



Ardent Partners' Accounts Payable Metrics that Matter in 2022

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Underwritten by:

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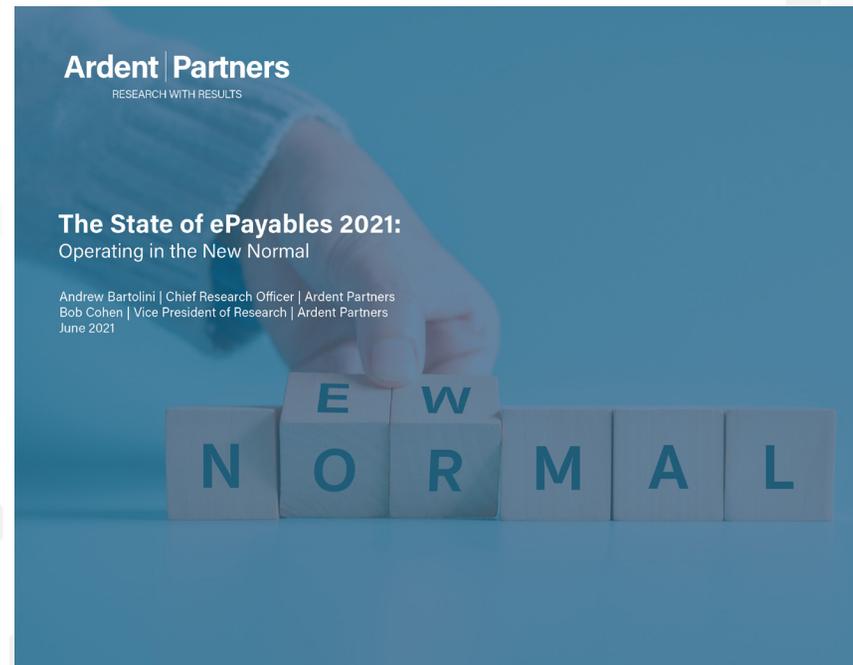
The logo for PRGX, featuring the letters 'PRGX' in a bold, black, sans-serif font. A small registered trademark symbol (®) is located to the upper right of the 'X'. The 'P' and 'R' are connected, and the 'G' and 'X' are also connected. There are some faint, light-colored squares scattered around the logo.

About:

PRGX helps companies spot value in their source-to-pay processes that other sophisticated solutions didn't get to before. Having identified more than 300 common points of leakage, we help companies reach wider, dig deeper, and act faster to get more value out of their source-to-pay data. We pioneered this industry over 50 years ago, and today we help clients in more than 30 countries take back \$1.2 billion in annual cash flow. It's why 75% of top global retailers and a third of the largest companies in the Fortune 500 rely on us. PRGX | See What You've Been Missing™. For more information, please visit <https://www.prgx.com/>.

About This Report

Over the past decade, Ardent Partners has conducted more ePayables market research studies than any other firm or consultancy in the industry. In that time, Ardent has benchmarked thousands of distinct organizations across all phases of the ePayables framework - Receipt, Process, and Pay. Ardent Partners' **Accounts Payable Metrics that Matter in 2022** is a compilation of the industry's best and most widely-used accounts payable benchmarks captured in Ardent's most recent state of the market report: **The State of ePayables 2021: Operating in the New Normal.**



The AP Function is Starting to Sizzle

In 2022, it is clear to a majority of business leaders that the AP department is a value driver within the enterprise. Exactly two-thirds of all business executives believe that their AP team is either “very valuable” or “exceptionally valuable.” These numbers have increased in no small part due to the once-in-a-century global pandemic. AP’s momentum was not impaired by the pandemic; rather, the COVID-19 crisis reemphasized the importance of the AP function to business stakeholders and executives, as well as suppliers.

The idea that “AP is becoming more strategically valuable” has been simmering for the past several years as more finance, treasury, and procurement executives have been able to view first-hand the impact that AP can deliver on an ongoing basis. AP is starting to sizzle.

52%



60%



67%



AP's Biggest Hurdles in 2022

The largest hurdles for AP in 2022 clearly highlight the need for end-to-end automation to manage invoice and payment processing. In fact, this year's top challenges, such as lengthy approval times (57%) and too many invoice exceptions (45%), reflect an even greater need for better overall visibility, management, and facilitation of core AP tasks.

While many AP functions were able to adapt to difficult changes and enhance their operations in the face of unprecedented obstacles, sizable hurdles still exist for the typical AP department. AP's top hurdles this year remain largely tactical in scope and are linked directly to everyday activities like pushing for approvals and managing exceptions.



