

Accounts Payable Automation Benchmark Report 2022



Table of contents:

Executive summary

Performance trend: from good to great to excellent

Key take-aways for AP professionals

The difference between PO invoices and non-PO invoices

The Invoice to Pay Process

The process for non-PO invoices

The process for PO invoices

Accounts payable efficiency KPIs

KPIs for non-PO invoices

- Total invoice processing cycle time
- Touchless capture rate
- Automatic routing rate
- Average approval time

KPIs for PO invoices

- Total invoice processing cycle time
- Touchless capture rate
- Touchless processing rate

Methodology

AP automation benchmarks cheat sheet

About Medius



Executive summary

The experience of a global pandemic over these past years has given us new perspectives – both in our personal lives and as business professionals. These extreme events have put a spotlight on what is really important. When we were no longer able to operate as normal it was evident that functions and processes we previously took for granted because “they just work” are in fact critical to control business operations and ultimately – survival. Accounts payable is one of those.

Previously neglected as back-office support, an efficient and data-driven accounts payable (AP) function is in fact the foundation to control business spend and mitigate risk. AP is so much more than processing supplier invoices and payments. With the right tools and data in place businesses can leverage AP to detect and prevent fraud, identify anomalies to mitigate risk, actively manage cash flow and working capital to capture opportunities for bottom line savings.

In this report we give AP teams a piece of the puzzle. The AP process KPIs and benchmarks represent an excellent tool for businesses that want to improve their invoice to pay process. And as a result, regain control of spend and minimize risk.

Regardless of where you are on your AP maturity journey, there will be content for you in here to learn something new – ranging from a step-by-step guide to the invoice to pay process to optimization tips from best-in-class AP performers. I encourage you to use the navigation and click through to the sections most relevant to your needs.

The benchmarks presented in this report are based on aggregated, real-life data from thousands of organizations using the Medius AP Automation solution globally. I’m very pleased to see that all KPI averages show a good and healthy performance compared to other industry benchmarks available as well as a steady improving trend compared to previous years. It’s a trend I’m confident we will continue to see in years to come.



Jim Lucier
CEO, Medius



Performance trend: from good to great to excellent

In this report we've gathered benchmark data for the most relevant accounts payable process efficiency KPIs presented with an average score as well as that of best-in-class performers.

Summary of findings:

- All KPI averages show a stronger performance compared to other industry benchmarks available
- All metrics indicate a slow but steady improving trend compared to previous years
- The invoice processing cycle time is the metric that notes the most impressive positive development
- The gap between the average score and the best performers is surprisingly large

Summarizing the results from 2021 we are pleased to see that most organizations have managed to take their AP process performance 'from good to great'. Companies have applied AP automation technology to a high degree, especially during the past years of remote work, which has driven a positive development.

But implementing a solution in isolation will only take you to a certain point. In order to reach the best-in-class performance, AP teams need to work with their solution, data and suppliers to identify improvement areas, fix issues and fine-tune processes. Only then can you reach the next level and move 'from great to excellent'.



Key take-aways for AP professionals

There are huge opportunities to improve

The wide gap between the average and best-in-class performance is good news for AP professionals. This means that there are vast opportunities to improve routines and optimize processes. This report provides an opportunity to hear directly from some of the best performing companies and learn how they've achieved the highest KPI levels.

AP best practices are universal and available for everyone

The companies included in our data set operate in a variety of different industries, verticals and geographies. We have not identified any patterns in the data based on these aspects. This suggests that **the AP process is in fact universal and comparable regardless of the space your organization operates**. Therefore, all companies should have the same opportunities to reach the best-in-class performance level.

System support is key to AP performance success

All AP solutions on the market today offer some level of automation, but to achieve best-in-class performance you'll need one that constantly adds new functionality to increase automation. Plus, there are endless ways to predict and automate invoice to pay tasks leveraging artificial intelligence.



The invoice to pay process

The difference between PO invoices and non-PO invoices

The difference between PO and non-PO invoices lies in the purchase that generated the invoice. When a purchase requisition process is in place, the purchase will be triggered by a pre-approved purchase order (PO) that is sent to the supplier. In the case of purchases made outside the regulated purchase process, a non-PO invoice, also called expense invoice, will be sent from the supplier.

The accounts payable process is different for PO and non-PO invoices, mainly in relation to the invoice approval process.

A PO invoice is, in fact, a pre-approved invoice since the purchase, supplier and amount was approved as part of the procurement process, either negotiated by buyers or part of a purchase requisition process leading up to the purchase order. This way, a PO invoice can be automatically processed for payment if all details match the information on the PO and goods receipt, without manual intervention. If a deviation is identified in the matching process, the invoice will be sent to the buyer for review and action.

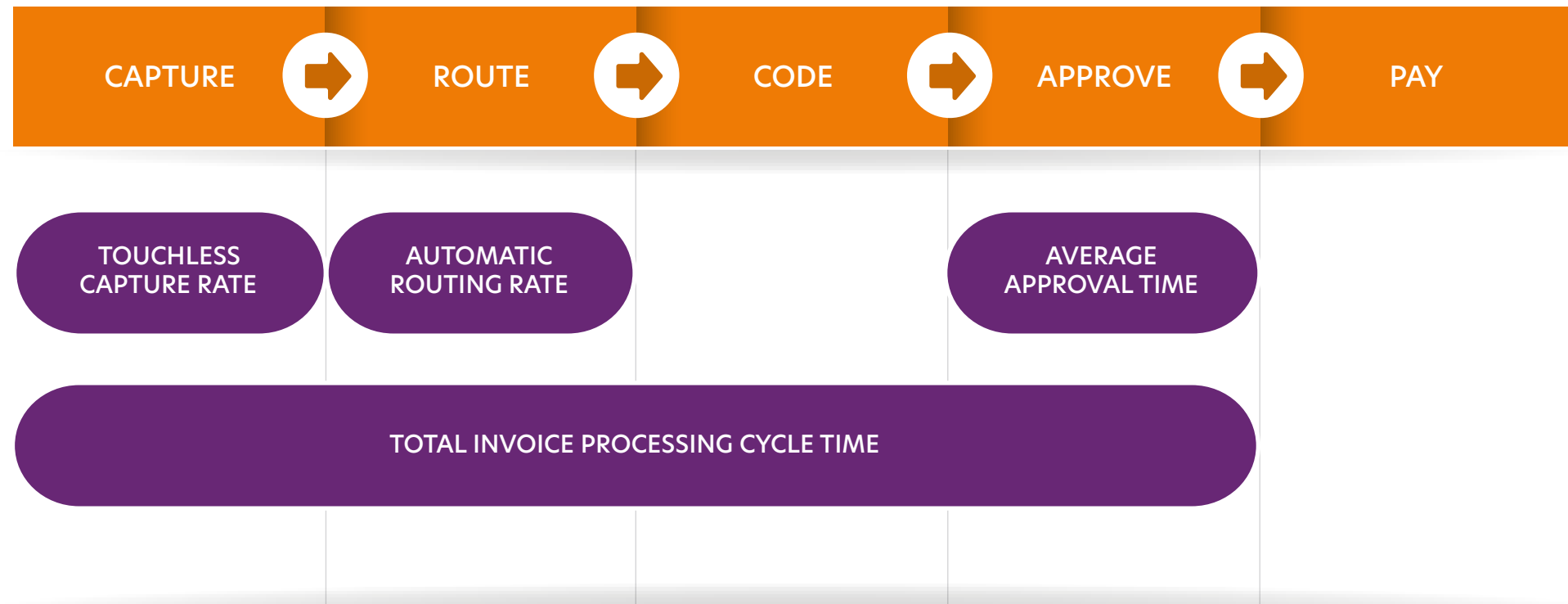
A non-PO invoice, on the other hand, has not been pre-approved and will therefore need to go through an invoice approval process within the buying organization. Usually, the accounts payable team will apply coding and identify the correct approver, based on the information on the invoice (and often their best guess). In some cases, if the invoice details are scarce, this can be a tricky operation.

