How to Build a Modern and Mobile Mid-Market Finance Department

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EXECUTIVE SUMMARY

Deloitte's latest CFO survey found that <u>more than half (54%) of CFOs</u> report having higher demands from their executive and leadership teams since the beginning of the pandemic. Another 37% said more work is falling under their core responsibilities. At the same time, only one third of CFOs said their company is currently operating at or above pre-crisis levels.

These challenges are even more dynamic for mid-sized businesses, especially those that lacked the budget and resources to digitize operations during the pandemic.

Complicating things further is the rise of remote and hybrid work arrangements. Employees now are working from anywhere and everywhere – a trend that is not going away. In fact, only 31% of CFOs expect the majority of their finance staff to work four or more days on-site post-pandemic.

Together, these challenges diminish finance's ability to mitigate operational risk, improve efficiency and maintain financial control.

The takeaway for financial leaders? Building and scaling an operation that will maintain performance, control and agility requires a commitment to modernize, adapt and digitize.

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10 CHARACTERSTICS OF MODERN, HIGH-PERFORMING FINANCE AND AP TEAMS

High-performing finance and AP teams have a lot common. At the highest level, they embrace a digital and modern mindset that focuses on control, visibility, automation and processes that are strategic and efficient.

What does this look like, specifically? Today's modern financial leaders:

1 **EMBRACE AUTOMATION.**
They recognize that manual and paper-based processes are detrimental to their staff, productivity and the bottom line.

2 **DIGITIZE FINANCE AND ACCOUNTS PAYABLE PROCESSES.**
They connect and collaborate in the cloud to improve efficiency, accuracy and control.

3 **INVEST IN BEST-OF-BREED TECHNOLOGIES.**
They see the explosive growth of innovative business apps and the consumerization of finance and IT as a major opportunity to drive more results and make work easier.

4 **PUT USER-EXPERIENCE FIRST.**
The tools and processes they oversee are simple, user-friendly, modern, and help get the job done faster.

5 **LEVERAGE DATA TO MAKE DECISIONS.**
They recognize the immense amount of data and intelligence at their disposal and leverage insights to make informed decisions, optimize processes, and improve performance.

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10 CHARACTERSTICS OF MODERN, HIGH-PERFORMING FINANCE AND AP TEAMS

6

EMPOWER A WORK FROM ANYWHERE AND EVERYWHERE MODEL.

They enable their employees to work and collaborate wherever and whenever they need to, even from their mobile devices.

7

AUGMENT EXISTING FINANCIAL SYSTEMS AND ERPS.

They augment existing ERP and financial systems – like SAP, NetSuite, Maximo, Sage Intact, and others – with best-of-breed technologies to increase adoption, improve usability and supercharge results.

8

PRIORITIZE SPEED AND AGILITY.

They know the market moves fast. They rely on process automation, cloud connectivity and modern technologies to keep up and get ahead.

9

POSITION THEIR PEOPLE TO THRIVE.

They see their people as their biggest asset. They automate tactical processes and free their teams to focus on strategic, high-value work.

10

DIGITIZE AND TRANSFORM INCREMENTALLY.

They focus on quick wins, showcase value and leverage the results to justify additional investments.

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PLAYBOOK:
HOW TO MODERNIZE
AND DIGITIZE ACCOUNTS PAYABLE

While mastering these ten tenets may seem scary for many small and mid-sized organizations, especially those with limited budgets, capacity and tech expertise, it's easier than it sounds. The key to success is transforming and modernizing incrementally, with a focus on the areas that will reap immediate returns. If you are trying to determine where to start, here are two areas within your accounts payable operations that will deliver immediate return on your bottom line and help you realize the ten characteristics of modern, high-performing finance and AP teams.

START HERE: VENDOR INVOICE MANAGEMENT

The typical mid-market business works with hundreds, and sometimes thousands, of vendors at a time. The result is an endless sea of paper-based invoices, transaction documents and payment confirmations that need to be managed and tracked every day, which leading to increased overhead, lack of control, and wasted time and talent.

