

The Paperless Advantage

Reducing Costs With
Invoice Automation



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Manual Invoicing Is Slow and Costly

Manual invoicing is a costly, inefficient process that opens up companies to unnecessary risk. With the rising call to reduce paper usage and lower costs, it's time to explore alternatives that can help controllers and accounts payable (AP) managers do more with less.

73%

OF ORGANIZATIONS

are moving from checks to electronic payments to increase efficiency, save money, and reduce costs



The Complete Cost of Manual Invoicing

AP departments that rely on paper are choosing to increase both costs and inefficiency across the organization. In fact, the typical cost to process a single invoice can range anywhere from \$12 to \$25. And that isn't even the full cost of manual invoicing.

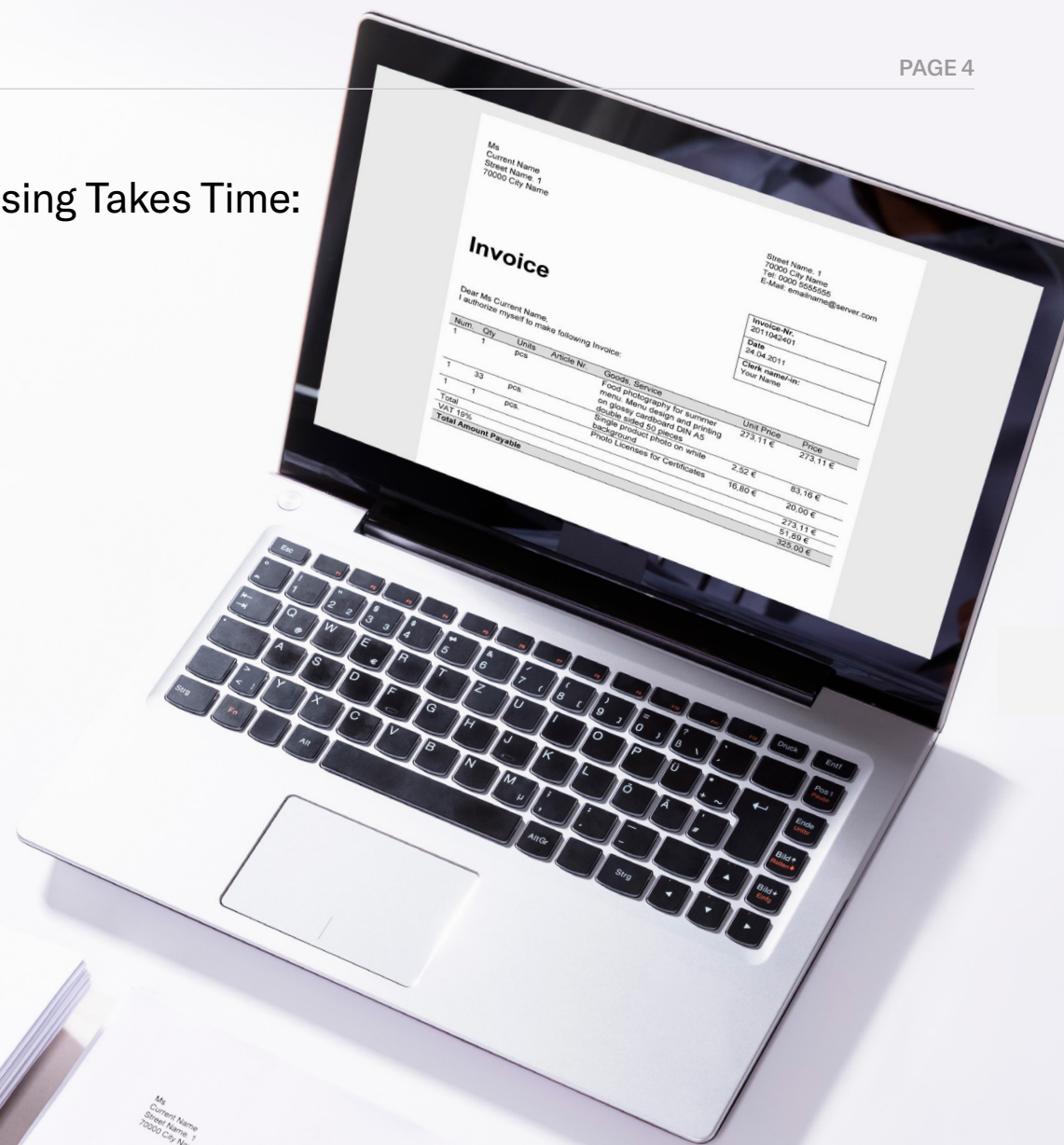
It's important to manage operating costs effectively whether in positive or difficult economic climates. However, that need becomes critical when the economy is on a downturn. So, with that in mind, we must consider the full cost of manual invoicing.



Without a Digital Option, Invoice Processing Takes Time:

1. Invoice is generated
2. Invoice is sent to the buyer
3. Buyer prints out the invoice
4. Buyer enters invoice data
5. Buyer reviews data and approves invoice
6. Buyer writes a check and mails it to supplier

This is a lengthy process that can take 30 to 90 days depending on any errors or discrepancies.