Often, there is an internal approval hierarchy implying that invoices of a certain amount, cost center or type of goods will need to go through multiple approval steps redundant. Once all necessary invoice approvals have been obtained, the invoice comes back to accounts payable for final posting in the ERP system and for payment.



The process for non-PO invoices

In this section we'll map out the process steps for non-PO invoices and highlight where efficiency gains are available and how AP teams can measure performance with relevant KPIs.



How to measure efficiency in the non-PO invoice process?

A fast invoice process with minimal manual touchpoints is a successful one. If you manage to accelerate your process while maintaining high accuracy and quality, you will get rid of the common payable issues. You'll be able to pay your suppliers on time, and even have the option to pay early (and sometimes receive a discount!) if that is beneficial for your cash flow situation.

An efficient and fast AP process also means you can take on more supplier invoices without adding resources in the AP team and as such support business growth with a scalable process.

While the total processing time is a good indication of the overall efficiency performance it is important to understand what happens in each step of the process. This way, you can dig deeper into the causes of a slow invoice process and identify areas for improvement.

Next, let's look at each step of the process.

What about post-control?

While most of the AP process steps can be highly automated, it's worth mentioning that some organizations add a step for verification or 'post-control' before posting the invoice for payment.

Usually, this step is included as quality assurance during a short period after go-live of a new AP automation solution. This way the AP team can ensure the system has been configured correctly and build organizational trust.

Unfortunately, some AP teams forget to remove this verification step when the system is fully up and running. And some still feel the need for a manual final check when they've reached a highly automated process. In the latter case, that verification step is the only time the AP team need to see an invoice since everything that happens before is managed automatically.

KPI: Total invoice processing cycle time (non-PO invoices)



CAPTURE → ROUTE → CODE → APPROVE → PAY

Step 1: Capture

Invoice data capture is the process from the invoice receipt until the data has been interpreted, extracted, and validated by a system or an AP professional. Regardless of how your suppliers send invoices to you - paper, pdf, e-invoice, EDI or other - you need to extract the invoice data into a unified format to process it through your AP solution.

The invoice data capture process usually consists of the following steps:

- Digitization and extraction
- Document classification
- Data validation and quality control
- Reporting and analysis

A digital invoice data capture tool will automatically capture and extract invoice data to the correct fields. It is important that the system can manage both header fields (such as invoice number, due date and total amount) as well as line level extractions (such as line item, quantity, item cost) to avoid manual steps.

How to measure efficiency in the Capture step?

An efficient invoice data capture process is one that is fast and accurate, hence one that does not require a user to key in, control or correct data. The percentage of invoices that are captured without any user interaction - touchlessly - is a good indication of high efficiency.

KPI: Touchless capture rate



CAPTURE → ROUTE → CODE → APPROVE → PAY

Step 2: Route

Next, the invoice will be routed to the appropriate approver within the organization. Typically this is the person who bought the good or service or the cost center owner who can confirm the invoice corresponds to what has been agreed with the supplier and actually delivered.

Often there is an approval hierarchy, meaning the invoice will pass multiple approvers at different levels before being finally approved and ready for payment. With an AP automation solution you can apply pre-configured business logic and approval hierarchies to automatically route the invoice through every step of the hierarchy.

How to measure efficiency in the Route* step?

Efficiency in this step is accomplished by removing manual touchpoints as much as possible. The percentage of invoices being routed to the correct approver automatically by the AP solution is a good metric.

*The route step is also known as 'distribute' in certain AP tools

KPI: Automatic routing rate



CAPTURE → ROUTE → **CODE** → APPROVE → PAY

Step 3: Code

This step includes applying coding of each invoice line to associate the costs to the appropriate company, cost center, G/L account, project etc. The coding of an invoice has traditionally been done manually by a member of the accounts payable team. An AP solution can automate the coding step by using pre-configured business logic, coding templates or AI powered tools to suggest coding based on your previous changes and historic data.

How to measure efficiency in the **Code** step?

Highly automated invoice coding will speed up the invoice process significantly, removing manual steps for the AP team and the approver. Hence when you've managed to automate coding you will see your [Total invoice processing cycle time](#) decrease.

The future is here: **Predictive coding with 99% accuracy**

Medius customers can already enjoy the future in AP automation thanks to AI powered automated coding functionality. The Medius solution automatically suggests coding based on historic invoices and user behavior. The results show an astonishing 99% accuracy rate, leaving a minimum number of invoices needing manual coding attention.



CAPTURE → ROUTE → CODE → **APPROVE** → PAY

Step 4: Approve

The approver reviews the invoice content and pre-populated coding to ensure everything is in order before they authorize the invoice for payment. This process can be managed quickly and smoothly by providing a user friendly and mobile optimized user interface. In some solutions, users can even approve their invoices with a single click in an email. In essence, making the approval experience convenient will ensure a speedy process.

How to measure efficiency in the **Approve** step?

In this step some level of user interaction is needed. And you will always rely on individual approvers to perform their tasks quickly to enable an efficient and fast process. The saying “what’s measured gets done” is very true here and you should keep an eye on, and communicate internally, the approval lead time.

KPI: Average approval time



CAPTURE → ROUTE → CODE → APPROVE → PAY

Step 5: Pay

The final mile of the accounts payable journey is making the payment to your supplier. When the invoice is approved at the final authority level there is usually also an approval process within the organization to authorize the payment transaction.