57% Invoice/payment approvals take too long

45% High percentage of exceptions

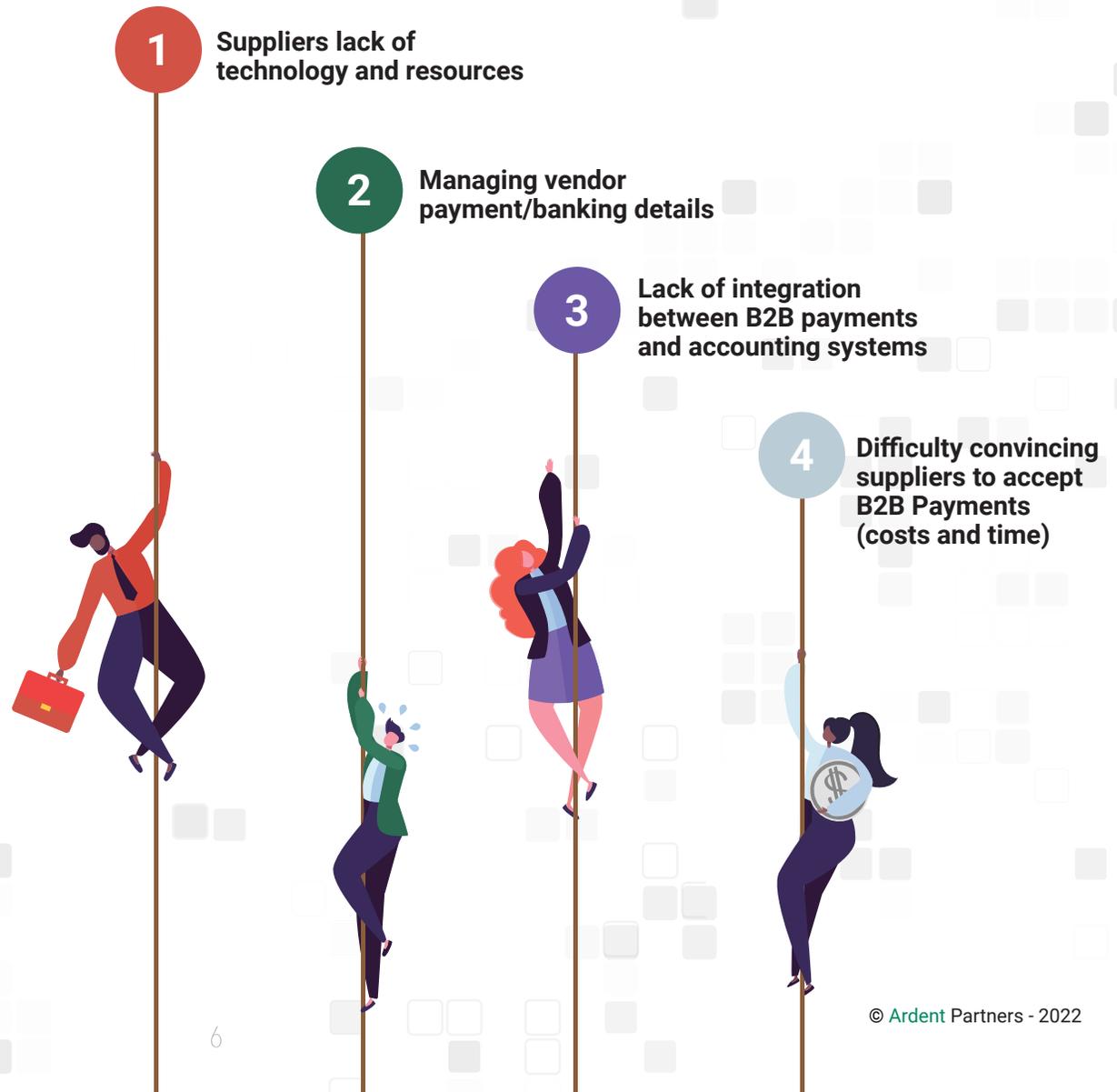
28% Too much paper

22% Manual B2B payments

20% Late supplier payments

Top B2B Payment Challenges in 2022

For the modern enterprise, digital payments simply make sense: they are faster, more secure, accurate, and streamlined than paper checks and other manual methods of payment. However, sizable barriers to greater usage of electronic payments still exist. They are not insurmountable; but, to conquer them, AP will need to improve its communication and collaboration with suppliers in order to promote greater adoption and usage of ePayment solutions.



Percent of Invoices Received Electronically

Paper invoices are receding from today's business world, albeit at a slow pace. The positive news is that for the third year in a row, the majority of invoices received by AP departments are electronic. In 2022, the percentage of invoices received electronically grew ten percent year over year with the average AP organization now receiving 55% of its invoices electronically. The restrictions put in place because of the pandemic had far-reaching implications for most enterprise functions and this no doubt played a part in more companies eliminating paper invoices from their accounts payable and accounts receivable processes.

55%
Invoices Received Electronically



45%
Invoices Received Manually



Electronic Payments Are No Fairy Tale

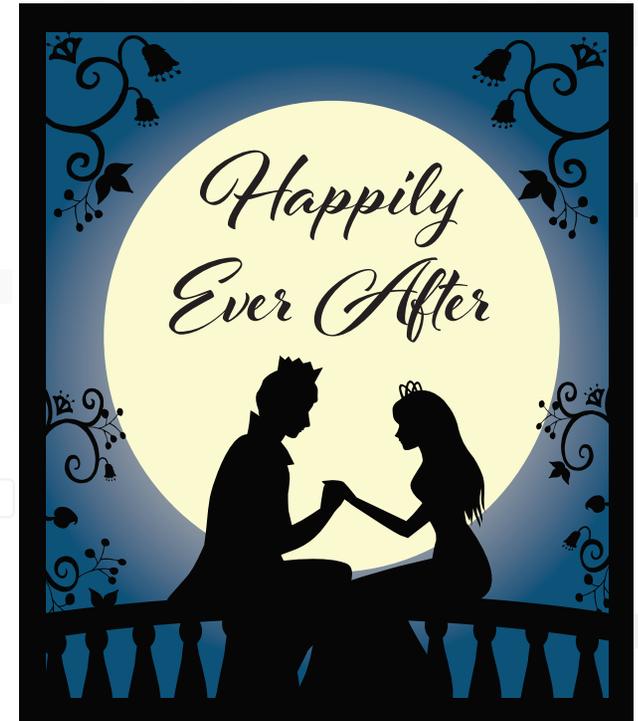
*Once upon a time not long ago,
before the pandemic, when buyers paid slow.
Enterprises paid their suppliers with checks.
And that created many bad effects.*

But, business in 2022 is no fairy tale. It is time for AP to put away childish and inefficient things. The events of the past couple of years have shown us the challenges and dangers of relying on paper checks and manual processes for B2B payments and cash management. Automation of B2B payments is now seen as a way to improve cash management and drive greater financial value to the organization and to many suppliers. Today, electronic payments comprise 60% of all payments made. Ardent Partners expects more buyers (and suppliers) to use them and live happily ever after. The End.

Manual Payments (40%)

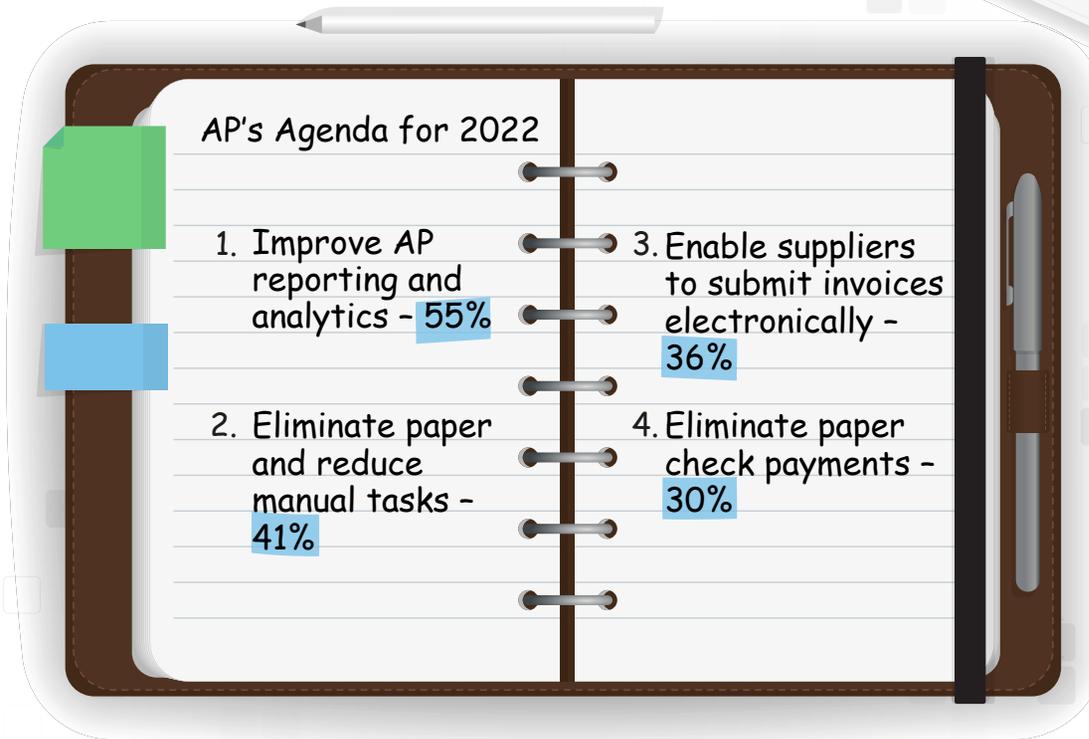


ePayments (60%)



AP's Agenda for 2022

The path forward for AP is clear: become a self-sustaining engine of intelligence and operational prowess, ready to support strategic enterprise endeavors while serving as a source of financial knowledge that can impact heavy, mission-critical corporate decision-making. The goal to provide more and better data (55%) tops this year's AP agenda while reducing paper and human touch (41%) is second. These are followed by reducing the amount of paper invoices received (36%) and eliminating paper check payments (30%).

