

THE ULTIMATE GUIDE TO

Automating Business Payments and Workflows



Overview

Your business' back office is a busy place, and accounts payable is never a completely painless process. This scenario may sound familiar: An invoice comes in from Vendor A addressed to Department Y for \$3,000, citing work done for the month. The only detail offered is the timeframe of the work, not the specifics of deliverables. A second invoice comes in from Vendor A to Department Z for \$3,000 in the same month. Both Department Y and Department Z sign off on the invoice.

This puts the business' accounting team in investigative mode. They need to track down the approvers in Department Y and Department Z to decipher if these are separate invoices or if, in fact, a duplicate invoice has been sent for the same work. It takes hours, if not days, to rectify the situation, and if it is indeed a duplicate invoice, Vendor A needs to be notified.

This is a significant drain on staff time and resources, but unfortunately, this scenario and other equally frustrating ones play out all too frequently in businesses of all sizes. When invoice approvals flow manually and/or in isolation, one party doesn't recognize the impact on another—or on the business' bottom line.

This is where digital payment approval workflows make all of the difference, automating and streamlining a process that can be largely manual and research-laden. When an invoice is entered into the workflow system, the

business has customized an automatic process based on roles and permissions on the back-end that routes that invoice to designated approvers. Approvers can evaluate accompanying documentation, review comments from other approvers, request additional information to append to the payment request, and approve or reject the payment.

In the scenario above, this means that because Vendor A works with both Department Y and Department Z, both participate in the payment approval workflow. Both approvers can ask Vendor A for more details on the invoice, can see one another's notes, and can discern before payment approval, if the invoice is for two separate projects or is a duplicate. This significantly lessens the time the accounting team spends trying to track down answers prior to paying the invoice.

This is just one scenario of many that can occur in payment approvals. As businesses grow and become more complex and distributed, many find the only way to more efficiently operate accounts payable is to implement digital payment approval workflow solutions.

But with so many details to consider, where does a business begin? The goal of this guide is to answer that question and help you break down how digital approval workflow solutions can address your back office challenges.

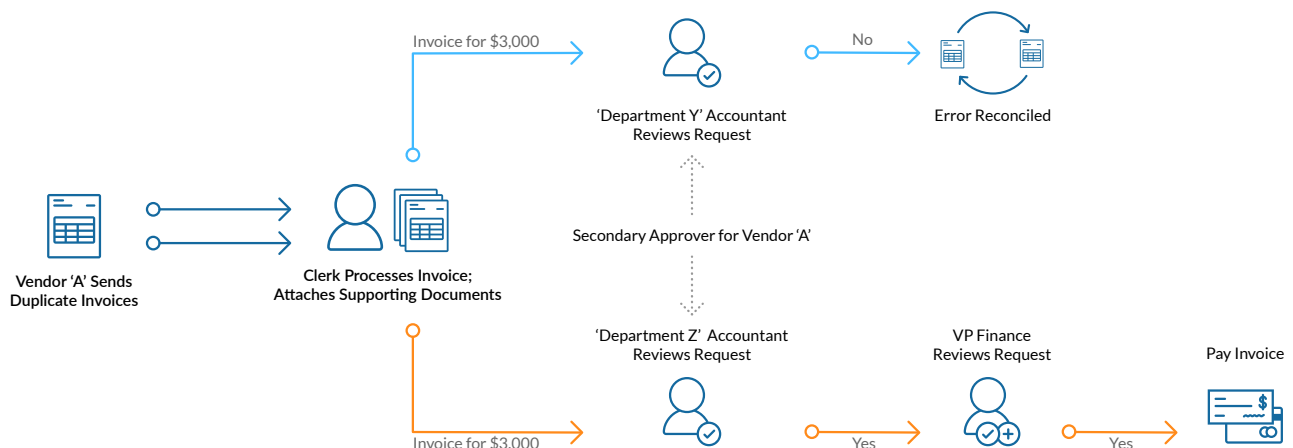


Figure 1. Digital Payment Approval Process Example

Benefits of Digital Payment Approval Workflows

Payment approval workflows address the trouble areas of the payables process and create an efficient solution for businesses. In fact, customers using Bill.com report saving, on average, 50% of time on accounts payable.¹