In many organizations the payment process is fragmented, fractured and open to the risk of error or fraud due to inefficient manual touchpoints. In some regions, notably the United States, this includes issuing physical checks and managing card programs.

However, outside of the US it is almost always the case that different payment types, such as domestic and cross-border bank transfers, follow different processes. Furthermore, payment files are still being approved outside AP systems, via email or worst-case paper approvals, then loaded manually to banking portals.

How to measure efficiency in the Pay step?

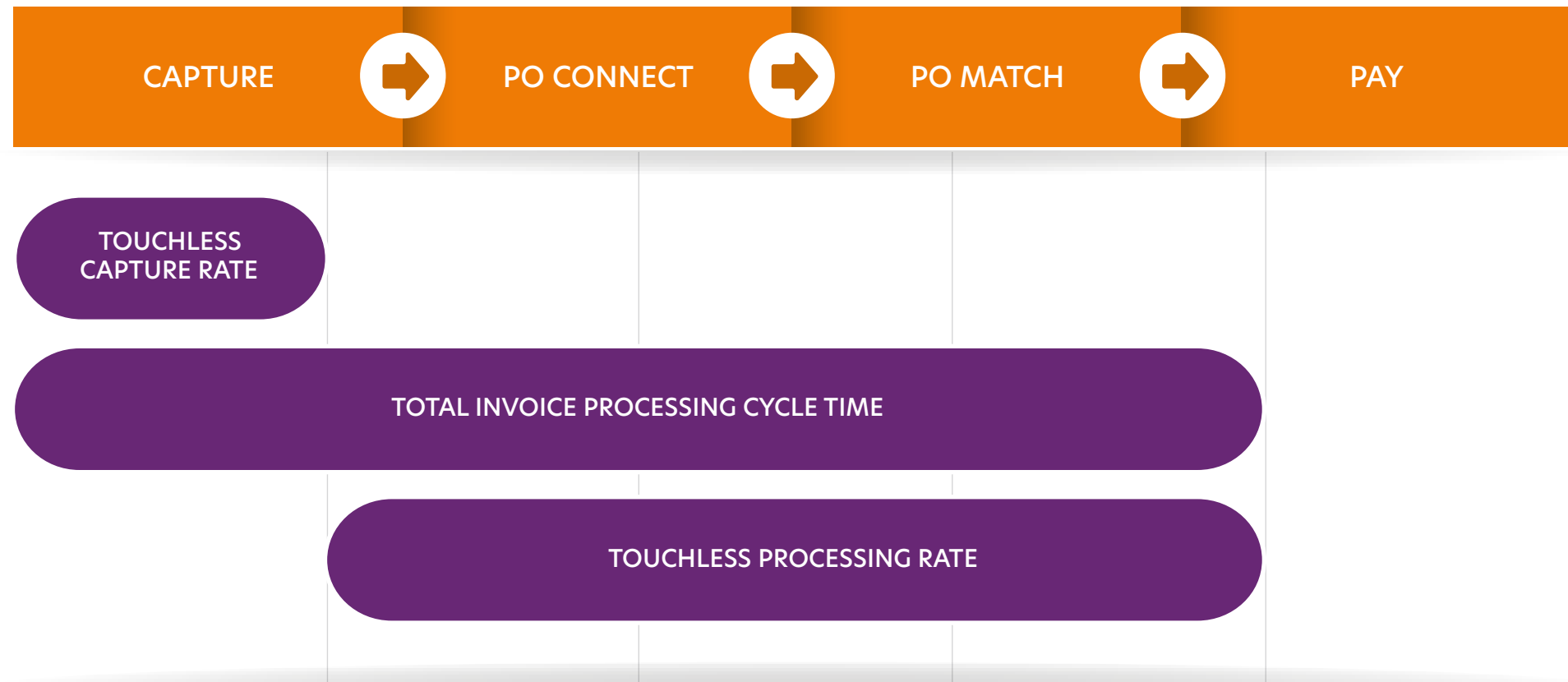
Removing manual steps and consolidating disparate processes into a single digital payments channel serves to not simply improve efficiency and speed, but also to dramatically reduce the risk for error and fraud attacks when paying suppliers.

Once you have a system in place there are numerous metrics to monitor in order to drive efficiency and risk mitigation. These may include the percentage of suppliers enabled for electronic payment (for the US), number of payment errors/exceptions and payment approval lead time. While there are no benchmarks available for these KPIs in the current report we encourage organizations to keep a close eye on this process and stay tuned for updated benchmarks in future versions of this report.



The process for PO invoices

In this section we'll map out the process steps for purchase order (PO) invoices and highlight where efficiency gains are available and how AP teams can measure performance with relevant KPIs.



How to measure efficiency in the PO invoice process?

As for non-PO invoices, time is of the essence and basically a fast invoice process is a successful one.

Traditionally, the PO invoice process flow has required many manual tasks as invoice data is compared and matched to one or several purchase orders. With an effective AP automation solution these tasks can be automated to allow for a fully touchless process without any human interaction whatsoever.

While the KPIs for the full process are good indicators of the overall efficiency performance it is important to understand what happens in each step along the way. This way, you can dig deeper into the causes of a slow invoice processing cycle time and identify where manual tasks occur.

Next, we'll look at each step of the PO invoice process.



KPI: Touchless processing rate

KPI: Total invoice processing cycle time (PO invoices)

CAPTURE



PO CONNECT



PO MATCH



PAY

Step 1: Capture

The capture step is basically the same for PO-invoices and non-PO invoices, as [described above](#). However, there are differences in invoice details you need to identify and extract during the capture process in order to complete the following steps of the accounts payable process.

In general, PO invoices are more complex to capture since invoice lines often contain multiple pieces of information, such as item number, quantity, color, cost etc. In this case users need to define the position of each piece of information within an invoice line in order for the capture system to automatically extract the data correctly. Furthermore, it is not uncommon that information that relates to the same invoice item is placed over multiple lines making the extraction process even more complex.

How to measure efficiency in the Capture step?

An efficient invoice data capture process is one that is fast and does not require a user to key in, control or correct data. Hence the percentage of invoices that are captured without any user interaction - touchlessly - is a good indication of high efficiency.

KPI: Touchless capture rate



CAPTURE



PO CONNECT



PO MATCH



PAY

Step 2: PO Connect

When the invoice enters the processing workflow it needs to be connected to the purchase order(s) that preceded the invoice. **If there is one PO with one item and a corresponding invoice correctly stating the PO number, well then that's a walk in a park.**

But what if the supplier sends a summary invoice each month including all orders from various parts of the organization? You'll have one invoice that needs to be connected to multiple POs. Or if the supplier splits up invoicing so you'll have several invoices that relate to one and the same PO?

Things can easily get complicated.

