



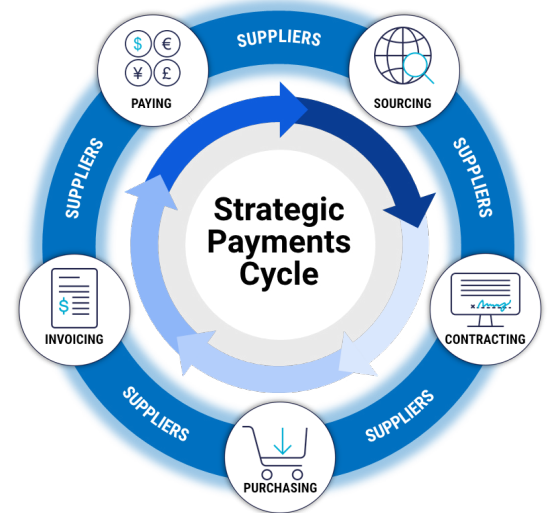
Turn Accounts Payable into
a Strategic Business Partner

ivalua

AP as a Strategic Business Partner

Today your Accounts Payable (AP) team is uniquely positioned to become a strategic part of your organization, not by digitizing paper, but by enabling procurement to buy better, cheaper, and more globally. It's time for AP to shift gears.

For over twenty years we've been distracted by the unsuccessful e-invoicing networks trying to remove paper invoices. Yet, in the 21st Century, digitization is all around us, removing friction from the supplier payment journey. We call this innovation Strategic Payments, a tool that will transform AP from a tactical cost center into a strategic business partner - possibly even a revenue stream.



The latest digital Invoice-to-Pay experience will streamline how your AP team and suppliers work together. By building strong digital relationships with your suppliers, you can reverse the negative trends. A study by [Forrester](#) observed that by giving a supplier visibility into their payments, teams were more willing to collaborate and share innovations.

In this eBook we have identified the possible savings, and given you a guide for your transformational journey.

AP as a Strategic Business Partner



Teams that connect contracts into a Strategic Payments cycle reduce saving leakage by **38%**



By linking and automating the whole cycle, Strategic Payments can reduce invoicing costs by up to **80%**



Organizations using a closed-loop Strategic Payments journey achieve **26%** greater compliance than their peers

¹ Forrester, Collaborate to Win – Unlocking Supplier Innovation & Value, June 2020

² Ardent Partners, Bridging the Gap, February 2022

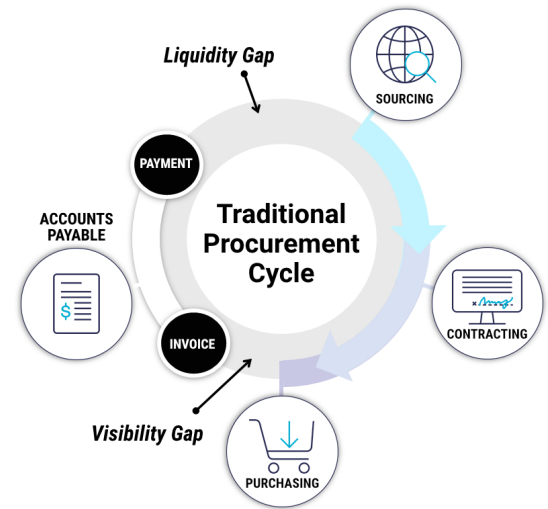
³ Hackett Group, Purchase-to-Pay Performance Study Results, February 2022

⁴ Ardent, Bridging the Gap, February 2022

The Cost of Standing Still

A recent [Ardent Partners](#) report highlighted two unfavorable trends in AP that are the direct result of the visibility gap. First, supplier inquiries are consuming 22% of your AP team's day. Second, the number of invoice disputes are growing year-over-year. These are also reflected in a new [Hackett Group](#) report, putting the financial impact of AP at 0.083% of total corporate spend.

The visibility gap can withhold the AP team from delivering strategic value to the procurement team. Without a complete, holistic view of the payment cycle, additional savings cannot be negotiated with suppliers and supply chains may become less responsive and resilient.



The impact of the liquidity is harder to identify. However, 58% of organizations have seen direct business impact due to poor supplier performance and 51% have seen this result in worsening supplier relationships.⁹ The liquidity gap impacts your suppliers and blocks adoption of early payment discount programs; AP teams spend 75% more time paying their suppliers.¹⁰

Unfortunately, these gaps have been deepened by the introduction of 3rd party invoicing networks. Rather than creating touchless processes, these systems have blocked automation, stifled collaboration, and reinforced the walls of the AP silo.