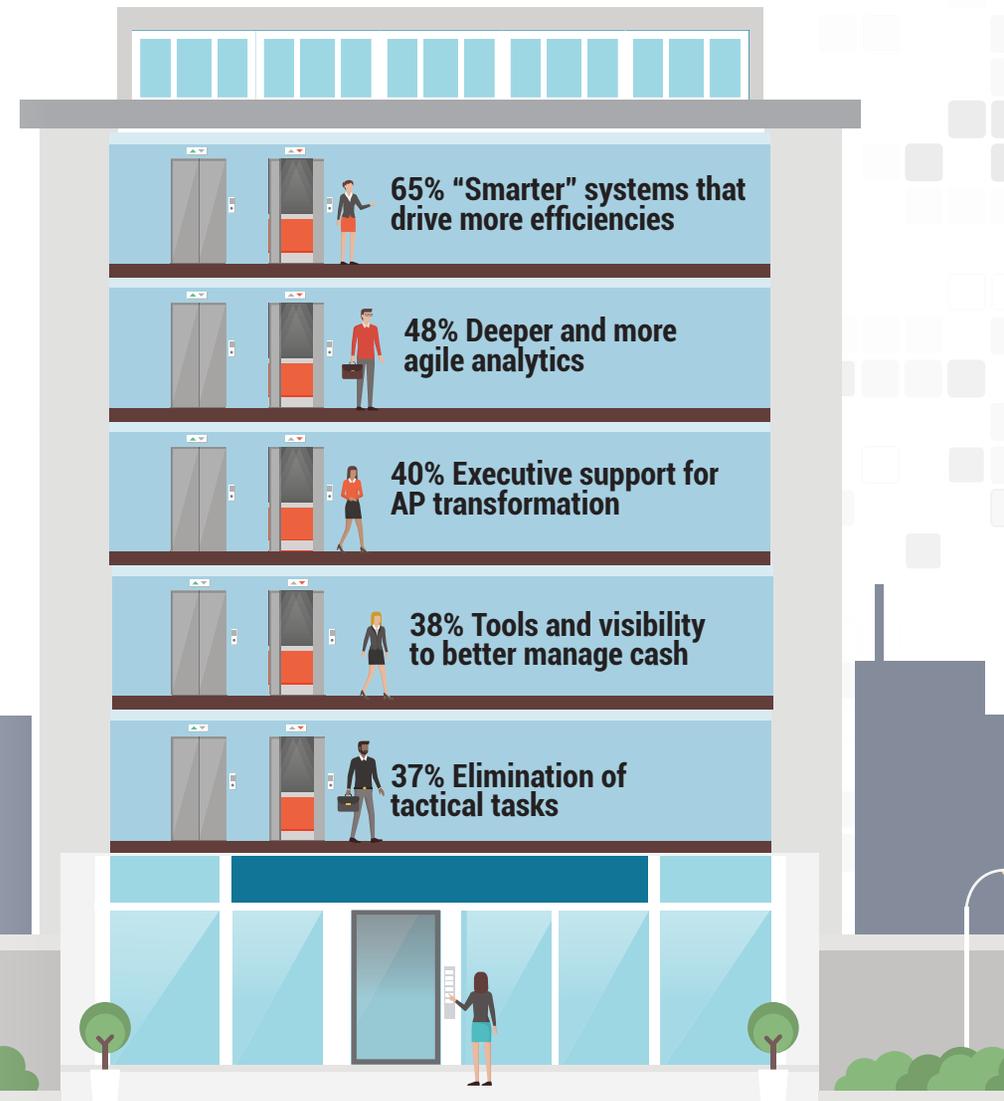


AP's Agenda for 2022

1. Improve AP reporting and analytics - 55%
2. Eliminate paper and reduce manual tasks - 41%
3. Enable suppliers to submit invoices electronically - 36%
4. Eliminate paper check payments - 30%

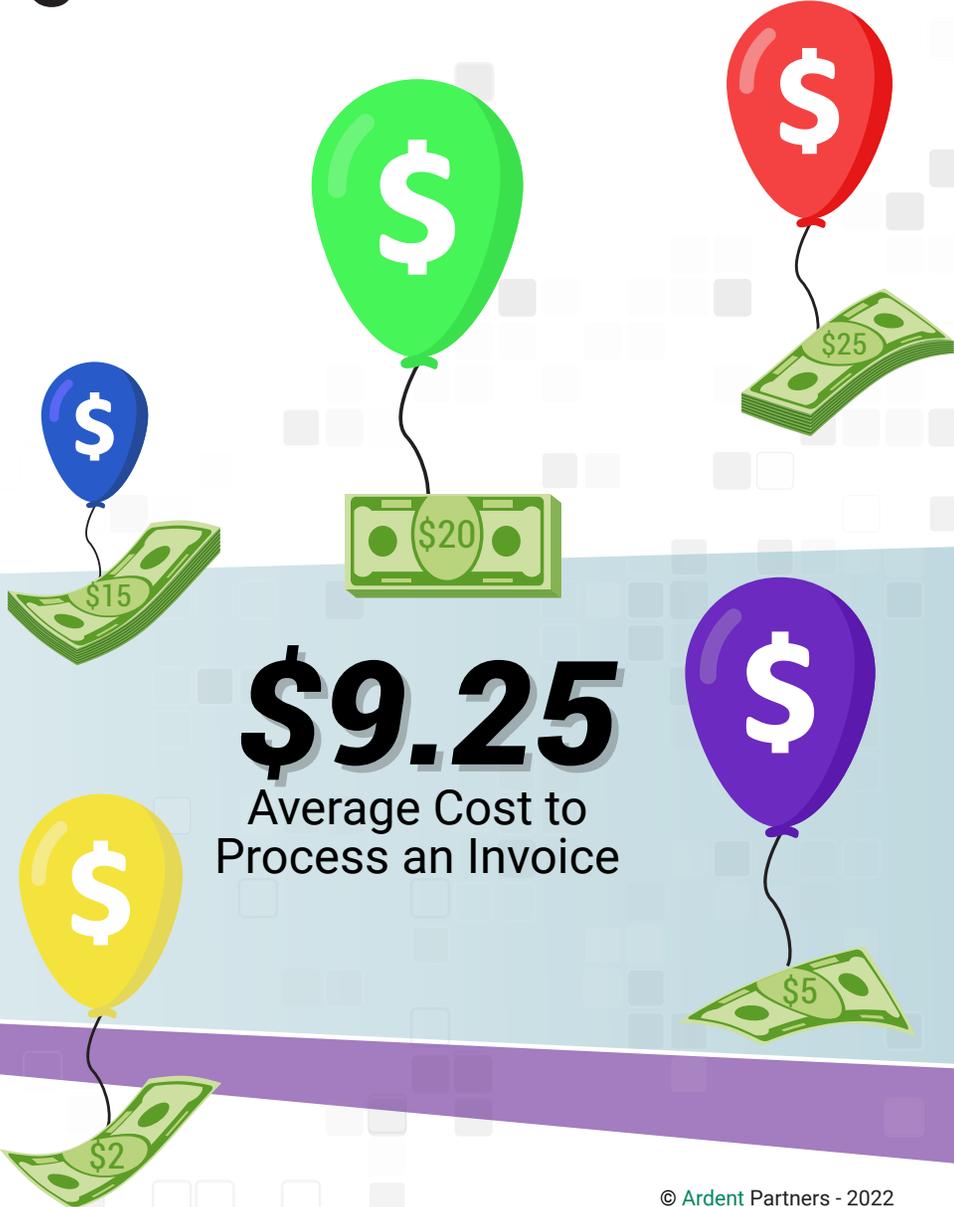
AP Game Changers in 2022

What is needed to vault AP to the next level of success? Two-thirds (65%) of all AP leaders believe that 'smarter' systems are the best way to impact AP performance and drive more efficiencies. Almost half (48%) of AP teams believe that the availability of better, deeper, and more insightful information that can be provided by improved analytic and reporting tools is an absolute game-changer. Additionally, many AP and finance leaders feel that executive support for AP's transformation (40%) as well as the tools and visibility to better manage cash (38%) and the elimination of tactical tasks (37%) can be crucial pieces to help their AP departments improve their performance.



