VIC.AI

HOW TO FUTURE-PROOF YOUR FINANCE TEAM WITH AP AUTONOMY

Go beyond digitization with AI-powered automation

# WHY AUTOMATION HAS BECOME A MUST-HAVE

As organizations build more digital literacy and skills, they reach new levels of digital maturity and to stay ahead, automation technology has become a must-have regardless of industry. With automation in place, businesses can free up and better allocate resources toward areas of greater value, such as providing better-informed, data-driven strategic input or innovative ideas.

The nature of finance and accounting tasks, being repetitive and predictable, makes them well-suited for automation, which is a tool often used for identifying patterns and applying that information so that it is less likely to miss discrepancies or anomalies. A new study performed by *STRATEGICCFO360* revealed that the majority of finance leaders are investing in automation technology to stay competitive in the face of a tight labor market and rising operational costs.

58%
Plan to invest in automation
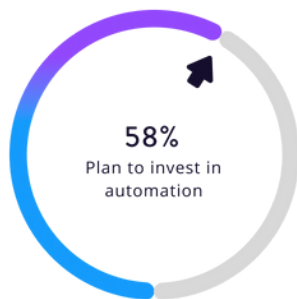
The plurality of CFOs recognizes the value of automating the finance function, and 58% plan to increase their investment in automation over the next 12 months, with nearly half expecting to achieve their goals within the next two years

Modern invoice automation tools featuring new capabilities like AI help companies tackle problems beyond going from paper to digital. It enables finance leaders to leverage new technology to address the entire AP process, increase ROI and capture additional savings.
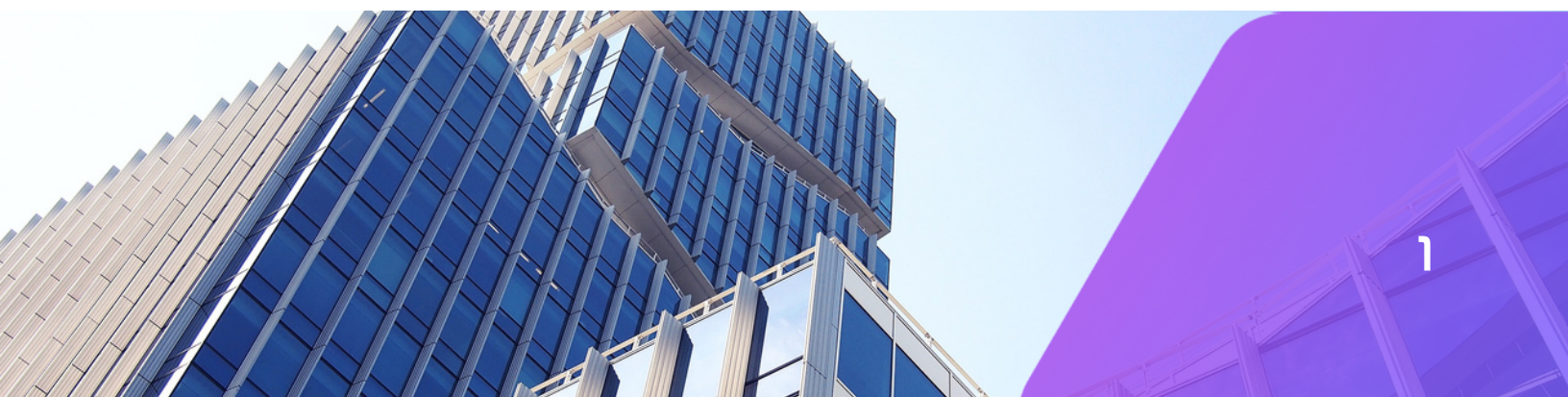
YOUR AP IS NOT FULLY AUTOMATED

It's a misconception to define invoice automation as the process of converting paper invoices to digital. Digitization is only a part of the process, and there is more to gain from invoice automation. Improving cycle times to payment, cost reductions, and other options for capturing savings are just a few of the benefits invoice automation brings. Metrics like Optical Character Recognition (OCR) accuracy rates and percentage of electronic documents just cover a part of the steps to invoice automation.