How to measure efficiency in the PO Connect step?

The connect step is all about data quality. If you have your PO data in order in your AP solution and instruct suppliers on how to include the PO number on invoices, then this process can be highly automated and efficient.

Make sure you can measure your manual PO Connect rate and confirm that it is decreasing over time. Also, you need to have the ability to investigate where issues occur to take appropriate correctional action with data and/or suppliers. Or better yet, have a system that can learn from your manual corrections if you can't get your supplier to make the changes easily!

Removing the need to manually connect invoices to purchase orders by enhancing data quality will greatly improve your overall **Touchless processing rate** as well as accelerate the **Total invoice processing cycle time (PO invoices)**.



CAPTURE



PO CONNECT



PO MATCH



PAY

Step 3: PO Match

In this step invoice data is matched, or compared, with supporting documents including a purchase order, a purchase order line, a goods receipt note and occasionally a contract. Put simply the invoice matching process confirms that you've received the correct quantity of products and services at the right price before paying the vendor.

If all invoice lines match the PO and goods receipt data then the invoice can be automatically processed and approved for payment without anyone in AP looking at the at the invoice - that's touchless! However, a deviation (or invoice exception) occurs when the details on the invoice do not match the supporting documents. In that case an investigation is required to understand if this is an acceptable deviation or if the vendor needs to be contacted to correct the errors on the invoice.

Managing deviations is often one of the most time-consuming tasks in the AP department. In fact, **the Ardent Partners State of ePayables 2021 study found that the "High percentage of exceptions" was the second most stated challenge for AP teams, only preceded by lengthy invoice approvals.**

How to measure efficiency in the PO Match step?

AP teams should keep a firm eye on the exception rate - the percentage of invoices that are stopped for manual review and take appropriate action to bring this down.

Some may argue that you should also measure the time spent managing deviations. However, this is not a relevant efficiency metric since the time it takes to investigate and fix a deviation can vary a lot depending on the nature of the problem.

Instead, AP teams should focus on the root cause of exceptions and dig into detailed reporting in the AP solution. When invoice matching fails there is often an issue with data compliance. The supplier may have stated the wrong pricing on the invoice or the buying organization's procurement team have neglected to update price lists in the ERP or procurement system.

By identifying and fixing data compliance issues the AP team can reduce the number of deviations and hence the overall **Touchless processing rate** as well as accelerate the **Total invoice processing cycle time (PO invoices)**.



CAPTURE



PO CONNECT



PO MATCH



PAY

Step 4: Pay

The final mile of the accounts payable journey is making the payment to your supplier. When the invoice is approved at the final authority level there is usually also an approval process within the organization to authorize the payment transaction.

In many organizations the payment process is fragmented, fractured and open to the risk of error or fraud due to inefficient manual touchpoints. In some regions, notably the United States, this includes issuing physical checks and managing card programs.

However, outside of the US it is almost always the case that different payment types, such as domestic and cross-border bank transfers, follow different processes. Furthermore, payment files are still being approved outside AP systems, via email or worst-case paper approvals, then loaded manually to banking portals.

How to measure efficiency in the Pay step?

Removing manual steps and consolidating disparate processes into a single digital payments channel serves to not simply improve efficiency and speed, but also to dramatically reduce the risk for error and fraud attack when paying suppliers.

Once you have a system in place there are numerous metrics to monitor in order to drive efficiency and risk mitigation. These may include the percentage of suppliers enabled for electronic payment (for the US), number of payment errors/exceptions and payment approval lead time. While there are no benchmarks available for these KPIs in the current report we encourage organizations to keep a close eye on this process and stay tuned for updated benchmarks in future versions of this report.

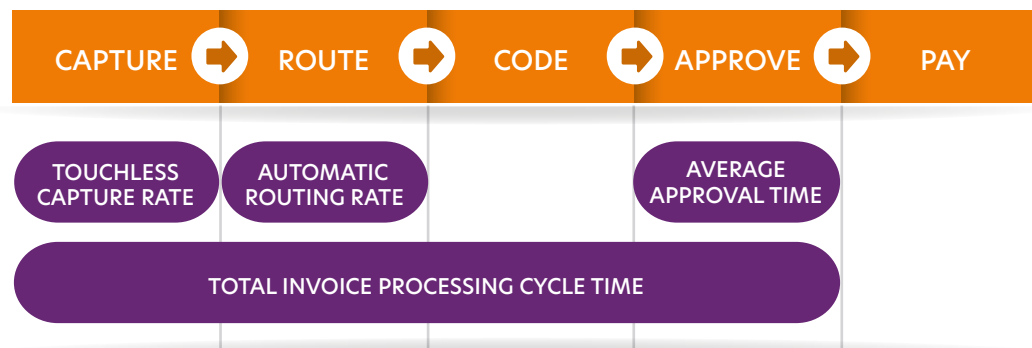


Accounts payable efficiency KPIs

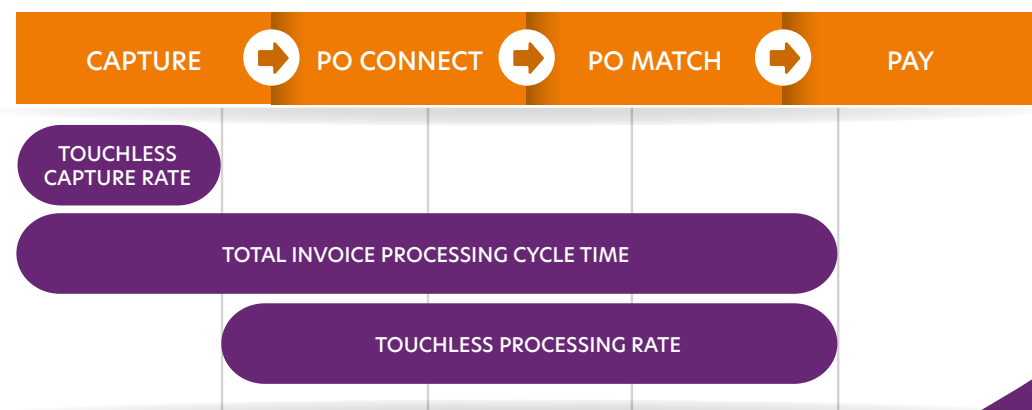
Click on the process graphics below to jump directly to a specific KPI or scroll down to view them all. For each KPI we present a clear definition on how to measure it, the Medius benchmarks for average and best-in-class performers as well as the trend in 2021 vs. 2020.

In the “story behind the numbers” section we’ve gathered top tips from the Medius customer success team on how to improve each KPI. You’ll also learn the business benefits to expect when the KPI performance improves as well as real-life stories from best-in-class companies.