The Cost to Process a Single Invoice

The average cost to process a single invoice (all-inclusive, including labor, overhead, technology, etc.) decreased significantly by 15% over the past year. This reduction is encouraging and hopefully portends an ongoing future trend, but the fact remains that \$9.25 per invoice is very costly and has room for improvement.



The Time to Process a Single Invoice

In 2022, the average time-to-process an invoice (from invoice receipt through to 'ready-to-pay' status) was 10 days, which remained unchanged from the prior year. While the typical AP function continues to work to shorten the amount of time taken to complete the function's core duty, the 10 days it takes for an invoice to process hampers the value that AP can deliver.



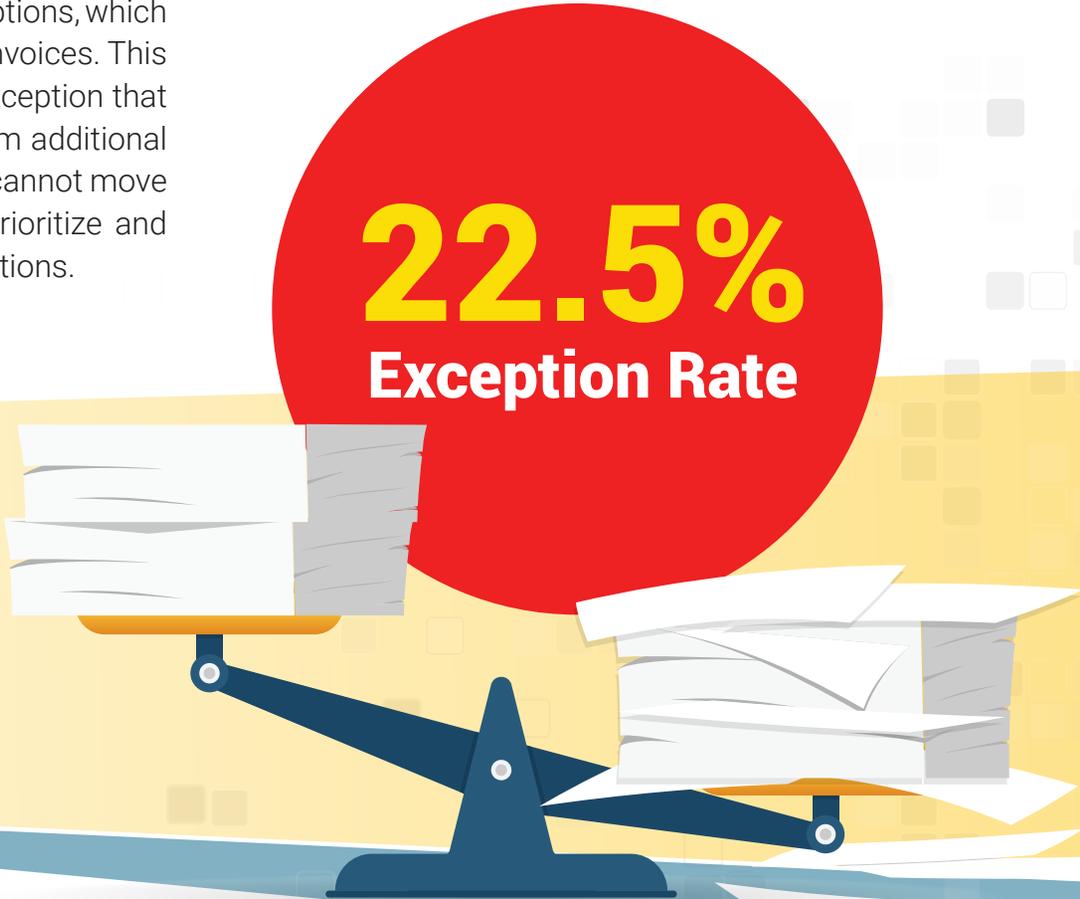
Invoices Processed Straight-Through

Straight-through, or “touchless” processing is defined as an invoice being received and approved with the payment ready to be approved and scheduled without any manual intervention on the part of the AP team. There is enormous value in achieving straight-through processing as it is significantly cheaper and faster than any other invoice approval workflow process and results in huge operational and financial efficiencies. In 2022, 30.5% of invoices achieved this desired ‘touchless’ state which remained, somewhat surprisingly, unchanged from the previous year. This leaves substantial room for improvement by most AP organizations.



Invoice Exception Rate

Accounts Payable staffers in 2022 continue to spend an inordinate amount of time correcting and managing invoice exceptions, which significantly increases the cost and time to process invoices. This past year 22.5% of all invoices were flagged for an exception that required the AP staff to take some action and perform additional work in order to get them approved. The AP function cannot move forward and become truly strategic if it does not prioritize and minimize process-oriented aspects like invoice exceptions.



22.5%
Exception Rate



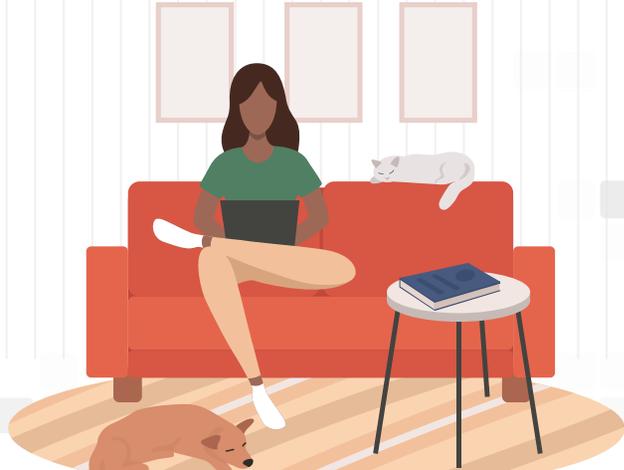
The Cost to Process a Single Payment

In 2022, the average cost to process a single supplier payment (fully loaded costs including AP staff, managerial overhead, facilities, printing, mailing, stopped/void/returned checks, IT support, etc.) is \$8.64. For most AP organizations, the cost to process a payment remains very high and indicates significant room for improvement.



Utilization of 'Gig' Workers on the Rise

According to Ardent Partners research, 46.5% of the average organization's total workforce is considered "non-employee," "contingent," or "extended." The massive shift in talent acquisition that has occurred over the past decade has resulted in an increased workload for AP in the manner of more invoices, 1099 forms, reporting requirements, inquiries, payment flexibility, and other new considerations. To help manage how this new and expanding workforce gets paid, 59% of enterprises in 2022 expect to leverage ePayables technology to support how they pay and manage the agile workforce.



46.5% of today's total workforce is considered 'non-employee'



59% of businesses expect to leverage/utilize ePayables technology to assist in the payment of 'non-employee' workers

The Top B2B Payment Strategies for 2022

When economic and business uncertainty occurs, as it has over the past 24 months, how and when suppliers are paid becomes a prime area of focus for most organizations worldwide. In 2022, more AP and finance leaders are focusing on developing a greater level of sophistication in how they pay vendors. However, when analyzing different B2B payment strategies and the percentage of enterprises that employ them, the numbers indicate that large opportunities to streamline and improve the B2B payment process and better manage cash flow still exist.