AP automation technologies that use Robotic Process Automation (RPA) and OCR- driven solutions can still be very labor-intensive and not as automatic as they promise. Due to relying on rules and templates, they depend on the AP team to write new rules or retrain OCR-driven solutions when a new vendor is added or a new invoice format should be processed. The extensive overhead costs of managing solutions that need extra staff to maintain and retrain templates make the ROI gains marginal, resulting in an AP process that is far from fully automated.

Technology advances with the use of AI and Machine learning, a subset of AI, allow intelligent invoice processing that reduces human touch points across the AP process. It doesn't require rules or templates and reaches high accuracy rates from the start, due to pre-training the algorithms with historical data. Over time, the system learns and improves to the point where a large percentage of invoices can be processed entirely autonomously. This means invoices can be paid and posted to the GL in the ERP system without any human touch.

INVOICE PROCESSING WITH RPA VS. AI TECHNOLOGY

RPA - Driver-assisted		AI - Fully autonomous
Reads structured data	DATA	Reads unstructured data
Relies on rules/templates	EXECUTION	Goes beyond execution to thinking
None - outputs data	PREDICTION	Predict next steps autonomously
Limited to set structure	ADAPTION	Figures out workflow in a new environment

The next level of automation, or even full AP autonomy, requires a deeper integration into source procurement and accounting systems to access key data and documents to perform validations and analysis. As outlined below, that access, along with AI, smart workflows, and analytics, unlock new levels of automation to drive efficiencies and increased productivity.

Source: Gartner Advanced Accounts Payable Invoice Automation, 2021
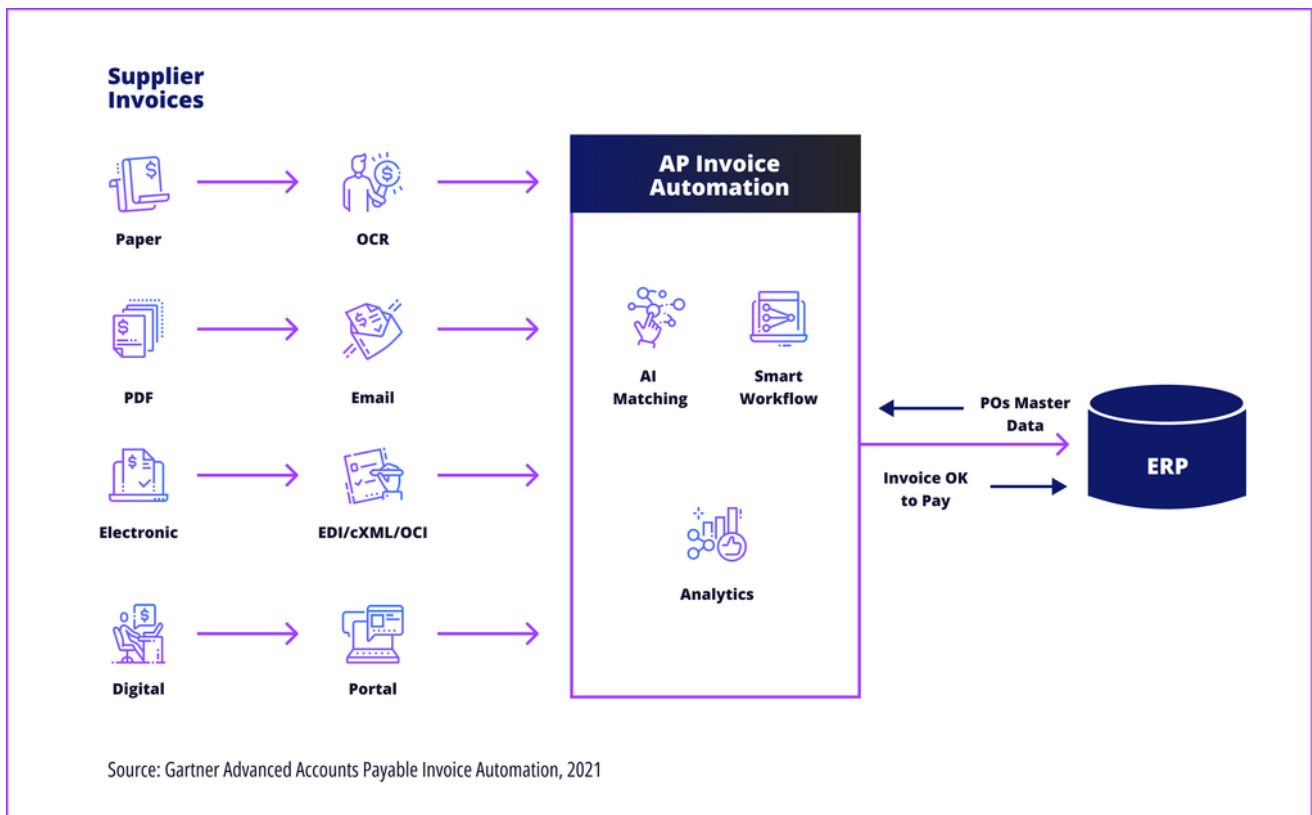
THE BENEFITS OF TRUE AP AUTONOMY

