5 WAYS
ARTIFICIAL INTELLIGENCE
IS REVOLUTIONIZING
ACCOUNTS PAYABLE

IOFM Institute of
Finance & Management

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What if your accounts payable (AP) team could spend more of its time on the things that matter most, and less time on manual, repetitive tasks such as keying invoice data, matching purchase orders and shuffling paper and emails?

That's the promise of artificial intelligence (AI), adaptive, algorithm-based technology that automates tasks that used to require human involvement, freeing staff to focus on higher value tasks.

AI mimics human thinking and intelligence, extracts and analyzes vast amounts of data, and learns how to make decisions, without intervention. And the technology delivers better results over time.

No wonder that AI's potential has been likened to the introduction of electricity and the microchip.
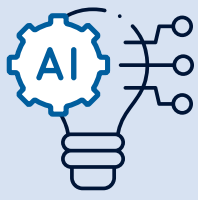
> **Investment in AI and human-machine collaboration could increase revenues by 38 percent over the next five years[1].**

The increasingly accessible technology is pervasive in our consumer lives – from smart homes to telemedicine services – and is quickly gaining traction in the back-offices of businesses.

Automating menial tasks not only is better business, but it also makes for a better workplace. Freed from the drudgery of manual tasks, AP staff can pursue new skills to advance their careers.
This white paper shows five ways that AI is revolutionizing AP.

What is artificial intelligence?

Imagine if you could automate many of the tasks your department makes each workday.

That's what AI does.

AI uses sophisticated algorithms and other technologies to analyze vast amounts of data and transactions to automate complex or simple tasks, without the need for computer programming.

> **AI is expected to grow to a $309 billion industry by 2026[2].**

Some AI solutions are powered by networks of sophisticated algorithms, called neural networks. Artificial neural networks are capable of self-sufficient deep learning, or machine learning, which means the technology can learn, reason, and correct itself without any human intervention.

AI is not the same as Robotic Process Automation (RPA).

While RPA automates manual tasks with rigid business rules, AI automates cognitive activities.

There are lots of headline-grabbing applications of AI:

- **Autonomous cars:** self-driving cars, shuttles, and buses use AI to get people around.
- **Food delivery:** AI-powered robots are delivering food to the doors of hungry college kids.
- **Online retailers:** ecommerce platforms use AI to suggest products to shoppers.
- **Email:** spam filters use AI to flag emails that contain words that may indicate spam.
- **Facial recognition:** social media companies use AI to identify people in pictures.
- **Transcription:** speech-recognition systems use AI to transcribe words into text.
- **Banking:** banks use AI to convert the interpret the handwriting on checks.

AI can also be used to automate the processing of invoices submitted by suppliers. While invoice processing may not be as exciting as autonomous cars, AI is transforming the way that AP works.

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1 Accenture
2 Source: VAI

44% of execs report lower operations costs because of AI[3].

The idea of relinquishing decision-making to computers is scary to some AP pros. But letting technology handle mundane tasks frees AP staff to focus time on the things that matter **the** most.

AI is less about eliminating professions and more about eliminating tasks.

Think about the process of routing invoices to a purchaser for approval. While it may only take a seasoned employee a few seconds to determine who should receive the invoice, the finance administrator may repeat the task dozens of times during their typical workday. When you consider all the time that your AP staff spends routing invoices or matching purchase orders, the time savings add up.
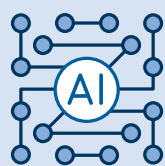
Through continued use, AI algorithms can learn specific information.

These are some of the reasons that more AP departments are embracing AI-driven solutions.

Inefficiencies across the AP lifecycle

Few back-office functions are in more dire need **of** AI-assisted automation than AP.

Controllers rank AP as the most time-consuming, labor-intensive, and paper-intensive finance and administration (F&A) function, topping notoriously onerous tasks such as accounts receivable[4].

**84%** of the typical AP practitioner's day is wasted on manual tasks[5].

Manual processes bog AP departments down in many ways, but here are three of the biggest:

- **Inaccurate data.** Errors are inevitable when you have manual processes. A single mis-keyed character from a vendor invoice can lead to downstream headaches. **That's why AP staff waste time hunting for errors and re-keying information**. Some AP departments compound the problem by keying data on approved invoices into their ERP. Undetected errors can lead to erroneous payments, inaccurate cash forecasts, and budget overruns.
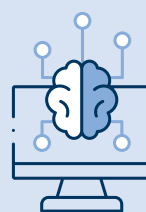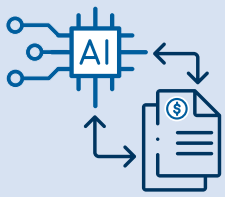
AI with machine learning continuously learns the delivers better process efficiency.