The Additional Disadvantages of Manual AP

- **Employee labor:** The number of employees needed to process one invoice, the hours they spend on invoices, and their hourly rate
- **Paper, paper, paper:** Paper, ink, envelopes, stamps, and additional materials
- **Cost of tools:** The cost of your ERP and any other tools used for invoicing
- **Transaction fees:** Hidden ACH and credit card processing fees
- **Mistakes:** Mistakes made in the data entry stage can lead to redos and delays
- **Payment fraud:** Unprotected payments, unchecked vendor information, incorrect payments amounts, and more
- **Disruptions and breakdowns:** Time-consuming, manual tasks requiring sign-offs and approvals



At the end of the day, these factors add up, especially when added to the initial \$12 to \$25 cost of a single invoice. So, why waste the time, money, or paper for a problem that can easily be solved?

How Manual Invoices Affect Efficiency

While the numerical costs of manual invoices are important to track and understand, there are efficiency costs that need to be considered as well. These costs can range from wasted time to profit leakage that could have otherwise been avoided with a more streamlined process.

When looking into how manual invoices affect efficiency, audit the following:

- How often do late payments lead to extra work for the team?
- What savings are lost due to late payments, resulting in missed early pay discounts?
- Is your AP department having to adjust for incorrect pricing, missed, or unprocessed invoices?
- Do you lack the necessary data for accurate forecasting?

Any of these questions, when answered with a yes or number greater than zero, lead to more work for your team. Those are hours they could be spending elsewhere, helping the business grow rather than trying to recapture lost revenue.



Where Invoicing Is Headed

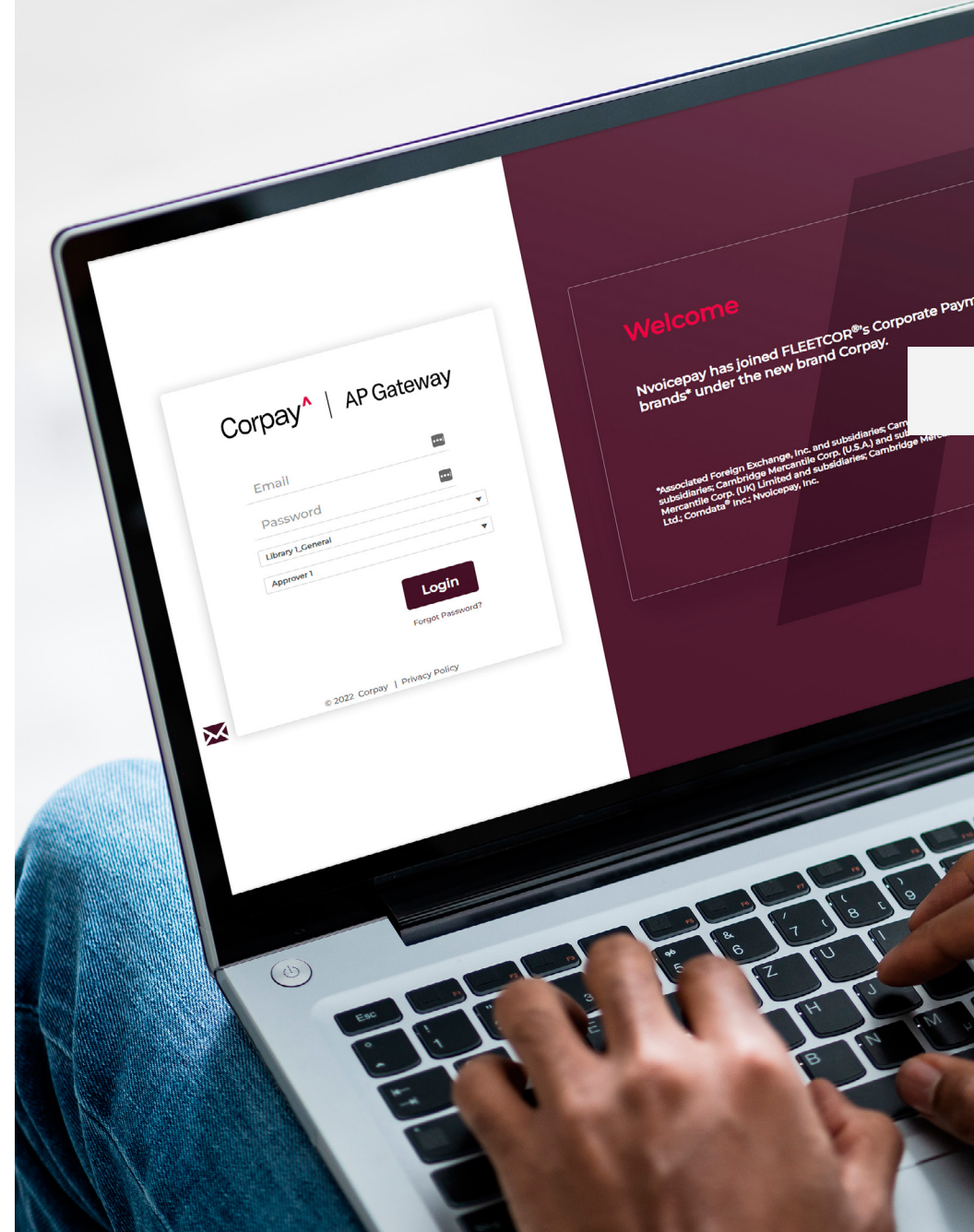
The Future of Invoicing Is Digital, and It's Here

Why focus on these hidden costs and inefficiencies? Simply put, there is a need to adapt right now because the market has decided manual invoices are unsustainable.