90% of CFOs who participated in the *STRATEGICCFO360* survey agree that the top objective when investing in technology is increasing efficiency and productivity. One major advantage of higher efficiency is giving AP processors the tools to post invoices with speed and accuracy. *One study from* <u>*Stanford University*</u> revealed productivity declines sharply when workers are forced to work more than 50 hours per week. Imagine coding or correcting templates for hours - your mind is numb, and processing invoices becomes more difficult. <u>46% of AP teams</u> report working longer hours to process higher volumes. 26% of those AP teams are adding automation in response to rising invoices, preventing burnout and productivity loss. But it doesn't end there.

FASTER INVOICE PROCESSING.

HSB, the Nordic region's largest real estate company, is saving 60,000 hours per year by automating manual invoice processing. AI is helping a typical company reduce invoicing processing time by 80%

IMPROVED ACCURACY.

Accounting AI takes out the guesswork of processing thousands of documents with 97-99% accuracy. (How accurate are humans after keying in the data for their 50th invoice of the day?)

HAPPIER AP TEAMS.

When asked why they want to implement AP innovations. 70% of surveyed AP professionals say the want to reduce the time required to process invoices and 68% note interest in reducing manual processes. According to Vic.ai customer, Margareta, Director of Accounting operations at Higher Ground Education, "The AP team loves it! It really helps them to become reviewers instead of processor (of data entry)."

CLEANER AUDIT TRAILS.

All-in-one AI solutions result in cleaner AP data, which makees for complete audit trails and a quicker and easier audit process.

BETTER DECISION-MAKING.

Leaders can make better-informed financial decisions, faster than ever before, with trusted, real-time data illustrated on customizable dashboards.

DOUBLE CODING, ELIMINATED.

AI allows HSB's AP teams ditch the double-coding required by their separate optical character reader (OCR) and outdated AP software. With one system, invoices are conveniently uploaded to Vic.ai, and the AI ingests the documents and codes them for the accountants.

LABOR CHALLENGES, SOLVED.

Hiring is no easy feat in today's tight labor market. With AI, companies can scale their accounting capabilites without the need for more employees.

HOW DOES VIC.AI TRANSLATE TO ROI?

355%
Increase in invoice processing capacity per FTE

80%
Less time spent on processing invoices

FIND YOUR AUTOMATION-TECHNOLOGY MATCH

When looking at which part of the business to focus digitization efforts on, a good starting point is to identify bottlenecks or where there is a lack of control due to manual processes. Due diligence should follow this to find a suitable automation technology partner.