Top B2B Payment Strategies for 2022

1. Pay when invoices are due or payments are late - **56%**
2. Pay early to receive discounts - **44%**
3. Earn card rebates - **33%**
4. Extend payment terms with suppliers - **31%**
5. No formal strategy, pay when ready - **28%**

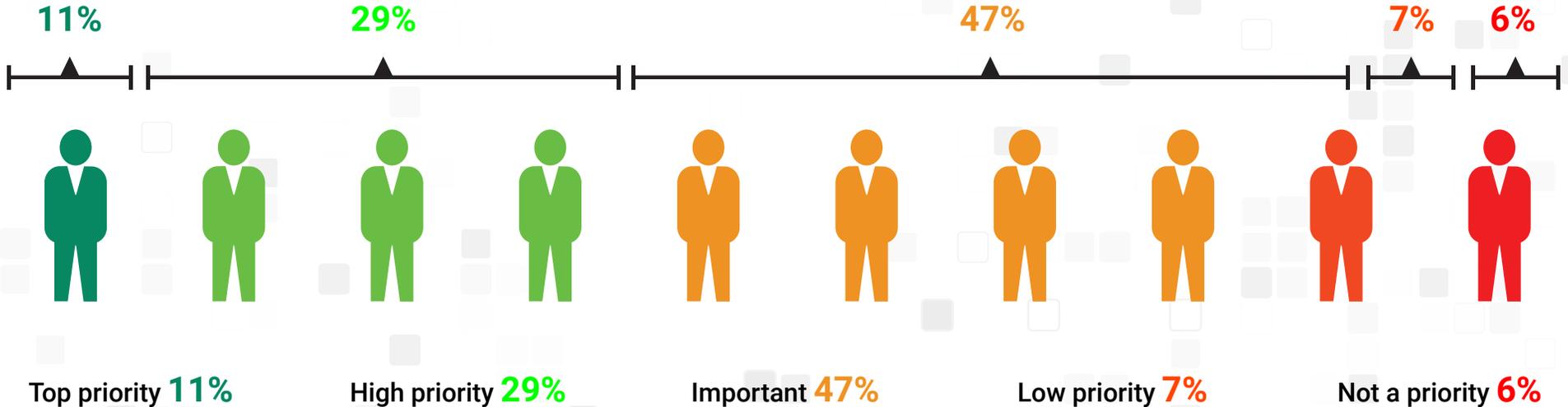
Invoice and Payment Fraud on the Rise

Conducting more business outside of the office and operating as virtual teams has translated into greater IT and data security risks. Over the past two years, fraudsters took advantage of critical vulnerabilities and attempted to steal money from exposed businesses. Ardent Partners research found that nearly four out of ten (38%) of all businesses reported a business payment fraud attack over the past year. Not all attacks were successful but it is clear from the sheer number that the risk of payment fraud attacks will be part of AP's "new normal" and that strategies and tools designed to thwart them will become more important.



The Importance of Supplier Management Programs

Supplier management broadly refers to several individual processes meant to manage and improve supplier information and performance, as well as identify and manage risk. This is an underserved area that is has increased in importance because of the impact that suppliers have on business results, the large number of suppliers that a typical enterprise works with, their geographic location, the volume of data associated with suppliers, commodity and market volatility, regulatory bodies, as well as other variables.



Best-in-Class - Invoice Processing Costs

Ardent Partners defines Best-in-Class performance as the 20% of enterprises with the lowest average invoice processing costs, and the shortest average invoice cycle times.

Invoice-processing costs, as simple and fundamental as they may be, remain a major benchmark for AP performance because the metric reflects the level of efficiency present within the program. Ardent Partners' research has shown that Best-in-Class enterprises focus on core processes and leverage ePayables solutions at a very high rate which results in invoice processing costs that are 80% lower.



**BEST
IN
CLASS**

Best-in-Class
\$2.25
per invoice

All Others
\$10.95
per invoice

Best-in-Class - Invoice Processing Time

Best-in-Class organizations leverage the power of automation and efficiency to improve processes related to invoice receipt, approval workflow, and payment scheduling. Their ability to master the art of tactical financial operations results in an average time to process an invoice that is 73% faster. This not only allows Best-in-Class AP groups to take advantage of more early payment discounts, but also frees staff to assist or support in more strategic financial activity.



All Others
11.9 Days
per invoice

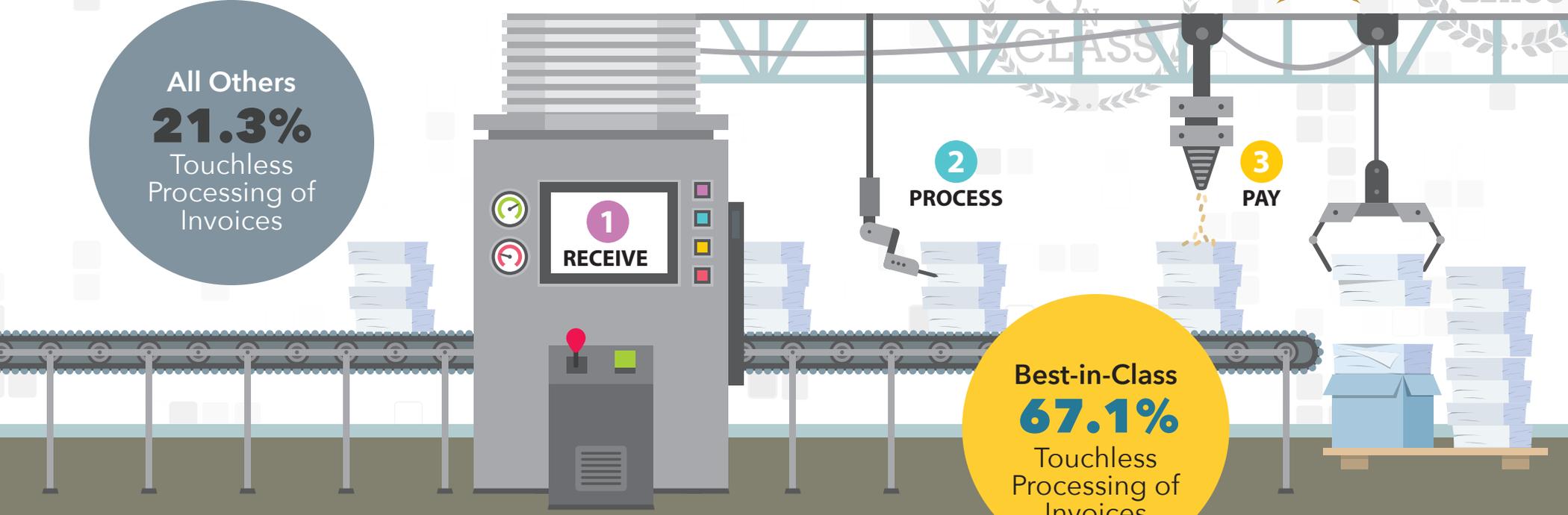
Best-in-Class
3.3 Days
per invoice

Best-in-Class - Touchless Processing

Invoices that minimize or entirely avoid human intervention speed the receipt, approval, and payment processes. This enables organizations to improve efficiencies, lower costs, and increase opportunities to positively impact working capital management. Best-in-Class enterprises have leveraged technology and automated manual processes with amazing results and report a 3.2x higher rate of 'touchless' invoices as one major advantage.