The cost to process an invoice manually (depending on your market) can be anywhere from $12 to $30 each time. Let's take the mid-point ($21 per invoice) and imagine a typical mid-market business that processes 500 invoices per month. The estimated cost in this scenario: $10,500 monthly. And that doesn't even account for billing errors, duplicates and exception resolution, all of which add time and cost.

The alternative? eInvoicing. And no, we don't mean a static image or PDF invoice sent via email. We're talking an invoice with live data that can change in real time. After all, there's nothing worse than approving an invoice and then finding out its three weeks old.

You can reject an invoice and immediately receive an updated one, rest easy knowing your system will catch billing errors or duplicates, and ensure you're only spending money on pre-approved purchases and goods you actually received. But most importantly, you can cut invoice management costs by 40 – 50%.

On top of that, AP managers get real clarity on where invoices sit, and what the exceptions are, allowing controllers to close the books faster. The line-by-line visibility eInvoicing provides also enables you to better analyze and monitor business spend. An added bonus: showcasing these findings to the rest of the organization helps turn AP from a back-office function into a visible and strategic business function.

True digital invoicing requires a platform that allows you to quickly interact with vendors to get status updates or address any issues. We've found that when organizations move to eInvoice that enables buyer, supplier communication, vendor calls drop by 50%, as the majority of status calls are either dealing with errors or exceptions. A vendor portal also allows the vendor to manage their information so you no longer have to worry if a billing address, phone number or unit price is accurate. When orders are accurate and free from errors, they can automatically be matched to incoming invoices.

As part of an integrated AP strategy, three-way invoice matching and automated approval processes ensure you only pay for what you buy and receive by verifying payments against purchase orders and invoices.
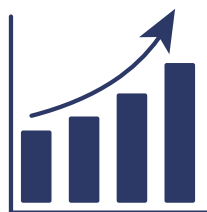
THE HARD NUMBERS: YOU CAN REJECT AN INVOICE AND IMMEDIATELY GET AN UPDATED ONE, BUT MOST IMPORTANTLY, YOU CAN CUT INVOICE MANAGEMENT COSTS BY **40 – 50%**.

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NEXT STOP: ELECTRONIC BUSINESS PAYMENTS

Another manual and paper-based process that's much more time consuming and costly than its worth: business payments. Especially with organizations that are still operating remotely, no one has time to make a trip to the office to check the mail, write or send paper checks, hunt down payments, or wonder when a payment will be approved.

Digitizing payments eliminates the burden with manual treasury processes and increases efficiency and savings – big time. With digital payments, organizations can save 65 – 75% on payment costs.

Digital payments also increase financial control by helping you to keep track of who you're paying, how much you're paying and when. This visibility is key to optimizing cash management, strengthening budget control and cash forecasting and reducing fraud. On top of that, an automated payment process eliminates costly mistakes like misdirected payments or overpayments.

And with the right tool that makes approving a payment or batch of payments as easy as clicking a button on your smart phone, tablet or laptop, your team can truly work from anywhere. Gone are the days of having to manually enter in each payment request, double check for accuracy, send to the appropriate approver and wait for the invoice to be paid. A digital system makes the process seamless.

> "Digitizing payments eliminates the burden with manual treasury processes and increases efficiency and savings – big time. With digital payments, organizations can save 65 – 75% on payment costs. "

INCREMENTAL DIGITIZATION = EXPONENTIAL RESULTS

With all the benefits modern, mobile and automated payments and invoicing processes provide, you'll be well on your way to achieving the 10 characteristics of high performing AP and finance teams. On top of that, modernizing your technology stack and automating these processes will free up your finance team to focus on more strategic initiatives. By eliminating tedious, manual and paper-based processes like mailroom activities, indexing, scanning, scheduling payments and managing vendor invoices, they can now redirect their attention to tasks like analyzing invoice data, spend analysis, preventing fraud and managing budgets and investments.

Digitizing procurement and AP operations is foundational to fostering a modern and mobile mid-market finance department that can thrive in the work from anywhere era. Full procure-to-pay digitization delivers the most ROI, but if that sounds daunting, start the journey with vendor invoices and business payments. This will allow you to digitize incrementally, add value now, and expand over time.

For more information on how you can digitize your finance and AP operations, schedule a demo.

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