The most common challenge faced by CFOs when automating the finance function is integration with their current systems, according to 61% of CFOs, *STRATEGICCFO360 survey.*

The critical steps when evaluating automation solutions can be summarized as follows:

- Determine the department or the process' critical needs
- Identify the options on the market and assess them based on set criteria for what the technology should solve
- Ask for proof of concept, case studies and references (see the outlined Buying Process)
- Determine integration needs and if the selected system works well with the existing tech stack
- Evaluate if you have the right talent in place to implement and run the technology—or if it will require training, upskilling, or recruiting new talent

THE BUYING PROCESS

Seeing as automation technology that offers true autonomy is more recently being adopted within finance, the chances are there is limited or no experience in buying this type of technology in the past. The typical buying process can be divided into three sections; technical, business case and commercial. Only when those three align, a purchase order should be placed.
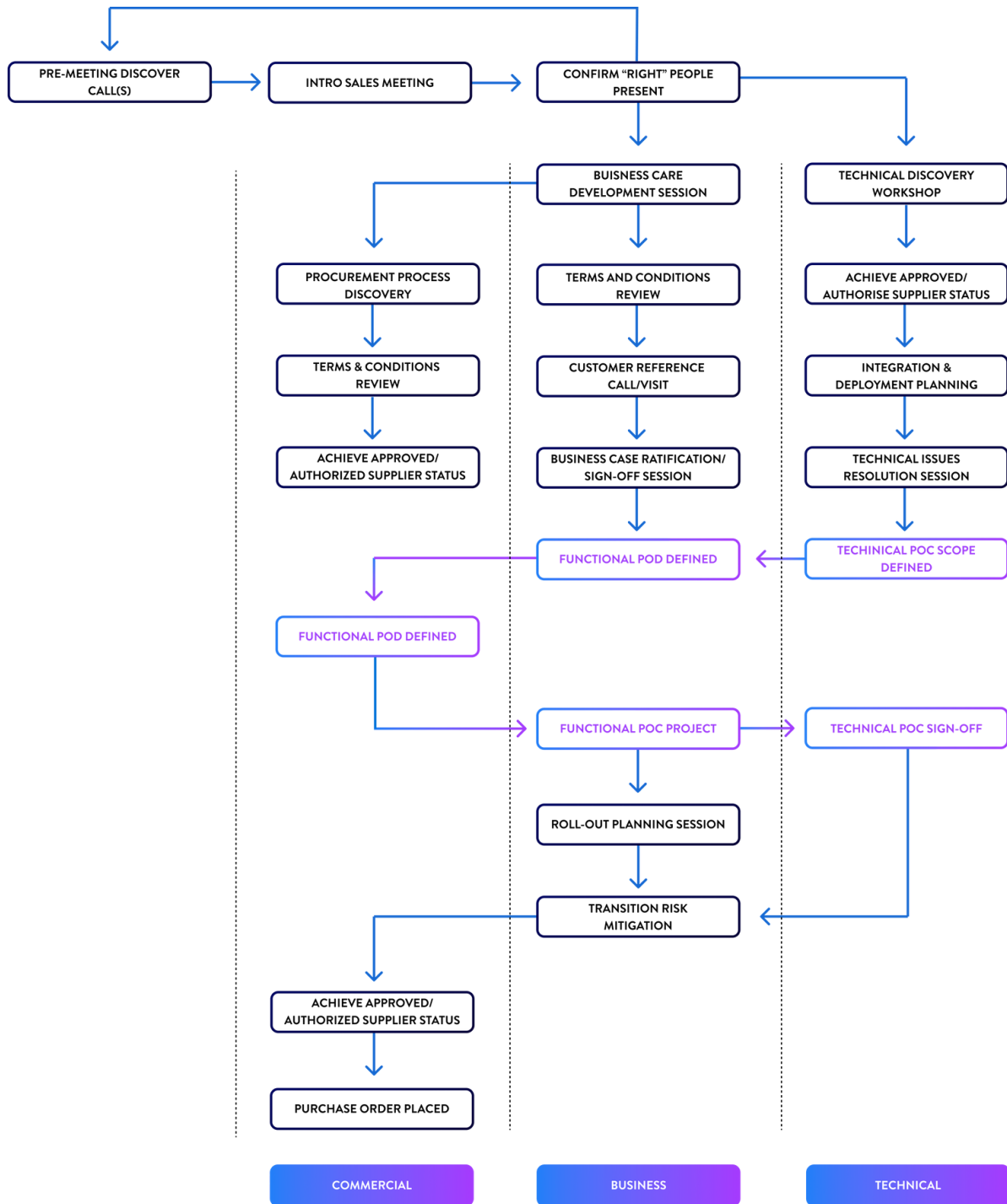
GET BUY-IN INTERNALLY