Digital workflow solutions provide numerous advantages through a streamlined process that enables rapid, but thorough, reviews. Specifically, digital payment approval workflows:

- **Reduce errors.** Duplicate payments. Payments higher than contracted amounts. Payment in advance of product delivery. When multiple approvers exist in an organization, these scenarios represent frequent payment realities. Digital payment approval workflows align approvers in a phased manner, so that there's transparency into the invoice details to lessen this manner of mistake.
- **Reduce fraud.** In addition to cutting back on errors, the phased approval process created by digital workflows offers automatic checks-and-balances around fraud. The formal routing of payment requests requires multiple sets of eyes on an invoice, scanning for signs of trouble.
- **Secure documents.** With a digital approach, sensitive documents do not circulate out in the open, but rather, are shared via an encrypted connection with only those who should have access. In addition, digital workflow solutions remove emails from the equation, so no document falls victim to an inadvertent forward.
- **Prepare for audits.** Audit preparations are easy when key information is in one location and the approval process is digital and documented with a detailed audit trail. Accounting teams can easily provide the details needed on specific invoices, payments and vendors, or simply provide auditors access to the required payment details.
- **Time payments.** Building transparency into payment status, the digital payment approval workflow allows teams to take advantage of early payment benefits or hold payment based on cash flow. The accounting team can more easily determine where the payment approval stands and how best to time the payment in light of other expenses and outgoing payments.

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Additional Advantages of Digitizing Payment Workflows

In addition to the specific benefits offered by the workflow itself, simply digitizing the payments process has a profound impact on business efficiency. Digital workflow solutions have the added advantage of assisting businesses in the electronification of their payment processes, helping to:

- **Minimize paper clutter.** Hard-copy invoice processing generates a clunky paper trail to be managed by accounting teams. Switching to a workflow solution that converts paper to digital documents offers a one-stop-shop for accounting records.
- **Approve payments on-the-go.** In today's environment, business leaders are constantly mobile. Digital payment approval workflows generate automatic notifications that alert approvers when a new bill is ready for review. Users can review and approve bills electronically from any device, anytime.
- **Create up-to-date books.** Digital payment workflow integration with accounting software means reconciling accounting software with payments and bank account information is automatic. Additionally, two-way sync ensures vendor contact information is updated regardless of the system in which the change is made.
- **Engage with vendors and suppliers.** Digital workflow solutions strengthen communications via electronic information-sharing between vendors, approvers, and staff. This increases visibility of payment details and status, and keeps the notes affiliated with the appropriate invoice.

Regardless of business size or structure, digital payment approval workflow solutions aid accounting teams in creating efficient processes. These solutions free up staff time to better focus on business strategy, forecasting, and growth.



Implementing Digital Payment Approval Workflows

Every business is different, and thus, payment approval workflows vary. As a business considers introducing a digital payment approval workflow solution, it must consider its current process, its ideal process, and key requirements—like audit needs—to determine the right solution.

Current Process

The first step in launching a digital payment approval workflow starts with an evaluation of the current approval process. How does the organization approve and pay bills today? Do approvals involve multiple departments or individuals? How does sign-off authority impact the process? Collaborating with internal stakeholders will ensure an accurate depiction of today's approach that can serve as a baseline to adapt for future processes.

Capability

Key Questions

Defining the Overall Payment Approval Workflow

- What type of bill triggers (or should trigger) an approval process to start?
- Are there different approval processes, based on the type of bill, the general ledger account from which the funds would be drawn, the amount of the bill, or other characteristics of the bill?
- Who is involved in each of the approval processes?
- How do approvals move from person to person? Is it a manual process, requiring a person to route paper copies or email the next approver?

Document Access During Approvals

- To what extent do approvers get access to necessary supporting documents to make their decisions?
- What steps must they take to retrieve those supporting documents?

Handling Exceptions

- How does your business classify exceptions?
- How would you manage and/or remediate them?
- What steps must a user take in order to retrieve approvals and documents for a payment exception?