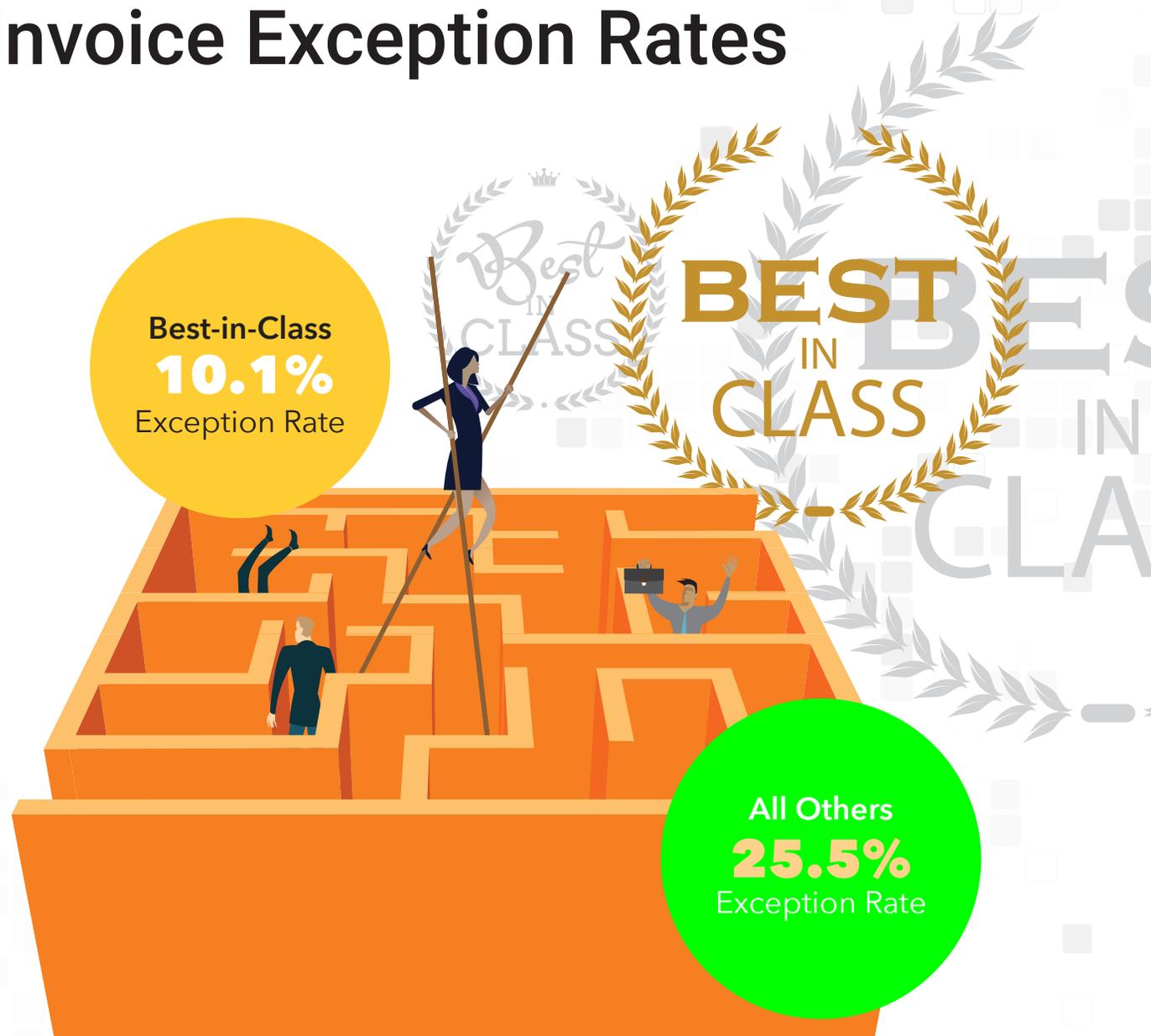
All Others
21.3%
Touchless
Processing of
Invoices



Best-in-Class
67.1%
Touchless
Processing of
Invoices

Best-in-Class - Invoice Exception Rates

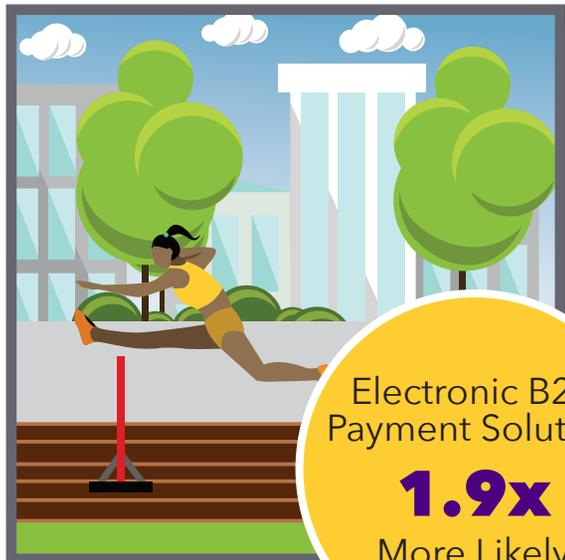
Top-performing businesses are actively spending less of the group's time hunting down additional information and filling in critical data gaps for invoices. This has a cascading effect on other financial measures, including and most importantly, a faster time-to-process rate, lower costs, and reduced exposure to payment risk. Invoice exceptions are the bane of most AP teams and negatively impact their operational efficiency. Best-in-Class organizations are aware of these implications and have taken steps to mitigate their impact. The result is a 60% lower invoice exception rate than that of other enterprises.



Best-in-Class - Electronic Payments

High-performing operations are often praised for their results within the AP arena. The B2B payment capabilities in place at Best-in-Class enterprises are part and parcel of why they are able to achieve the “next level” of financial and operational prowess, and capture more of the emerging business value of electronic B2B payments. Best-in-Class financial management programs are founded on core payment-related capabilities that help improve payment processing and provide deeper intelligence to the enterprise’s executive team.

**BEST
IN
CLASS**



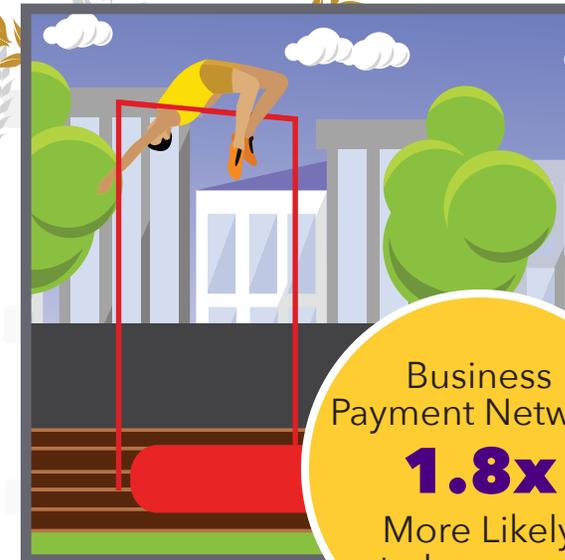
Electronic B2B Payment Solution

1.9x
More Likely to Use



Rich Remittance Information

2.2x
More Likely to Provide



Business Payment Network

1.8x
More Likely to Leverage

Best-in-Class - Time Spent Responding to Inquiries

While it is important to provide suppliers with the information they require, organizations should analyze why suppliers are contacting them and investigate communication and self-service tools, as well as using their systems to automatically communicate key milestones and information regarding invoice and payment processing to directly to suppliers. Best-in-Class AP organizations spend 45% less time responding to inquiries. By minimizing the time AP staff spends on inquiries, AP can focus on more strategic, value-added activities..