KPIs for Non-PO invoices



KPIs for PO invoices

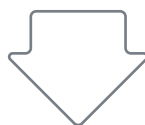


Total invoice processing cycle time (Non-PO invoices)

The KPI explained

Definition

The number of days it takes from when a non-PO invoice is entered in the AP system for data capture until it is finally approved and sent to the ERP system ready for payment.

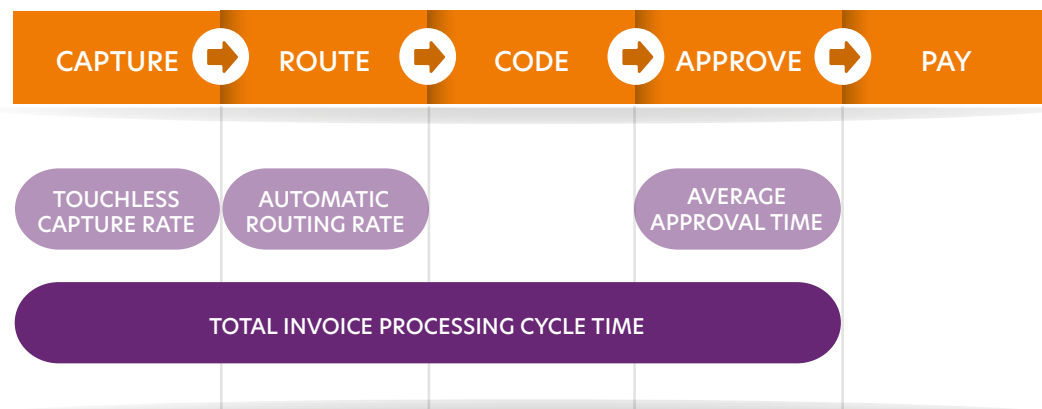


LOWER IS BETTER

Medius Benchmarks

6.7
DAYS
AVERAGE

2.6
DAYS
BEST-IN-CLASS 



Trend

This is the KPI with the most impressive improvement in 2021. The average processing time has decreased by 7% and best-in-class performance by 2% compared to 2020. This development is likely a result of the digital transformation that many organizations went through during the pandemic to cope with a remote workforce. Once a digital AP system has been implemented, these companies have been able to automate and accelerate processes further.






7% FASTER VS. 2020







Total invoice processing cycle time (Non-PO invoices)

The story behind the numbers

Top tips: How to improve

-  Automate the data capture process and work with suppliers to send e-invoices.
-  Implement automated routing and coding, work with your AP automation solution provider to ensure the configuration is optimized for your organization's structure.
-  Offer approvers easy ways to review and approve invoices wherever they are - via mobile devices and email.

Business benefits

-  **Save time:**
Free up time in AP for more business-critical tasks.
-  **Scalability:**
Support business growth by handling larger volumes of invoices and suppliers without adding AP resources.
-  **Cash flow:**
Free up working capital and/or leverage early pay discounts.
-  **Lower supplier risk:**
Minimize supply chain risk and keep supplier relationships healthy by paying invoices on time.

Success story

Reily Foods Company replaced a manual invoice process using a legacy document management system and spreadsheets with Medius AP Automation to accelerate invoice processing throughout their North American operations.



Total invoice processing cycle time

3.3 days

““ We have nearly eliminated all manual work, allowing the AP team members to spend their time on more strategic, value-driven tasks, including tracking KPIs and developing continuous improvement policies and procedures. Plus, with Medius AP Automation, we have visibility like you would not imagine.

Paul Fournet, Accounts Payable Supervisor, Reily Foods



Touchless capture rate (Non-PO invoices)

The KPI explained

Definition

The percentage of invoices where invoice data is extracted and captured automatically by a system without any user interaction whatsoever.*



HIGHER IS BETTER

*Touchless capture is manually enabled per supplier in the invoice capture solution. Hence touchless capture will be lower when onboarding new suppliers. Once a number of invoices has run through the system, it can learn the data structure and build a confidence level high enough to turn on touchless capture. E-invoices (EDI and similar) will increase the touchless capture rate significantly.

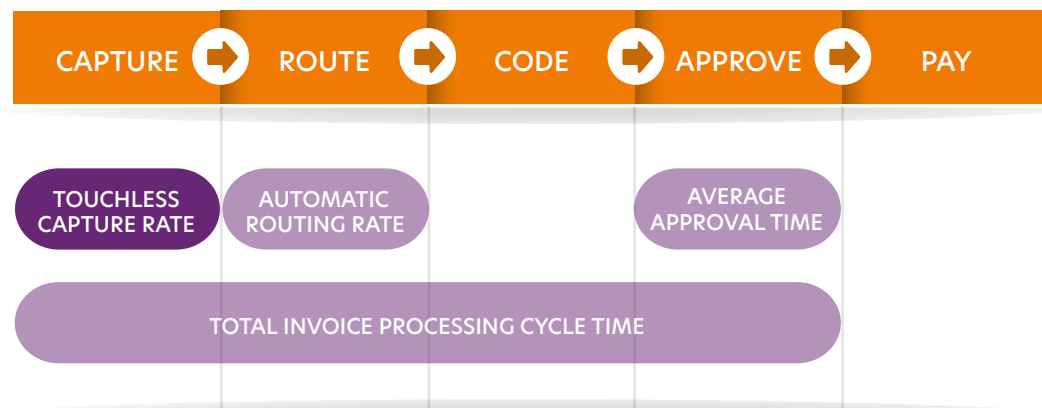
Medius Benchmarks

62.2%

AVERAGE

95.8%

BEST-IN-CLASS



About this KPI

The touchless capture metric is relatively new hence historic data is not available to present a year-over-year comparison in this report. However, we have seen a rapid increase in the touchless capture rate during 2021 thanks to the introduction of machine learning technology.






Touchless capture rate (Non-PO invoices)

The story behind the numbers

Top tips: How to improve

- ✔ Work with suppliers to drive high level of e-invoices, all digital formats will help drive accuracy in the capture process.
- ✔ Analyze your process data/analytics and review capture rate per data field to identify bottlenecks. Then work with your suppliers to improve invoice data compliance.
- ✔ Implement an intelligent capture solution leveraging machine learning technology that continuously learns how to interpret data and thus automatically improves touchless capture over time.

Business benefits

-  **Save time:**
Free up time in AP for more business-critical tasks
-  **Scalability:**
Support business growth by handling larger volumes of invoices and suppliers without adding AP resources
-  **Risk mitigation:**
Eliminate the risk of manual data entry errors and apply system control functions to identify potential fraudulent invoices

Success story

Global spare parts specialist TVH has appointed dedicated AP resources to actively identify suppliers where touchless capture can be turned on, allowing the AP system to automatically extract the invoice data without human intervention. The Medius solution makes this process easy by indicating when all invoice fields have been captured correctly and providing a confidence percentage level for automated capture.