Payment Audit Trail

- How is the approval trail captured?
- What details of the approvals, invoices, and payments are stored?
- What process is used to retrieve approval trails after payments are made?

Capability

Key Questions

Performance Metrics

- How do you measure compliance with your company's approval policies?
- How long, on average, does it take from the receipt of a bill to payment?
- What percentage of your payments have resulted in errors, including unplanned late payments, missed payments, or double payments?
- How much incremental time does it take to fix these errors?
- Is the cost of these mistakes (lost productivity, payment penalties, foregone interest income, etc.) significant to your business?

Altering the Payment Approval Workflow

- How are changes in payment approval workflows implemented?
- How would you validate compliance with new policies?
- If you use a automated solution, would an administrator make changes to roles and permissions, or would you need to invest in an application developer to implement the changes?

Integration with Accounting, Payment, and Other Business Applications

- What applications and documents use data captured from the automated solution?
- How are the applications updated (e.g., sync, manual updates, etc.)?

Ideal Process

With the current process clearly articulated, next, the business should outline the inefficiencies, challenges, and/or gaps in that approach and how payment approval and processing would work in their ideal world. The business may want to examine:

- **Real payments approval trouble areas.** Where have things gone awry historically, and why? What “lessons learned” does the organization have from those experiences, and how should they impact the ideal process?
- **Fraud vulnerabilities.** Where are there gaps that could make the business more susceptible to fraud?
- **Approval policies.** How many people—and who—needs to approve an invoice? Why? Would adding or taking away approvers make the process more accurate? Simpler? Would a different set of approvers have positively impacted past trouble areas?
- **Timing.** How long does the payment approval process take? What are the hold-ups? How can a digital payment approval workflow address them?
- **Integration.** How does the payment approval process integrate with other business procedures? How could a digital payment approval workflow better support these processes, including accounting software updates?

Outlining the ideal solution will identify where internal procedures need to be tweaked and where a payment approval workflow solution aligns with business needs.

Key Solution Requirements

As specific business processes, both existing and ideal, emerge, the business gains greater clarity into how a digital payment approval workflow can provide needed efficiencies. Businesses will look to solutions that will get them from their current state to their ideal state, offering options that meet their specific needs. Specifically, businesses want to consider:

- **Opportunities for standard or custom assigned roles.** Within the workflow, there should be options to set custom roles or to leverage standard roles within the solution. This allows the business to consider a “norm” in review and compare that against their ideal for the right process for the organization.
- **Workflow modification.** Businesses may have changes to the process and workflow as they implement the solution. How difficult is it to modify the workflow once it’s established? To optimize the investment, businesses should be able to alter workflows to changing business needs.
- **Audit trails.** Business leaders may want documentation to evaluate and/or improve the effectiveness and efficiencies of the payment process. So, how does the digital payment approval workflow solution simplify the audit process? Is there a clear demarcation of the approval process and corresponding documentation?
- **Documentation.** A business may want the ability to quickly retrieve approvals, payment information, and invoices and to expedite responses to inquiries. Does the solution offer this option?

As businesses implement the digital payment approval workflow, they will recognize streamlined procedures, time-savings, and a more efficient approach to accounts payable overall.

Key Capabilities

Benefits

Standard Roles	Built-in standard roles, that define the views of the application, documents, and the permissible actions, ease the implementation of a payables solution.
Custom Roles	Standard roles may not always align with your business process. Administrators, should be able to define custom roles and permissions to help drive better alignment.
Workflow Builder	The ability to define the workflow without development work eases implementations. Administrators should have the controls to define roles and implement policies, easily.
Workflow Automation	Automatically moving actions to the next approver and alerting him/her expedites efficiency.
Workflow Editor	To optimize your solution investment, you should be able to alter workflows to changing business needs, easily and without additional development.
Audit Trails	Built in audit trails capture all the actions, time stamps, and source info, from receipt of the invoice to the payment.
Document Management	The ability to quickly retrieve approvals, payment information, and invoices expedites responses to inquiries.