Best-in-Class - ePayables Technology Advantage

'While it is true that the bulk of AP organizations have some level of ePayables automation in place - far fewer organizations have broad automation coverage across their full scope of Invoice-to-Pay, P2P, and B2B payment operations. Across the board, Best-in-Class AP teams report greater adoption of automated solutions compared to all other AP teams, by an average of up to 65%. For these market leaders, Electronic Invoicing, Supplier Portals, Complete Procure-to-Pay solutions, Contract\Payment Plan Matching, and Automated Routing and Approval Workflow usage rise above all others. But even these leaders have room for greater technology utilization. Nevertheless, these technologies remain a hallmark of leading AP organizations and a key enabler of Best-in-Class performance.



Best-in-Class - Measurement of Key AP Metrics

While automation is a critical step towards improving performance, it is the level of access and visibility into key performance indicators (KPIs) and the analytical capabilities to understand and act upon that data that enables Best-in-Class organizations to rise above others. Establishing and measuring relevant and actionable metrics (such as invoice processing cycle times, invoices processed straight-through, discounts captured, etc.) provides the opportunity to set, track, and ultimately achieve goals and objectives while providing the key inputs to gather intelligence and drive continuous improvement efforts.

MEASUREMENT OF AP METRICS



**BEST
IN
CLASS**

Best-in-Class - Strategic Multi-Year Plan for AP

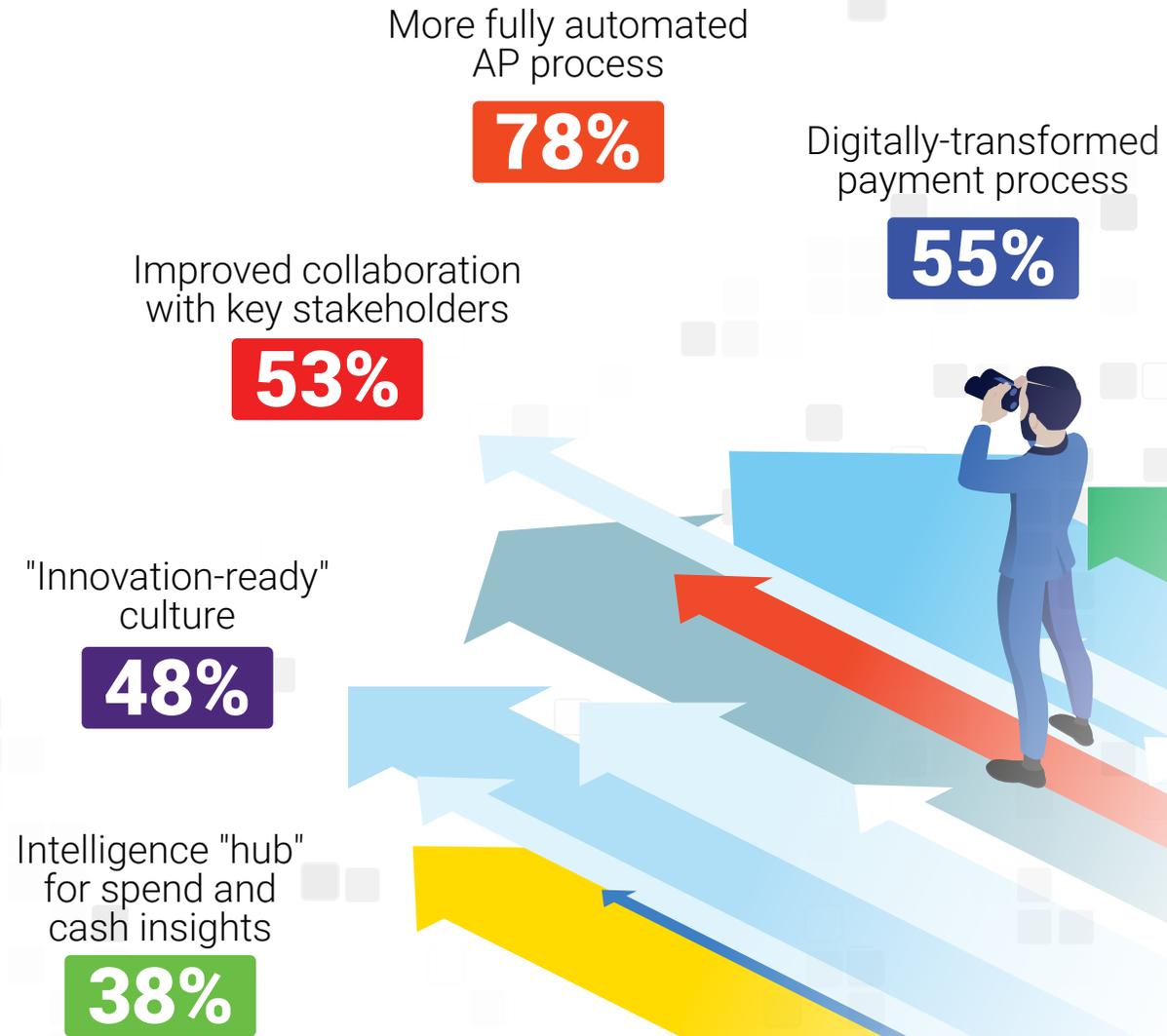
Best-in-Class businesses are 2.3x more likely than all other organizations to have a strategic multi-year plan for its AP function. The messaging here is incredibly clear: to be a strategic internal function that provides exponential value to the greater enterprise, AP must act like it belongs in the pantheon of impactful corporate functions. Those AP functions that wish to become viable strategic partners within their business must collaborate with key stakeholders, think holistically about AP and P2P, and develop a roadmap for automation and innovation.

The **Best-in-Class** are
2.3x
 more likely to have a
 strategic plan for AP



What Will AP Look Like in Two Years?

Accounts Payable will play a critical role in the future of enterprises. Enabling organizational success will require increased automation, the digital transformation of payments, improved collaboration, an innovation-ready culture, and becoming a source of knowledge for the rest of the organization. This graphic represents the percentage of AP leaders who believe that their specific operation will have these attributes in the next two years.



Next-Gen AP: Top Skills Required

The baseline for the current AP staff's total skillsets and expertise is rapidly evolving, especially considering how newer technology is transforming the financial industry. There are more nuanced skills required for the next great generation of AP professionals, including a full view of the P2P process, reporting and analytical skills, a customer service mentality, fraud detection and prevention, understanding the needs of constituents, etc. AP leaders must invest in upskilling and reskilling their staff in order to continue the function's evolution into a strategic asset.



Summary

The last two years have been unlike any we have seen before. The events that have unfolded have caused massive interruptions and changes in both our personal and professional lives. Accounts payable, traditionally seen as a back-office function was pushed into the spotlight and asked to deliver. This meant having to rethink how AP teams operated and the tools they needed to accomplish their mission. For many, a digital transformation was required in order to meet the new demands thrust upon them.

Against this backdrop, AP has never been more important to business operations and business results. Accounts payable has many strategic pathways for success that all have one common thread: pushing AP to be a multi-faceted source of value to stakeholders beyond the finance team. By shoring up transactional inefficiencies, developing repeatable and scalable processes, and providing deep and actionable intelligence to key executives, AP can finally fulfill its destiny as a group that is called upon to deliver value as the business world around them continues to evolve and change and the “New Normal” takes shape.