Touchless capture rate

75.7%

“ Usually we only need to run three invoices from a new supplier for the system to learn the data format and indicate a high enough confidence level that we can turn on automatic touchless capture.

Renate Mortier, Finance & Support Manager, TVH



Automatic routing rate (Non-PO invoices)

The KPI explained

Definition

The percentage of non-PO invoices that are automatically routed to the correct approver within the organization without any user intervention.



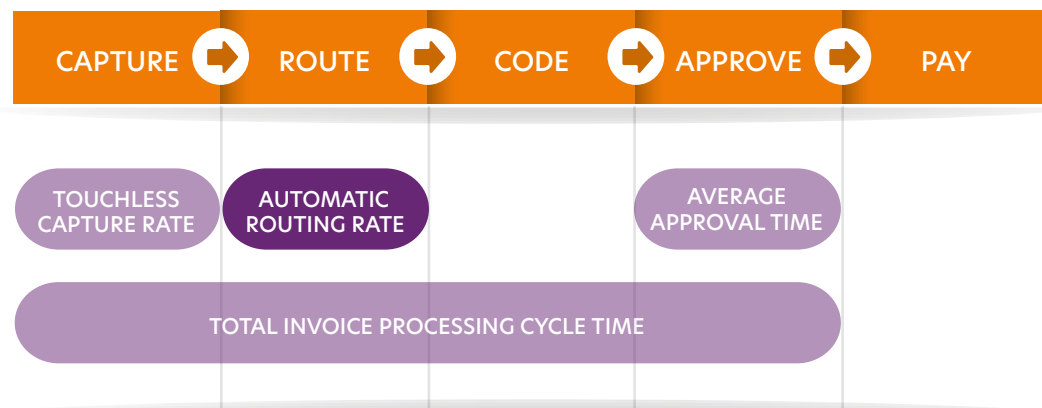
Medius Benchmarks

65.2%

AVERAGE

99.4%

BEST-IN-CLASS



Trend

The average automatic routing rate has increased by 3% in 2021 while best-in-class performance is stable.



+3% VS. 2020






Automatic routing rate (Non-PO invoices)

The story behind the numbers

Top tips: How to improve

- ✓ Configure your AP automation solution with business logic and rules to enable automatic routing of invoices according to your organization's approval hierarchy.
- ✓ Work with your suppliers to ensure they understand your required invoice fields and formats.
- ✓ Analyze invoice process data to research where automatic routing fails and identify needs for further configurations or supplier invoice compliance issues.
- ✓ Implement an intelligent solution that can learn the right approver using machine learning based on previous user inputs.

Business benefits

-  **Save time:**
Free up time in AP for more business-critical tasks
-  **Scalability:**
Support business growth by handling larger volumes of invoices and suppliers without adding AP resources
-  **Risk mitigation:**
Ensure supplier invoices are reviewed and approved by the appropriate staff according to the organization's approval hierarchy

Success story

The AP team at Duni, a global manufacturer of innovative table top concepts, works proactively to set up business rules and create system logic in order to increase automation of the AP process.



Automatic routing rate
97.6%

““ The flexible configuration in Medius AP Automation allows us to optimize settings and drive higher automation rates. And since we get access to process KPIs within the tool we can easily measure and track the results of our optimization efforts.

Łukasz Gauza, AP Team Leader, Duni EFF



Average approval time (Non-PO invoices)

The KPI explained

Definition

The average time (in days) that a non-PO invoice is in the 'Approve' step where a user, typically the person who bought the product or service, and/or the budget owner, reviews the invoice content and coding to ensure all details are correct.

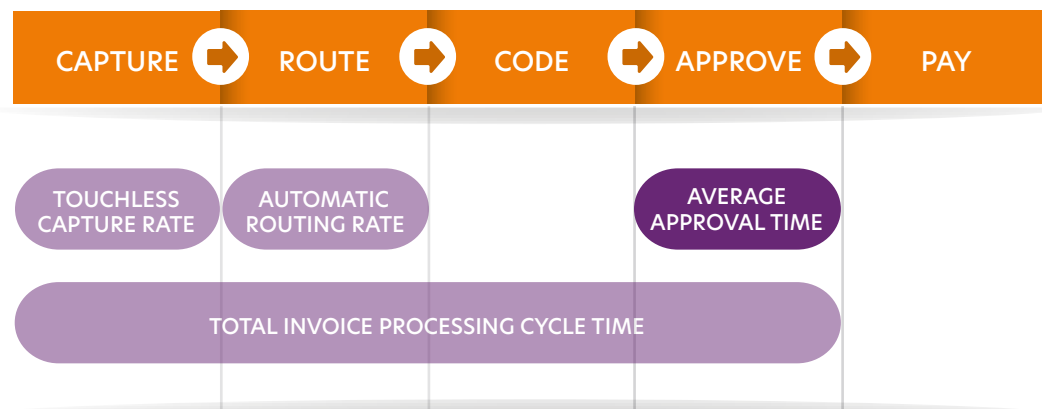


LOWER IS BETTER

Medius Benchmarks



3.2
DAYS
AVERAGE

1.3
DAYS
BEST-IN-CLASS 



Trend

The average performance is equal to the previous year while the best-in-class performers recorded a 6% quicker approval time. This is likely another pandemic effect where it is harder to achieve timely invoice approvals from people working remote. In that perspective it is in fact positive that companies managed to maintain the approval time in par, and truly impressive that best-in-class companies have achieved further efficiency in these hard times.

 
+/- 0% VS. 2020






Average approval time (Non-PO invoices)

The story behind the numbers

Top tips: How to improve

- ✔ Offer approvers easy, convenient ways to review and approve the invoices via mobile devices and through a single click in an email.
- ✔ Ensure invoices are pre-coded when they hit the approver's inbox, leveraging AI-powered technology that applies suggested coding based on historic data.
- ✔ Analyze invoice process data to understand which specific invoices or approvers cause lengthy approval times and work with them to find ways to speed up the process.

Business benefits

-  **Save time:**
Free up time for approvers throughout the organization that can be used for more business critical tasks
-  **Cash flow:**
Free up working capital and/or leverage early pay discounts and avoid late payment fees
-  **Risk mitigation:**
Minimize supply chain risk and keep supplier relationships healthy by paying invoices on time

Success story

Rejmes Bil is a Swedish Volvo car dealer with a strong focus on customer satisfaction, process efficiency and continuous improvement in all parts of the company.

REJMES
HALLAND

Average approval time
1.4 days

“What gets measured, gets done! We track handling time per user and present the results to our management team so that everyone understands how a lengthy process affects the entire organization. Thanks to Medius AP Automation, there is no longer any excuse for late approvals.