Despite manual invoices being the historic norm for many companies, they are now being phased out. Two-thirds of respondents to an Institute of Financial Operations & Leadership (IFOL) survey say their AP processes will be automated by 2025. More findings include:

22% of companies cite delays caused by time spent processing invoice exceptions as their top AP processing challenge

21% of companies said their workers were mired in too much manual data entry



Remote Work Is Accelerating the Reduction of Manual Invoices

The need for automated invoicing increased dramatically as a result of the shift to remote work. Manual invoices don't work well when staff isn't in the office to sort paper, collect signatures, and stuff envelopes.

Keeping these time-consuming processes only adds complexity to already-full workloads. And while that may be a survivable flaw for some industries, it will prevent other companies from drawing talent that is looking for remote, agile work in our new sense of normal.

Manual Invoices May Damage Supplier Relationships

In an economy riddled with supply chain challenges, keeping supplier relationships positive has become an objective companies can't afford to ignore. Consistently paying vendors on time and taking advantage of early payment terms can help businesses improve their supply chain relationships.



In fact, 21% of IFOL survey respondents expressed concern about manual AP processes, such as invoicing, damaging their relationship with vendors and suppliers. That was the second-most common answer, following 30% who cited the stress manual processes created for their AP team.

So, what's the alternative?

Automate Invoices Today, Save Money and Time Tomorrow

Even with a better understanding of the costs associated with manual processes, there is still the question of whether or not automating your invoicing process makes sense for your business.

Four Major Benefits of Invoice Automation

Reduce costs, paper, and wasted time

Remember the \$12 to \$25 cost associated with paper invoices? That cost is substantially reduced with invoice automation. Moving payments from a cumbersome manual process to a more streamlined, automated one is an immediate way to reduce unnecessary spending, create new streams of revenue, and take part in cash rebates that companies like Corpay pay to clients monthly.

Move employees to more value-added tasks

Wasting employee time on low-level tasks is equivalent to wasting money. The management and review of invoices fall under necessary but low-level tasks that can be handled by automated invoicing solutions. Once those tasks are automated, employees can be moved to more value-added tasks that directly impact the business.

Generate new revenue by taking advantage of rebates

Switching to invoice automation solutions can bring rebate benefits along with increased efficiency. Corpay clients, for example, can take part in the \$800 million in cash rebates* that Corpay pays annually to reduce unnecessary spending and create new streams of revenue.

Scale and centralize your AP needs

For companies with multiple AP teams across the globe, invoice and AP automation provide a way to centralize the function. This allows for a more scalable solution that matches where the company is currently without adding additional costs.

*Figure accurate as of FY22



What to Look for When Automating Invoicing

Not All Invoice Automation Solutions Are the Same

When looking into invoice automation solutions, it's important to keep in mind the fact that there are different solutions for different needs. Some providers offer a one-size-fits-all solution that may not have the scalability or customization your company needs. Others may focus solely on invoice automation without additional services like virtual cards, expense management tools, or payments automation.



Selecting the Right AP Automation Solution for Your Business

To make sure you're selecting the right solution for your business, think about the following points:

- Will this solution help my company offload low-value admin tasks, such as data management?
- Does this solution address my specific invoice challenges (e.g., a variety of payment types, multiple payment file formats, etc.)?
- Can this solution grow alongside my company as needs become more complicated?
- Does the solution provider have experience mitigating risk and optimizing needs for specific challenges?
- Will I need additional vendors for other solutions like payment execution, credit cards, or underwriting?

Finding a provider that can check all of these boxes is important not just for the immediate need, but for future growth as well. With manual invoices becoming a thing of the past, it's time to automate and think about the future. **Contact Corpay's in-house payment experts today to discuss your specific challenges and future goals.**



About Corpay

Corpay (NYSE: CPAY) is a global leader in payments, helping businesses of all sizes better track and manage spend. Through its unified spend management platform, Corpay Complete, Corpay offers a range of solutions including Payments Automation, Invoice Automation, Procure-to-Pay, Expense Management, and Commercial Card programs. These solutions empower clients to automate, secure, and streamline business payments while reducing overall costs. An S&P 500 and Fortune 1000 company, Corpay processes 1.9 billion transactions annually and is the #1 B2B commercial Mastercard® issuer in North America. Learn more at www.corpay.com.

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