

WHITE PAPER

THE ROADMAP TO DATA DRIVEN AP

What Does a Data-Driven Accounts Payable Function Look Like?

What does a Data-Driven AP Function Look Like?

These days, innovation is everywhere, and organisations are striving to become “Data-Driven,” but what does this actually mean? My answer is...

“To be Data-Driven means that you let the Data guide your decision-making process.”

Many organisations believe that they are Data-Driven when they are Data-Informed.

Here are the key difference:

Data-Driven	Data-Informed
Decisions are entirely evidence-based	Allows for low levels of data quality
Encourages information to be accurate and up to date	Uses sources of information other than hard data (anecdotal)
Fosters long-term success and innovation	Facilitates a more 'creative' process
Data is trusted and valued accordingly	Can lead to a regressive approach ('gut feel')

The Rise of Data-Driven AP

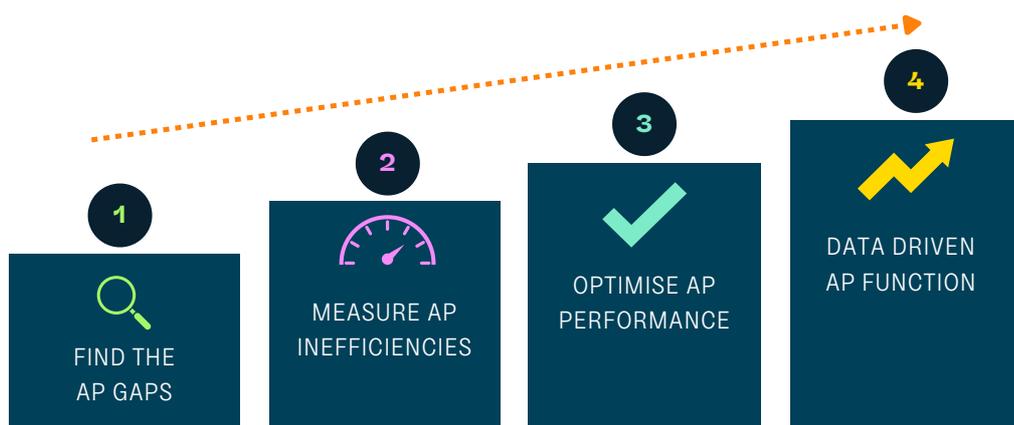
According to the Institute of Financial Management ([IOFM](#)) Effectiveness Benchmark Report 2020, AP automation increased from 66% in 2019, to 73% in 2020. Organisations are closing the gaps in AP data that is disconnected and business unit centric to make gains through automation.

This means that repetitive procedures such as [invoice processing](#), [AP audit recovery](#), and [statement reconciliation](#) can be streamlined to liberate employees to focus on high-value tasks.

Steps to Become a Data-Driven AP Function

There are a certain set of steps to becoming a Data-Driven AP function. Each step is essential to remove inefficiency, reduce risk, and minimise revenue leakage from AP.

This is the journey to Data-Driven AP, which supports the transition of an Accounts Payable function from a cost center into a profit center.

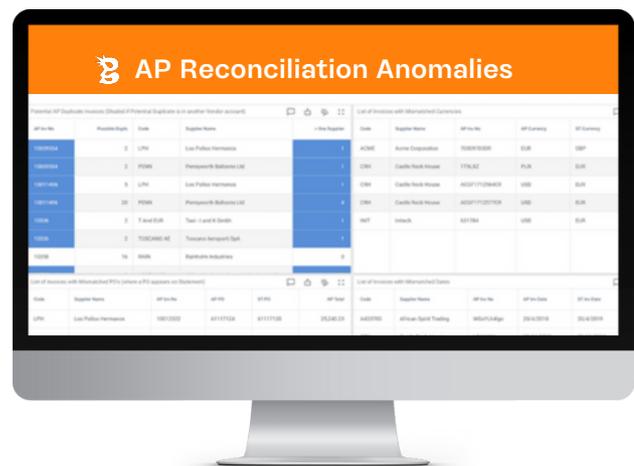


Step 1:

Find the AP Gaps

Detecting anomalies that occur within AP typically leads to 1Million - 1.5Million in revenue recovered per billion spend but analysing vast amounts of transactional data manually is not the way to do it. Having a technology-based approach yields results much faster and operates on a continuous basis as opposed to a periodic audit.

The ultimate solution is to identify the root cause of anomalies and prevent errors from occurring in the first place. This is the starting point for moving from a reactive to proactive approach for AP.



Step 2:

Measure AP Inefficiencies

Processes that involve repetitive, manual AP tasks, such as invoice processing or statement reconciliation are red flags when it comes to efficiency. These can be automated to a high degree, which will improve Data quality and free up time and resources within the AP team.

Contract Compliance is another key focus area, where items like discounts can be missed due to late payments. This is where data can be used to automatically identify lost revenue for recovery, which can amount to 5% of annual spend.

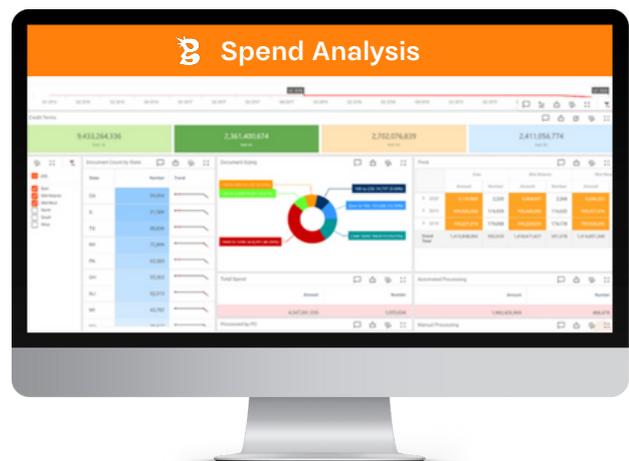


Step 3:

Optimise AP Performance

Vendor Master Data Management is an area that has evolved to become a real opportunity for the AP function to optimise vendor information by having an accurate centralised master Dataset that can be used across the organisation.

This provides the ability to benchmark vendors across industry sectors and identify the right vendors to work with, to maximise value and minimise risk.

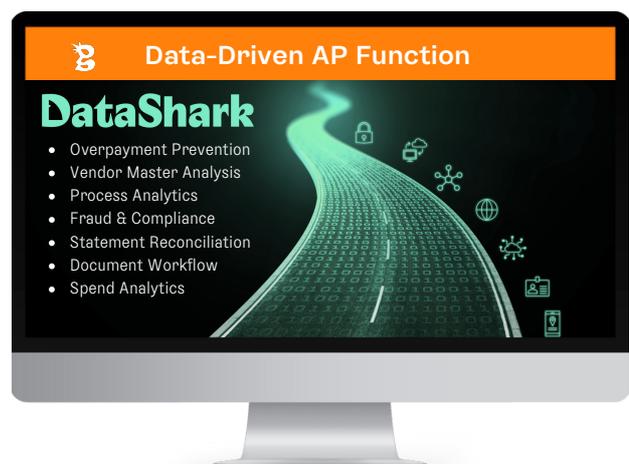


Step 4:

Data-Driven AP Function

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Conclusion

Not every organisation is ready to become Data-Driven, but the roadmap is shorter and smoother than you may expect and AP functions that start the journey are quick to realise the benefits.

The first step is often the most difficult to take, but in this case the destination is well worth the trip. If you are deciding where to begin, reach out to organise a chat.





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