tipalti + **Acumatica** The Cloud ERP

The Last Mile of Acumatica
Payables Transformation Strategies

ERPs Are Maps
Not Modes of Transportation

In a growing business, ERPs like Acumatica are critical for tracking finance and accounting. They function as the system of record for collecting, storing, managing, and monitoring essential business data. But for accounts payable (AP), Acumatica is more a map than a vehicle. ERPs are not designed for in-depth payables execution and process-heavy operations like payables, and as a result, AP is often backfilled with staff.

Although Acumatica excels as an ERP system that can create purchase orders and store invoices from suppliers, it does not manage the nuances in the payables operation to create a closed-loop process. That requires human beings to travel that last mile and back. These steps are time-consuming and labor-intensive. They also create gaps that lead to errors, both financially and legally.

ERPs have generally not addressed this issue in-depth because it's not their core focus. AP is consistently ranked by financial executives as the single most time-consuming function in finance. Payables ends up being the last stretch that CFOs and controllers turn their attention to.

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The Demanding World of Payables

According to APQC, the median cost to process an invoice is $5.83, but for the bottom 25 percent of mature finance teams, the cost is $10.00 per invoice. Much of this is just the data entry aspects of invoice processes. It doesn't include the complete payables effort. High processing costs are due to:

Complexity

- Maintaining multiple banking / payment rails
- Dealing with unique payables requirements
- Diverse supplier population
- Global / cross-border factors—payment rails, regulatory compliance, FATCA rules, OFAC SDN
- Fraud controls and PO matching protocols
- Multiple-entity / multiple-subsidiary structures

- Collection and data entry of invoice details
- Manual interface with bank systems / payment processors
- Onboarding and communicating with suppliers

Ineffeciency

- Disconnected point tools (OCR, invoice / PO-matching, workflow, tax, payments, etc.)
- Manual chasing down of PO, invoice, and payment approvals
- Reconciliation of payment data

These are all areas that Acumatica cannot protect the organization. As a result, many businesses choose to handle payables by adding headcount, which can be costly.

Global Challenges

According to PayStream Advisors, "Organizations experience the highest error rates when they have inconsistent processes for global payments or are using separate banking partners to manage the process." The biggest issues to cross-border payments are not about the payments themselves, but about the surrounding operations of global payables:

- Collecting the proper payables information during supplier onboarding, including tax details, payment details, and communication information
- Reducing the risks and costs of sending checks and wire transfers (AFP reported wire fraud increased 11% to 46%, while 75% of businesses experience check fraud)
- Addressing separate tracks for different banks and payment methods
- Handling different processes for domestic and international entities (e.g. currency conversion, local remittance, tax compliance)
- Ensuring payees are legal to pay (e.g. OFAC SDN, EU, HMC)

Increasing payables workload often requires adding headcount. Yet, higher error rates occur due to added complexities (e.g. over 26,000 payment rules to achieve global coverage to each country)

Exposures to Risk

To reduce the cost of payables operations, some organizations hire relatively inexperienced staff to perform tasks such as collecting supplier-payment information, keying in and matching invoices, collecting tax documents, and mailing checks or paying through a bank portal. This can create an audit-inducing quagmire. Some issues finance needs to be ready for include:

- Meeting FATCA tax regulations in the face of increasing IRS audit activity (e.g. 3,000 new examiners, up to 30% fines for the payer)
- Gaps in financial controls and PO/invoice/payment approvals within and across subsidiaries
- Poor data hygiene leading to late or duplicate payments
- Exposure of bank accounts to check and wire fraud

Any time someone has access to sensitive supplier information and company funds, the organization is exposed.

Lost Opportunities

If the last mile of Acumatica is riddled with potholes and obstructions, organizations may miss out on strategic ventures and initiatives that can truly transform their payables. For example:

- Becoming cost-neutral or revenue-generating
- Building a scalable operation that handles growth of the business
- Expanding across international boundaries
- Consolidating back-office processes across multiple entities
- Negotiating longer payment terms (e.g. Net 60)
- Focusing on "hard finance" vs. "payment runs"

Transforming Payables

A successful payables transformation involves the following complementary endeavors:

- Adopting a strategic payables directive
- Modernizing payables technology

As the organization grows, a primary goal of a strategic payables directive should be to include the payables function in the overall corporate strategy. This involves establishing longer payment terms wihtout sacrificing the relationship with suppliers, ensuring corporate compliance across all entities, and taking a lean operational approach to support ongoing international expansion. This tactic requires a culture shift in finance, recognizing that payables is a crucial enabler of strategic finance.

