds the due date.

Monitor the metric % Discounts Captured to continuously maximize the value of cash discounts.

Here are a few example outcomes that we've seen across our customer base at UiPath:

- CBRE used Process Mining to discover an opportunity of $6 million in annual savings by automating the purchase requisition and invoicing process.

- KPN, a telecoms provider in the Netherlands, puts Process Mining at the center of their ongoing digital transformation efforts. They identified a $3 million savings opportunity in the P2P process, which enables 3–4 people to focus on strategic procurement.

- A leading food processing company used Process Mining to identify a $720K savings opportunity by optimizing weight discrepancies with their supplier.

- Coca-Cola İçecek uses Process Mining to continuously streamline their business-critical SAP accounts receivable process. So far, they've improved cash-flow cycle time by 20%, using a strategic combination of process improvements and automation.

- One of Germany's largest media companies uses Process Mining to discover an opportunity to save 8,000 hours by automating two SAP order-to-cash activities–post goods issue and reject sales order.

20%
improved cash-flow cycle time

COCA-COLA İÇECEK

$720K
savings opportunity by optimizing weight discrepancies with their supplier

LEADING FOOD SUPPLIER

$3M
savings opportunity identified in the P2P process

KPN

8,000
hours saved by automating two SAP order-to-cash activities

LARGE GERMAN MEDIA COMPANY

Where is Process Mining used?

Finance	Procurement	Sales	Manufacturing/production
• Accounts payable • Accounts receivable • Asset management • Dispute case management • Record-to-report • Expense management	• Purchase-to-pay • Purchase requisitions • Purchase scheduling agreement • Sourcing contract • Sourcing event	• Order-to-cash • Account management • Lead management • Opportunity management • Prospect management • Meter-to-cash • Make-to-order • Quote-to-order • Quote-to-cash	• Plant maintenance • Production planning • Quality management

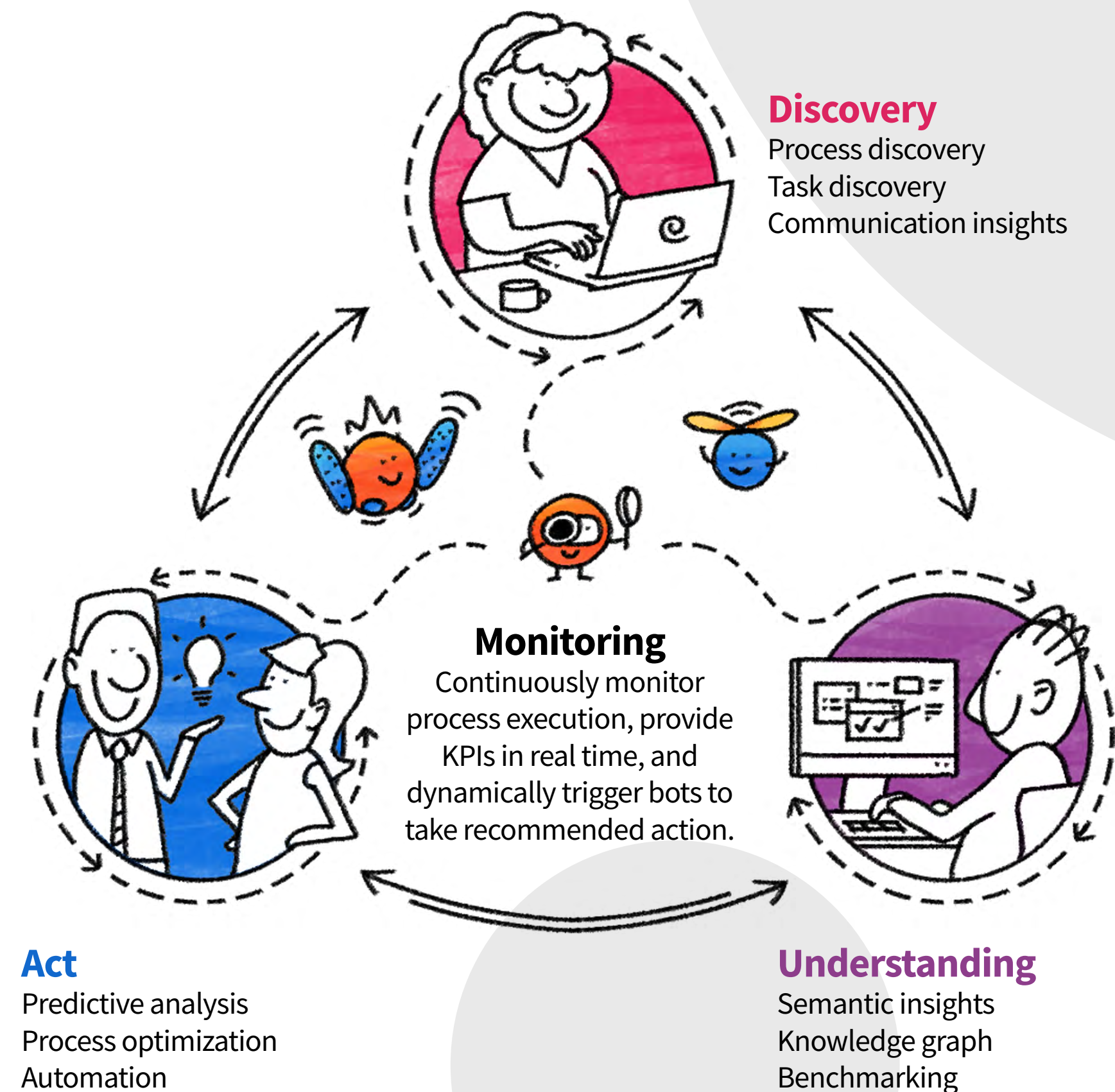| IT service management	After sales	Master data management	HR
• Incident management • Customer service • Service request management	• Case management • Customer service • Service request management • Claims management	• Customer master data • Material master data • Vendor master data	• Hire-to-retire