Niklas Johansson, CFO, Rejmes Personvagnar AB



Total invoice processing cycle time (PO invoices)

The KPI explained

Definition

The number of days it takes from when a PO invoice is entered in the AP system for data capture until it is finally approved and ready to be paid.

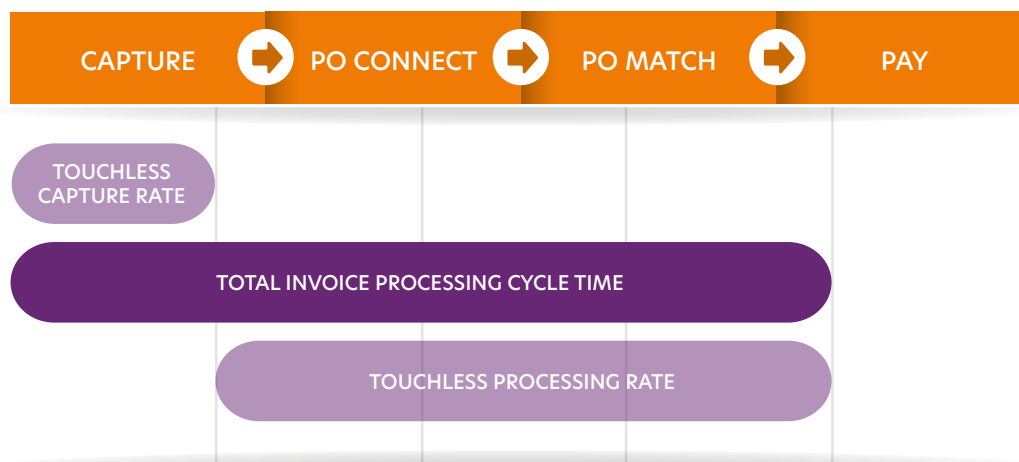


LOWER IS BETTER

Medius Benchmarks

**6.3
DAYS**
AVERAGE

**1.0
DAYS**
BEST-IN-CLASS 



Trend

As was the case for non-PO invoices we see an impressive reduction of the invoice processing cycle - in average 4% faster and best-in-class companies 5% faster. The digitization and automation efforts that many companies had to accelerate to cope with the challenges of the pandemic, is truly paying off in faster, more efficient invoice management.






4% FASTER VS. 2020



Total invoice processing cycle time (PO invoices)

The story behind the numbers

Top tips: How to improve

-  Automate the data capture process and work with suppliers to send e-invoices.
-  Leverage reporting in your AP solution to identify why deviations occur during invoice matching and take appropriate action.
-  Offer buyers easy ways to review and approve deviating invoice items - via mobile devices and email.

Business benefits

**Save time:**

Free up time in AP for more business-critical tasks

**Scalability:**

Support business growth by handling larger volumes of invoices and suppliers without adding AP resources

**Cash flow:**

Free up working capital and/or leverage early pay discounts

**Lower supplier risk:**

Minimize supply chain risk and keep supplier relationships healthy by paying invoices on time

Success story

Silver Eagle Distributors implemented a fully digital and automated AP solution integrated with their ERP for synchronization of PO data in real-time.



Total invoice processing cycle time

0.6 days



We now have full visibility and control of our invoices and financials with the new automated workflow process. We can report on time and with complete accuracy.

Elise Byrd, AP Manager, Silver Eagle Distributors



Touchless capture rate (PO invoices)

The KPI explained

Definition

The percentage of invoices where invoice data is extracted and captured fully automatically by a system without any user interaction whatsoever.*



HIGHER IS BETTER

**Touchless capture is manually enabled per supplier in the invoice capture solution. Hence touchless capture will be lower when onboarding new suppliers. Once a number of invoices has run through the system, it can learn the data structure and build a confidence level high enough to turn on touchless capture. E-invoices (EDI and similar) will increase the touchless capture rate significantly.*

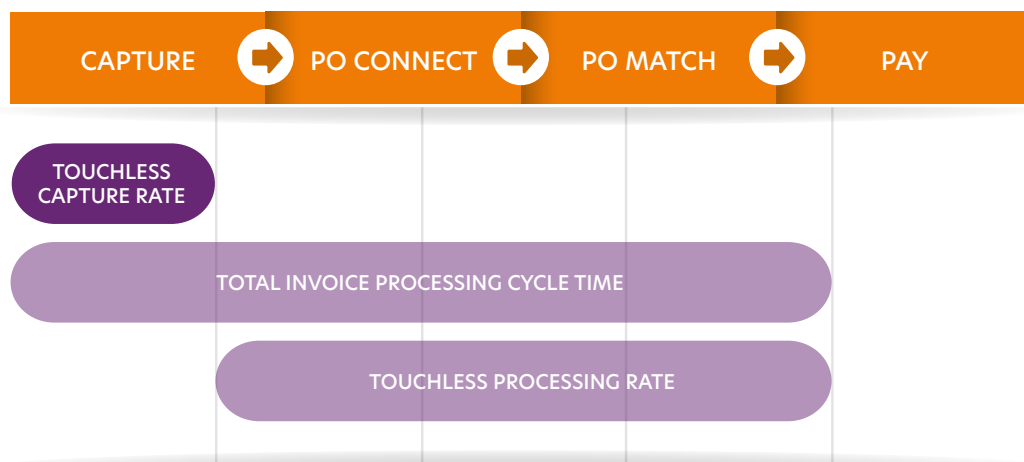
Medius Benchmarks

63.4%
AVERAGE

94.6%
BEST-IN-CLASS 

About this KPI

The touchless capture metric is relatively new hence historic data is not available to present a year-over-year comparison in this report. However, we have seen a rapid increase in the touchless capture rate during 2021 thanks to the introduction of machine learning technology.






Touchless capture rate (PO invoices)

The story behind the numbers

Top tips: How to improve

- ✔ Work with suppliers to drive high level of e-invoices, all digital formats will help drive accuracy in the capture process.
- ✔ Analyze your process data/analytics and review capture rate per data field to identify bottlenecks. Then work with your suppliers to improve invoice data compliance.
- ✔ Implement an intelligent capture solution leveraging machine learning technology that continuously learns how to interpret data and thus automatically improves touchless capture over time.

Business benefits

-  **Save time:**
Free up time in AP for more business-critical tasks
-  **Scalability:**
Support business growth by handling larger volumes of invoices and suppliers without adding AP resources
-  **Risk mitigation:**
Eliminate the risk of manual data entry errors and apply system control functions to identify potential fraudulent invoices

Success story

Global spare parts specialist TVH has appointed dedicated AP resources to actively identify suppliers where touchless capture can be turned on, allowing the AP system to automatically extract the invoice data without human intervention. The Medius solution makes this process easy by indicating when all invoice fields have been captured correctly and providing a confidence percentage level for automated capture.