Evaluating Solution Providers

Digital payment approval workflow solutions support the business as it grows and evolves. Providers should meet the business where it is today, enabling tailored solutions for individualized processes, but also be ready adapt to its changing needs as time passes. Workflow solutions are not “one-size-fits-all,” and it’s the provider’s job to partner with business customers to aid them in achieving individual results. Overall, the goal is for the business to find a solution that frees up staff time to focus on the nature of the business—not its accounts payables process.

Payables Scenario

Benefits of Bill.com

Routine Payment Runs

- Automatically route bills to the appropriate approvers for the level of review dictated by your business policies; automatically alert and remind all approvers of actions they must complete.
- Eliminate the need for staff to hound approvers to complete tasks.
- Get rid of filing cabinets and the time spent collating invoices and payments.
- Leverage early payment discounts; reduce payment errors, missed/late payments, and multiple payments for the same invoice.
- Sync payment information with your accounting system, reducing the time and errors generated from aligning multiple applications.

Exception Management

- Route payment exceptions to the right individuals for the level of scrutiny dictated by your business policies.
- Capture the full audit trail of all exceptions, along with invoice, remittance, and payment information.
- Review payment exceptions for process improvement.

Responding to Vendor Inquiries (Post-Payment Runs)

- Easily access the full payment audit trail (including date/time of each action and accompanying message), invoice, and the resulting cleared check images.
- Reduce the time and frustration finding invoices, remittance, and payment information.

Preparation for Audits and/or Responses to Payment-Related Audit Questions

- Validate the implementation of internal controls over your payables process.
- Leverage full payment audit trails and cleared check image for quick access to payment-related audit questions.

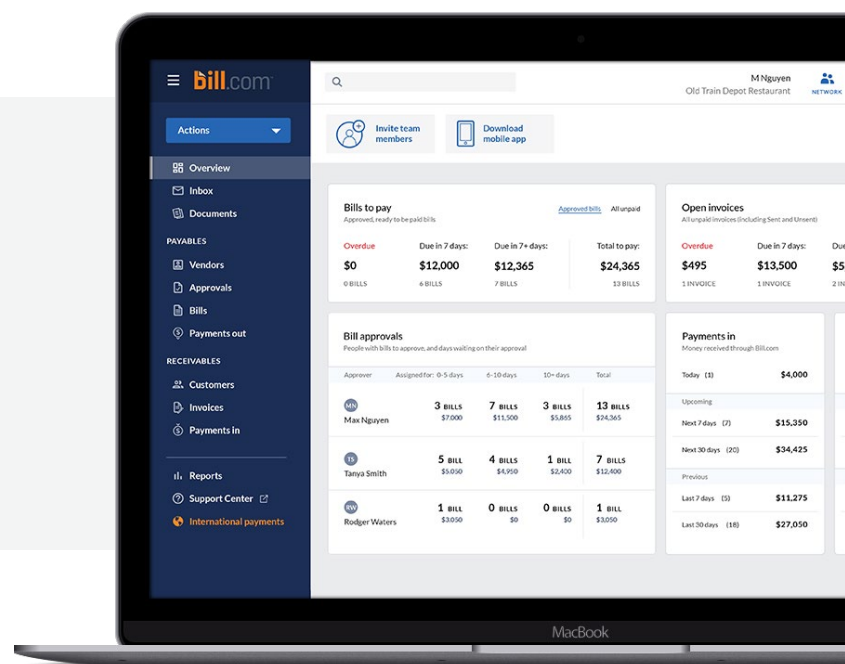
With its integration of automated payments, automated approvals, audit trail, document management, and application integration, Bill.com is uniquely positioned to transform the end-to-end payables process. As your partner, Bill.com will help align accounts payable procedures with specific business needs, strengthening this functional area to take your business to the next level.

Now that's a workflow you're sure to approve.

Save 50% of time on accounts payable

Want to learn more about Bill.com and start a risk-free trial?

Visit us at [Bill.com](https://www.bill.com) today!



¹Bill.com, Customer Survey, (Bill.com, Palo Alto, 2019)

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