Demographics and Methodology

Report Demographics

The research in this report is drawn from 187 respondents representing the following demographics:

Job Function: 41% AP; 23% P2P; 18% Finance; 12% Procurement; 6% IT

Job Role: 20% VP-level or higher; 31% Director-level; 23% Manager-level; 26% Staff-level

Company Revenue: 53% Large (revenue > \$1 billion); 26% Mid-market (revenue between \$250 million - \$1 billion); 21% Small (revenue < \$250 million)

Region: 73% North America; 27% EMEA

Industry: More than 20 distinct industries are represented. Manufacturing, Healthcare, Financial Services, Technology, and Retail are the largest industries in the survey pool; no industry represents more than 15% of the overall survey respondents

Research Methodology

Ardent Partners follows a rigorous research process developed over years spent researching the accounts payable market. The research in this report represents the web-based survey responses of 187 AP and finance leaders captured between March and May, 2021 and includes direct interviews with several survey respondents. These 187 participants shared their strategies and intentions, as well as their operational and performance results to help us define Best-in-Class AP performance and understand what levers the leading groups pull to obtain their advantage. This primary research effort was also informed by the experience and analysis of the report author and the entire Ardent Partners research team. Complete respondent demographics are included to the left.

About the Authors



Bob Cohen, Vice President, Ardent Partners

A seasoned professional with more than 20 years of experience helping enterprises transform their Procure-to-Pay operations. In recent years, Bob has become the industry's lead analyst covering AP and ePayables. At Ardent Partners, Bob heads up the ePayables practice which includes coverage of accounts payable, B2B payments, business networks, and travel and expense management. Prior to joining Ardent, Bob spent 12 years working as a Vice President at Basware, where he helped establish the firm's U.S. presence in the AP automation and Procure-to-Pay spaces. He has also worked at American Express where he enabled the commercial card giant better align its products and services with a continually evolving market.

Over his career, he has helped hundreds of AP and P2P teams achieve Best-in-Class performance via their use of ePayables, B2B Payments, P2P, and Business Network solutions. He is a sought after speaker having given hundreds of presentations at industry conferences, user group meetings, webinars, and customer-facing events. He is also the publisher of [Payables Place](http://www.payablesplace.com), the news and research site for Accounts payable and Finance leaders (www.payablesplace.com). Bob holds a B.A. in Marketing from Bryant University and an M.B.A in Finance from The University of Connecticut. He welcomes your comments at rcohen@ardentpartners.com



Andrew Bartolini, Founder & Chief Research Officer, Ardent Partners

With 23 years in the industry and 13 years leading the charge at Ardent Partners, Andrew Bartolini is a globally-recognized expert in sourcing, procurement, supply management, and accounts payable.

As the Chief Research Officer at Ardent Partners, Andrew oversees all research and client programs including the annual State of the Market and Metrics that Matter eBook Series', Technology Advisor Reports, Ardent's monthly webinar series, as well as its in-person and virtual CPO Rising Summits.

Andrew is also the publisher of CPO Rising, the news and research site for Chief Procurement Officers and other procurement leaders (www.cporising.com) and the host of the industry's exciting new podcast, Procurement Rising.

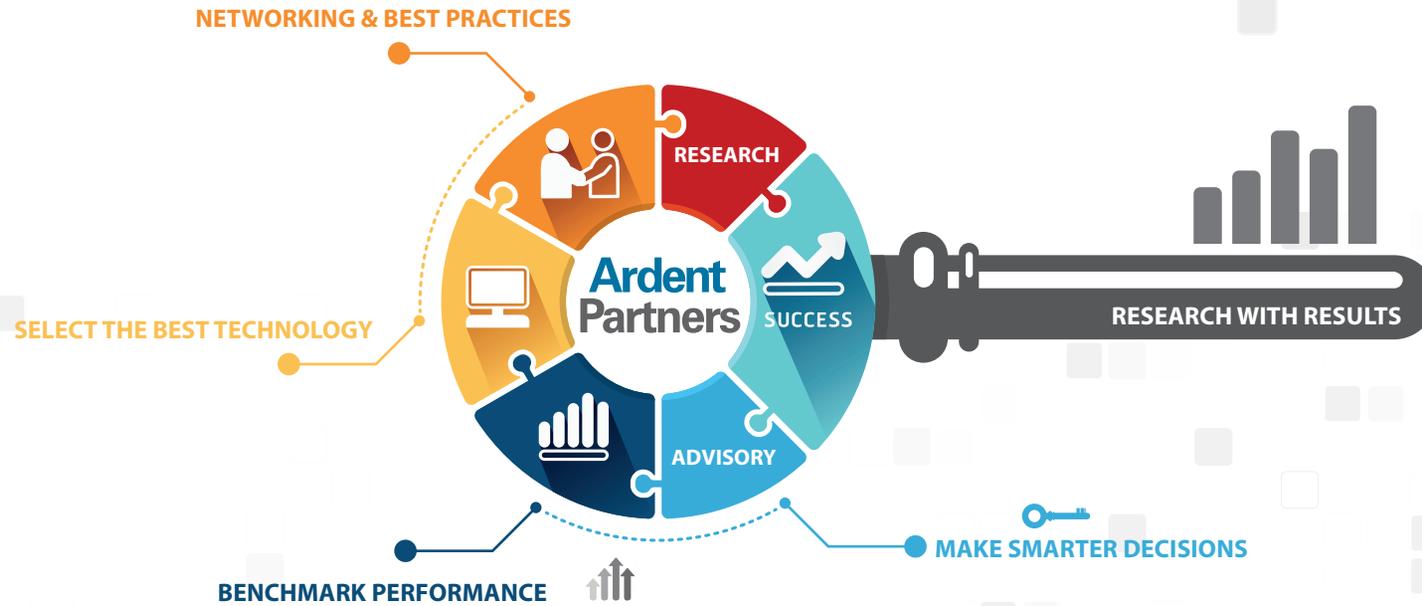
Advisor to corporate executives and leading solution providers alike, Andrew is a sought-after presenter, having lectured and presented more than 525 times in nine different countries. Over the past decade, Andrew has benchmarked thousands of enterprises across all facets of their sourcing,

procurement, supply management, and accounts payable operations and his research is currently part of the Supply Chain/Management curriculum at several US universities. He actively covers the technology marketplace as well as trends in sourcing, procurement, supply management, and accounts payable and has been published or quoted in leading business publications including The Wall Street Journal, Business Week, Investor's Business Daily, Forbes, and Fortune, as well as the major trade publications focused on accounts payable and supply management.

Prior to becoming an industry analyst, Andrew developed, packaged, deployed, and used supply management solutions on behalf of enterprises in the Global 2000 while working for several prominent spend management solution providers. Additionally, his experience in strategic sourcing (where he managed sourcing projects totaling more than \$500 million in aggregate client spend), business process transformation, and software implementation provides a "real-world" context for his research and writing.

Andrew's post-MBA work started in management consulting and investment banking where he structured, managed, and advised on large capital market transactions. Andrew began his professional career running a homeless family shelter in Los Angeles. He welcomes your comments at abartolini@ardentpartners.com or 617.752.1620.

Ardent Partners: Research with Results



Ardent Partners is a research and advisory firm focused on defining, and advancing the supply management strategies, processes, and technologies that drive business value and accelerate organizational transformation within the enterprise. Ardent Partners was founded in 2010 by Andrew Bartolini.

Ardent Partners actively covers the supply management marketplace and produces research to help business decision makers understand (1) industry best practices and how to improve performance & (2) the technology landscape and how to identify the best-fit solution(s) for their specific budget and requirements.

Contact research@ardentpartners.com if you have any questions about this report or our research in general.

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Market ▲ 0.5 ▼ 0.12

Oil ▲ 2.45 ▼ 0.96

Forex ▲ 3.6 ▼ 1.65

Gold ▲ 0.02 ▼ 0.25

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