Touchless capture rate
69.1%

“ Usually we only need to run three invoices from a new supplier for the system to learn the data format and indicate a high enough confidence level that we can turn on automatic touchless capture.

Renate Mortier, Finance & Support Manager, TVH



Touchless processing rate (PO invoices)

The KPI explained

Definition

The percentage of PO invoices that are automatically processed, matched to supporting data and approved for payment by the AP system without any user intervention whatsoever.



HIGHER IS BETTER

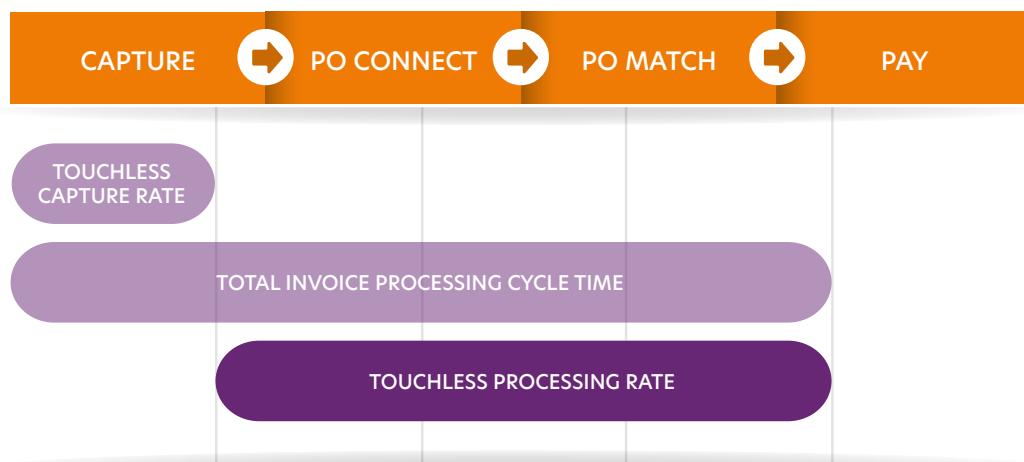
Medius Benchmarks

66.7%

AVERAGE

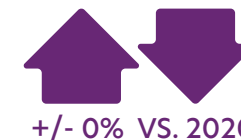
93.7%

BEST-IN-CLASS



Trend

The average touchless rate is slightly down 2% while the best-in-class rate is up by 1%. This small decrease in the average performance may be an effect of the many companies that have implemented AP automation for the first time in 2021. In that case there might take some time for these AP teams to configure the solution to optimize automatic matching and work with suppliers to ensure invoice data compliance in order to reach high touchless ratios.



Touchless processing rate (PO invoices)

The story behind the numbers

Top tips: How to improve

- ✓ Identify which invoices fail to automatically connect to purchase orders, then work with those suppliers to fix invoice data errors.
- ✓ Continuously monitor price deviations and put processes in place to update price lists in internal systems (ERP and procurement solution) as well as with suppliers.
- ✓ Configure your AP automation solution with tolerance levels to automatically approve certain level or type of deviations, such as freight and administrative fees.

Business benefits

**Save time:**

Free up time in AP for more business-critical tasks

**Scalability:**

Support business growth by handling larger volumes of invoices and suppliers without adding AP resources

**Control:**

Eliminate the risk of manual errors and apply system control functions to identify incorrect invoice data

**Cash flow:**

Free up working capital and/or leverage early pay discounts

Success story

Global cloud solution provider SoftwareONE focus their process improvement efforts on pinpointing opportunities for further automation. Leveraging reporting within Medius AP Automation they have full visibility into the process to understand where things go wrong.

softwareONE[®]

Touchless rate
88%



Medius AP Automation enabled us to reach high automation rates right from the start. When an invoice is not automatically matched, we identify the issue and contact the supplier to have them correct and resend the invoice so that we can leverage automatic matching and further improve our process.

Pim Beijen, Group NWC Manager, SoftwareONE



Methodology

The benchmarks presented in this report are based on anonymized and aggregated invoice processing data from the global Medius customer community. The research include millions of invoices that have been processed through the Medius AP Automation solution by AP teams using the same standardized process.

The Medius customer base includes organizations in all regions of the world, operating in a variety of industries and handling invoice volumes ranging from 10,000 to over 1 million supplier invoices annually.

The average performance benchmark takes into account all companies in the database whereas the best-in-class benchmark represents an average of the top 10% best performing organizations.

The benchmark figures presented as current are based on full year 2021 performance. Any trend analysis compares average 2021 vs. 2020 data unless otherwise stated.

Adjustments have been made to the definitions of certain KPIs as well as the definition of best-in-class performers compared to benchmarks published by Medius historically. Hence, there may be fluctuations in figures that are due to these adjustments rather than differences in actual performance.





AP automation benchmarks at a glance

	KPI	AVERAGE	BEST-IN-CLASS
Non-PO invoices	Total invoice processing cycle time	6.7 days	2.6 days
	Touchless capture rate	62.2%	95.8%
	Automatic routing rate	65.3%	99.4%
	Average approval time	3.2 days	1.3 days
PO invoices	Total invoice processing cycle time	6.3 days	1.0 days
	Touchless capture rate	63.4%	94.6%
	Touchless processing rate	66.7%	93.7%

About Medius

Managing AP and finance should be about strategy, not stress. You shouldn't have to sift through endless emails, PDFs or paper to get invoices confirmed, coded and paid, so you can (heaven forbid) go home. You shouldn't have to scramble to pay suppliers and keep them happy or cross your fingers no surprises land in your inbox that jeopardize the numbers you've presented to the boss and the board. You shouldn't have to worry about a fake invoice subjecting you to fraud. And you certainly shouldn't have to fret about finding a solution that is actually a solution - one that doesn't add expensive consultants and costs instead of speed and simplicity.

Let's replace all that worry and wondering with calm and confidence. Medius links all of AP together - from invoice capture and processing all the way through payment. With one look at a demo, you'll see how Medius takes you beyond basic automation and minor improvements to let Artificial Intelligence (AI) do most of the work for you, so you can get done, go home and rest easy. You'll know exactly what's paid, what's pending, and that your forecasts are spot on. And you won't have to worry about implementation and ongoing administration costs, because you'll start seeing the value immediately and the innovation won't stop. To learn more, visit medius.com.





www.medius.com

© Copyright 2022 Medius. All rights reserved.

The information contained in this document is general in nature and provided as reference material only.

This document is furnished as is without warranty of any kind. Specifications are subject to change without notice.