What's Continuous Discovery?

Continuous Discovery is a framework that leverages a combination of intelligent process discovery techniques to strategically apply automation and process improvements. Changes are checked after implementation, to ensure continuous alignment with KPIs.

UiPath brings together complementary discovery techniques–UiPath Process Mining, Task Mining, Communications Mining, and Automation Hub, to give organizations a holistic view of their processes that hasn't been possible before.

Our novel approach to capturing process activity at the system and desktop levels enables a complete view of process activity throughout the enterprise. While Process Mining uses data from enterprise applications, Task Mining allows you to see the activities individual employees are executing within the process. To complete the picture, Communications Mining looks at data from business conversations that take place in emails, tickets, service desks, and more. Automation Hub provides a way to list and rank automation ideas. The four tools together provide a factual view of your processes.

Discovery
Process discovery
Task discovery
Communication insights

Monitoring
Continuously monitor process execution, provide KPIs in real time, and dynamically trigger bots to take recommended action.

Act
Predictive analysis
Process optimization
Automation

Understanding
Semantic insights
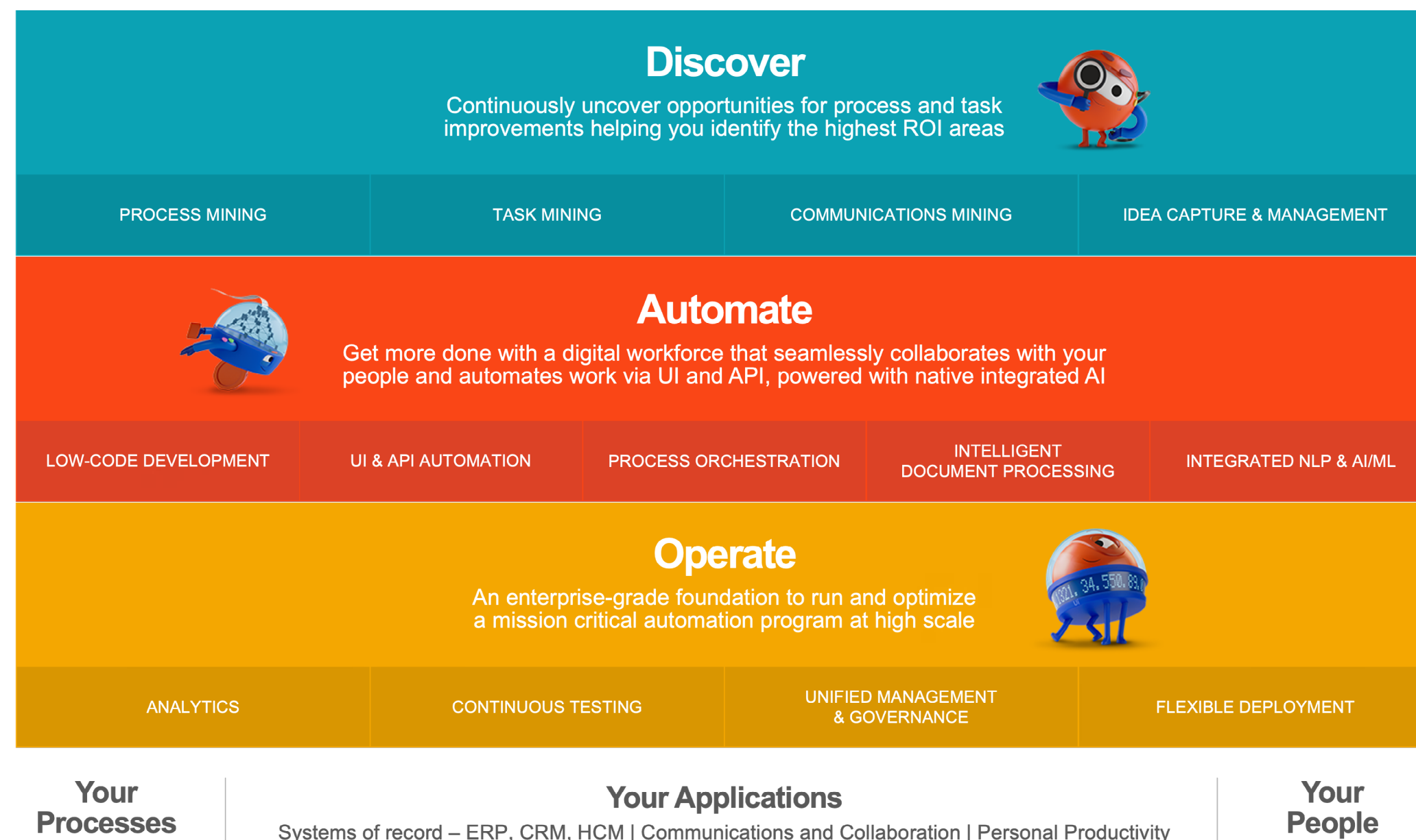Knowledge graph
Benchmarking

The UiPath Business Automation Platform

Organizations navigating through the current digital ecosystem need the right partner to transform AP from a good, to a fully integrated, best-in-class process.

The UiPath Business Automation Platform is a comprehensive, enterprise-ready platform that connects your people, processes and applications so you can implement the process change that drives true transformation, quickly.