Even as cloud solutions that use AI, don't require cumbersome onboarding and starting costs, unlike RPA solutions, getting the buy-in from all the stakeholders within the company is crucial in your digital transformation journey. Finance leaders need to lead the way by defining a north star for adopting automation, and set clear expectations for effective change management.

Key considerations for change management in technology adoption:

- Identify and equip your early adopters to become ambassadors. Once leaders have identified their chosen team members, they should provide the tools they need to serve as ambassadors for change throughout the organization. Their fluency in the new technology, paired with their enthusiasm for change, will make them ideal teachers and go-to troubleshooters—helping to ensure swift adoption across the board.

- Identify individual skill sets and re-train accordingly. Automation already liberates accountants and clerks from manual tasks, freeing them up for value-adding cerebral work. The best leaders plan accordingly by identifying and training employees to take full advantage of that newfound time. To guarantee success, department leaders should work alongside HR to provide training that helps their team members reach their full potential and focus on their strengths.

- Implement a culture with an embrace-the-change mindset. Change is inevitable, and without it, progress is impossible. No matter how well a company prepares, there will always be some degree of fear associated with change. Leaders can avoid much of the resistance associated with change by helping employees feel respected, heard, and understood. Help them believe in the positive change coming. While daunting, automation is not slowing down—and it will open doors we never knew existed.

Prepare for change management. It doesn't end once a new system or technology is deployed; that's just the beginning of successfully adopting new technology.

BUILD RESILIENCE FOR TOUGH TIMES

As the economy is contracting, and borrowing is more expensive than it has been in over a decade, it's even more important to make wise investment decisions. In addition to directly saving companies money in terms of labor costs, automation and in particular AI, also poses benefits in terms of data and analytics.

> While increasing efficiency and productivity is by far the leading objective for CFOs to use automation, over half of CFOs are also seeking to generate more insights, *STRATEGICCFO360 survey.*

AI gives finance leaders visibility into data across business units and provides valuable insights in spending data and buying patterns. The AI can decipher how tasks can be executed more efficiently, identify process bottlenecks, and proactively recognize potential inaccuracies or issues, such as flagging pending due dates to avoid late payments. Without automation, teams would catch these discrepancies after the fact, if they catch them at all, which is often too late to address the root causes.

Before leveraging AP automation software with analytics, finance teams are often left to guess how many invoices are processed with no human touch, the time per invoice, or the time per invoice per FTE. If you don't have insights into each employee's performance, how can you give them reliable feedback that will help them improve critical skills or tasks?

While automation is great for streamlining processes, data intelligence is the foundation for making informed, strategic decisions to identify growth opportunities. This allows for smarter and faster business responses and greater business resiliency.

PITFALLS TO AVOID

In closing, the success or failure of going beyond digitization and implementing automation into finance operations can hinge on a few key factors. A thorough 5-step assessment ahead of an automation project can mitigate challenges and roadblocks as the technology is deployed.

1. Align the organization's automation strategy with its business priorities
2. Identify which processes are already automated, but still inefficient
3. Prioritize tasks according to how much time your team allocates to them each month
4. Evaluate automation solutions for their functionality, scalability, and interoperability
5. Assess the solution's user experience (UX) to ensure optimal utilization by employees

Finance leaders going beyond digitization and adopting AI-powered automation are on the path to true autonomy, breaking away from the pack and positioning themselves to win. Are you one of them?

Book a live demo to get your free 20 minute AP process audit.

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