Impact of the Visibility Gap



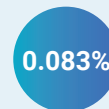
of AP time is now spent answering supplier inquiries⁵



of invoices are now disputed with the suppliers⁶



Disputes & inquiries account for 0.023% of organizational spend⁷



of organizational spend is on processing invoices⁸

⁵ Ardent Partner, Accounts Payable Metrics that Matter, February 2021

⁶ Ardent, AP Metrics that Matter, February 2021

⁷ Hackett, P2P Performance Study, February 2022

⁸ Hackett, P2P Performance Study, February 2022

⁹ Ardent, Bridging the Gap, February 2022

¹⁰ Hackett, P2P Performance Study, February 2022

Time to Bridge the Gaps with Collaboration

To bridge expensive performance and financial gaps, you need to transform your AP team into a Strategic Payments function. To complete this shift, the first step is to rebuild trust and collaboration with suppliers by following these key principles:

1

Good suppliers are business assets, a source of knowledge, expertise, and competitive advantage

2

In global supply chains, organizational success is linked to successful suppliers

3

The closer the collaboration with suppliers, the greater the ROI

4

Complex supplier relationships require governance and relationship management

5

Successful programs involve suppliers of all spend types, both direct and indirect

6

The removal of tactical thinking turns your organization into a customer of choice

The second step is to build an internal partnership with the Procurement team by forging an alliance that goes beyond supplier value:



Plan to grow operating margins



Focus on improving profitability



Embed strategies that reduce supplier risk

Once the Procurement and Finance teams are communicating and collaborating, the third step is to contain costs by using liquidity to support any decline in top-line revenues. That goes beyond extending supplier payment terms:



Drive automation with a touchless payments channel for tail-end suppliers



Utilize global next payments to build supply chain resilience



Embed early payment schemes and automation into contracts



Secure delivery with scheduled payments linked to quality

Why Do This?

- ✓ By concentrating the supply base and cleaning up the supplier master organizations, you can negotiate better pricing and reduce purchasing errors
- ✓ Payment discounts, negotiated by procurement and executed by payables, require end-to-end collaboration to deliver savings
- ✓ Most organizations that automate payments capture more early payment discounts
- ✓ Top-performing organizations spend 75% less on payments than their competition
- ✓ 70% of these organizations are better placed to analyze cash flow, forecasts and budgets

By bridging the gaps created by your traditional AP silo you can start to empower your supply chain, turning AP into a Strategic Payments function.

Your Strategic Payments Checklist

- Unblock supplier enablement by offering a single supplier window into your business
- Provide supplier visibility into invoice and payment status to reduce non-strategic inquiries
- Offer invoice pre-matching and real-time collaboration to turn exceptions into touchless payments
- Introduce higher levels of payment efficiency with automated ordering, receiving, and invoicing
- Build a transparent user journey that enables better decision making in sourcing, ordering, and cash management
- Help identify sourcing opportunities with accurate spend data from invoices and payments
- Support contract compliance and help lower maverick spend with invoices and payment linked to contracts
- Develop proactive payment strategies coupled to dynamic discounting opportunities

Once you have transformed the AP function into a Strategic Payments team, the last step is to optimize your working capital across the whole supply chain, unlocking liquidity at every step of the journey.

What Does Success Look Like?

With a digital Invoice-to-Pay journey, streamline your AP team functions, create stronger relationships, and improve communication. Reduce supplier inquiries/ exceptions and shift to one-team collaboration. Unlock the power of liquidity to strengthen your supply chain to start capturing early payment savings.

With Strategic Payments, AP has transformed into a smarter organizational tool, delivering one set of business objectives across finance and procurement to improve margins and generate significant savings.

[Watch our on demand video](#) to see the possibilities.



About Ivalua

Ivalua, a leading provider of cloud-based Spend Management Solutions, leverages a single, unified Source-to-Settle platform to bridge the organizational gaps between Finance and Procurement.

Positioned as a complete digital Strategic Payment solution, Ivalua's unique platform can establish baseline spend details, generate cash management agility, produce transaction visibility, give total control over the source-to-settle cycle, and provide supplier liquidity opportunities. Designed to operate as a unified, end-to-end system, the procurement-finance relationship can now work in tandem to determine the capabilities they need today and the flexibility to adapt to tomorrow.

Trusted by hundreds of the world's most admired brands and recognized as a leader by Gartner and other analysts, Ivalua's cross-discipline collaboration tools create a dual impact on organizational spend management and successful global supply chain sustainability.

The Way You Pay Matters: Get Started on your Digital Invoice-to-Pay Journey [HERE](#)



ALL Spend, ALL Suppliers, ONE Platform