Discover
Continuously uncover opportunities for process and task improvements helping you identify the highest ROI areas

PROCESS MINING	TASK MINING	COMMUNICATIONS MINING	IDEA CAPTURE & MANAGEMENT

Automate
Get more done with a digital workforce that seamlessly collaborates with your people and automates work via UI and API, powered with native integrated AI

LOW-CODE DEVELOPMENT	UI & API AUTOMATION	PROCESS ORCHESTRATION	INTELLIGENT DOCUMENT PROCESSING	INTEGRATED NLP & AI/ML

Operate
An enterprise-grade foundation to run and optimize a mission critical automation program at high scale

ANALYTICS	CONTINUOUS TESTING	UNIFIED MANAGEMENT & GOVERNANCE	FLEXIBLE DEPLOYMENT

Your Processes

Your Applications
Systems of record – ERP, CRM, HCM | Communications and Collaboration | Personal Productivity

Your People

What makes UiPath unique

We help you understand what's happening at the process-level, task-level, and in your communication channels. This 360-degree understanding of what's happening in your business enables you to identify where you can improve to deliver better outcomes. Whether that's for your customers, your C-Level, or your employees. Putting automation at the core of your transformation strategy frees your employees to work on more strategic accounts payable activities.

A best-in-class finance operation that uses automation critically and expansively in key areas can transform the way organizations work, and set a higher bar for operations. UiPath can help you reach your goals quickly and effectively, with proven technology to help you continuously improve.

About UiPath

The UiPath Business Automation Platform is a leading, easy-to-use, scalable, and open platform that allows everyone to work alongside software robots and achieve better business outcomes.

Start your accounts payable automation journey today! →

UiPath The Foundation of Innovation™