With automation tools, modern payables technology elevates the finance operation to help guide the business forward.
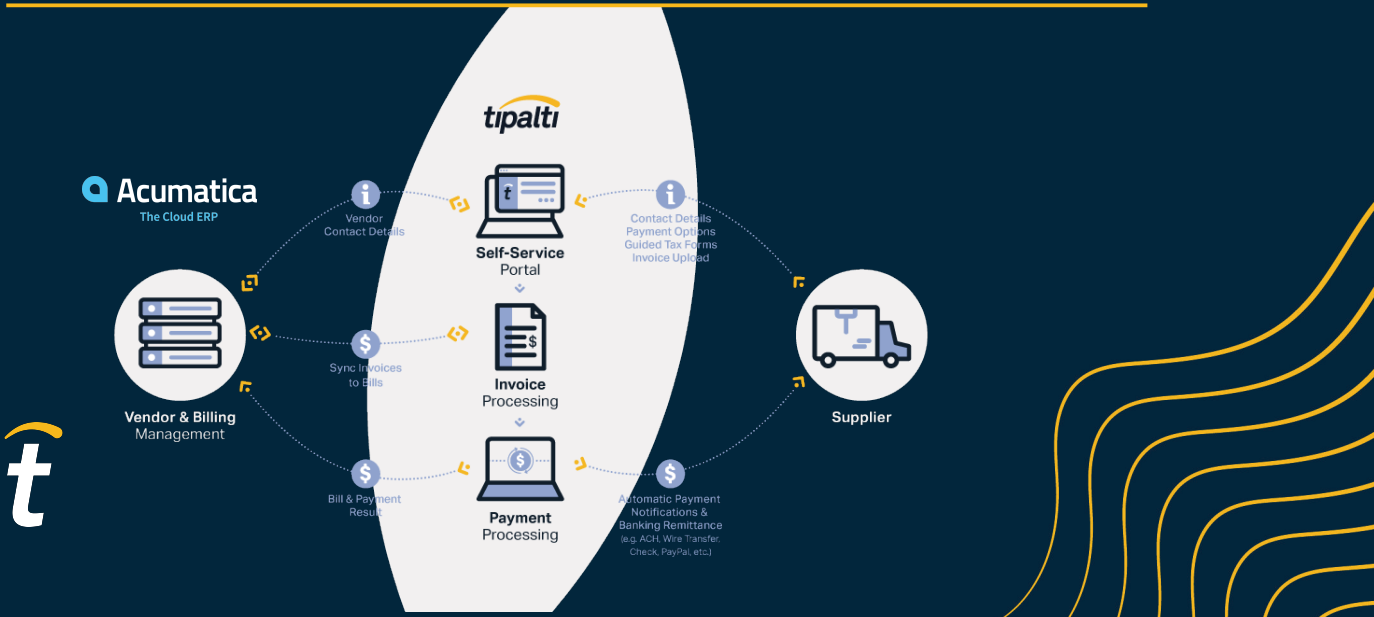
The Holistic Approach to Automating and Future-Proofing

Conquering the last mile of Acumatica from a payables perspective takes a holistic, future-focused approach. The payables process is in reality a dozen different processes interdependent on each other. Rather than continuing to piece together one widget or tool—only to have to deal with replacing it later—finance operations need to strive for self-contained solutions that work cohesively. Payables departments need to have an integrated philosophy that encompasses all of the following:

- Intelligent supplier onboarding
- Identity and tax data collection and validation
- Supplier payment / bank account detail collection and validation
- Invoice and purchase order workflow and processing
- Payment remittance (domestic and cross-border)
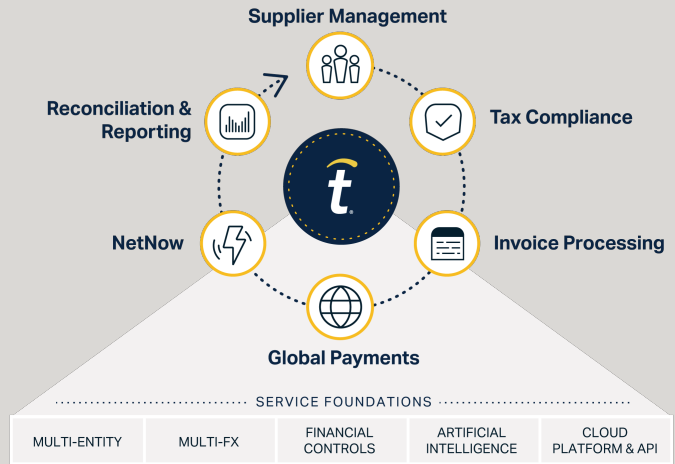
- Payment reconciliation across payment methods and entities
- Supplier communications

The Last Mile Doesn't Have to Be the Last Step

If your company is considering Acumatica, you may think that you should hold off on implementing a payables solution until the core ERP is in place. In most cases, this is not true.

If you wait to partner with a modern payables solution, it may cost your organization in the long run. Acumatica implementations may be quicker than deploying an accounting system, but you also want to ensure that you gain from the value and benefits by adopting an automated payables solution outside of the Acumatica implementation.

By implementing the right payables technology, you'll improve your vendor master record and AP reporting data - ensuring a streamlined, more successful Acumatica implementation. The key is to assess where your operations are today. Start by using real-spend data to perform a value-based return on investment (ROI) analysis for your payables:

AP Automation ROI
Get a Free Custom Payables Assessment

The last mile can seem like the most significant hurdle to overcome because it takes real commitment to achieve strategic excellence. But this is the key to complete AP transformation.

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What Tipalti Can Do for You

Tipalti extends existing Acumatica capabilities by providing full management and automated execution of accounts payable processes. Tipalti's comprehensive approach to automating AP streamlines the entire bill-to-pay-to-reconcilliation cycle. The platform manages all interactions between the payer and the payee to provide end-to-end control and optimze the entire AP workflow - future-proofing operations for mass scale.

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