

ACCOUNTS PAYABLE BENCHMARKING

Often not tracked, Accounts Payable (AP) performance can have a distinct bearing on working capital, the cost, and effectiveness of the whole procure-to-pay (P2P) process, as well as your company's relationships with key suppliers.

By tracking - and ultimately excelling at - these six critical AP metrics, your AP department will be top-performing. If your department is falling short based on these benchmarks, try implementing one of the tips for improvement. Keep in mind, automation will always be the key to becoming a highly competitive department. Plus, when you automate your AP operations, you also unlock the ability to track your metrics more closely.

	Metric	All Others	Best-in-Class	Tips for Improvement
1	Average Cost per Invoice	\$10.95	\$2.25	Automation lowers invoice processing costs by 80%, according to Ardent Partners' Accounts Payable Metrics that Matter in 2021. With regards to the hard costs, automation increases the number of invoices that each FTE can process for many reasons, including fewer errors, exceptions, and supplier inquiries. Plus, automation lessens costs related to manual operations.
2	Average Processing Time per Invoice	11.9 days	3.3 days	One of the key factors that impacts processing times is the invoice submission method. Paper invoices add several days to the cycle in the form of snail mail, mailroom processing, and manual approval. Migrating to electronic invoicing can significantly reduce processing delay.
3	Invoice Exception Rate	25.5%	10.1%	With e-invoicing, businesses can actively spend less time hunting down additional information and filling in critical data gaps for invoices. This has a cascading effect on other financial measures, including, a faster time-to-process rate, lower costs, and reduced exposure to payment risk.
4	Percentage of Straight-Through Invoices	21.3%	67.1%	To minimize exceptions and increase straight-through processing, you need an automated process for delivering invoices into your AP system, and an intelligent workflow to deal with the inevitable remaining exceptions (which should drop to around 10% or less). It's okay to have some exceptions - a few are inevitable.
5	Suppliers that Submit Invoices Electronically	37.8%	61.9%	If your paper invoice percentage is high, hit pause immediately! Instead, transition to e-invoicing. AP departments that implement e-invoicing realize dramatic savings, increased financial visibility, and greater control of cash flow and working capital.
6	Staff time Spend Responding to Supplier Inquiries	24.9%	13.8%	AP staff time can be wasted spent responding to countless supplier inquiries. Automation reduces the volume of supplier interactions by minimizing exceptions and providing suppliers with access to tools that they can use to track their transaction status.

ABOUT BASWARE

Basware is the only procure-to-pay and e-invoicing solution provider that empowers businesses with 100% spend visibility through 100% data capture. Our cloud-based technology enables organizations to fully manage their spend, mitigate financial risk and reduce the cost of operations via automation. With the world's largest open business network and an open technology ecosystem, we are uniquely positioned to deliver the solution required for Visible Commerce, which provides customers with complete transparency into all the flows of money, goods, and services around the world. A global company, Basware has offices in 14 countries and is traded on the Helsinki exchange (BAS1V: HE). ©Basware 2021

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