- **Poor visibility.** Manual AP processes make it hard for finance leaders to know whether a supplier's invoice was received, where an invoice stands in the approval process, or whether a bottleneck is delaying invoice approvals. It's not uncommon for paper documents to become lost, misfiled, or "stuck" on an approver's desk or at the bottom of their email box. Every manual handoff between stakeholders and departments makes visibility harder and increases the possibility of a document becoming lost or information becoming distorted. **On top of that, manual processes increase the risk of fraud by both employees and suppliers.**
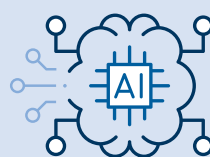
AI-powered solutions can mine data to detect trends, patterns, and anomalies.

- **Slow invoice approvals.** Manual processes take significantly longer than digital ones. Long invoice approvals increase the possibility of late payments to suppliers, missed opportunities to capture early payment discounts, more telephone calls and emails from suppliers inquiring about the status of their invoice, and greater difficulty managing and forecasting cash. Suppliers are less likely to extend favorable pricing or service levels to buyers that pay late.

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3 Source: VAI
4 Source: Institute of Finance and Management (IOFM)
5 Source: Institute of Finance and Management (IOFM)

AI can automatically extract data from invoices without the need for templates.

The problems caused by manual AP processes grow as a business gets bigger. And it's difficult for AP departments that rely on manual processes to scale without adding more staff.

AI-powered solutions eliminate the manual tasks that hold AP departments back.

5 ways AI is revolutionizing AP

AI is revolutionizing the AP process in five ways:

1. **Automated data capture.** Few AP tasks are as burdensome as manually keying the amount due, supplier's name, remittance address, and other details from invoices submitted by suppliers. In fact, invoice data entry is the task that AP professionals would most like to eliminate from the workday[6]. **AI-powered solutions capture invoice header and line-item data with greater speed and accuracy than manual data entry or legacy optical character recognition (OCR) technology**. Unlike traditional data capture systems, which used image-based templates or text-based rules to interpret the characters on invoices, AI combines OCR with deep neural networks to recognize data patterns in a similar way to the human mind. As a result, AP departments don't need to feed the technology templates and rules for every type of invoice it receives. That's not to say that AI-powered data capture solutions won't occasionally require some manual monitoring. But the technology is less likely to get tripped up by the lack of naming standards for data fields. What's more, AI doesn't become fatigued by performing the same manual, repetitive task; the more documents that AI-powered technology processes, the faster and more accurate it becomes. Some AI-powered solutions only need seconds to extract all the data from an invoice. Automatically capturing invoice header and line-item data accelerates cycle times, reduces the possibility of downstream errors,

and frees staff to focus more time on fulfilling value-added activities. Value-added activities include analyzing invoice data for opportunities to optimize working capital and corporate spending, collaborating with stakeholders and building relationships with suppliers. **It also sets the stage for "touchless AP". That's when a complete straight-through accounts payable process is implemented.** Invoice data is captured, non PO invoices go into an approval workflow, PO invoices are automatically matched to purchase orders and goods receipts, and the invoice is sent to the ERP for recording and payment.

AI-powered data capture can save an AP department hundreds of hours of time.

2. **General ledger coding.** Tracking expenses across checking accounts, credit cards, and lines of credit is crucial for any business. Most businesses meticulously record payments in their general ledger (GL) as they occur. **But manually coding invoices to associate them with records in the GL is incredibly time-consuming and error prone**. A single typo can throw off the GL, delay the monthly financial close, and make it difficult to spot any mistakes on a bank statement. AI-driven solutions with machine learning automate GL coding. The technology learns how an organization codes its invoices. The next time the system sees an invoice from a particular vendor or containing a particular combination of data fields (e.g., supplier name and department), the fields in the GL are auto populated. The technology also suggests how invoices should be coded. Distribution percentages and other GL coding tasks also can be automated. Overall**,** automating the coding of GL information reduces the possibility of errors, accelerates invoice cycle times, and improves financial reporting.
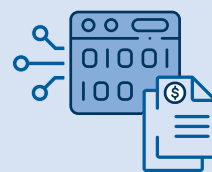
AI-driven solutions can learn how to code invoices submitted by suppliers.

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6 Institute of Finance and Management (IOFM), 2022

3. **Intelligence gathering.** When it comes to financial planning, most organizations are flying blind. With traditional approaches to finance crucial information is not captured, captured data is inaccurate, information is not timely, data is poorly organized and systems are poorly integrated. As a result finance leaders cannot access the key insights they need to evaluate and make strategic decisions, assess outcomes, and continuously monitor the organization's performance against financial plans. In many cases, finance administrators are unable to adapt their plans fast enough to seize opportunities or avoid problems. That's why more finance leaders are employing AI-driven solutions for intelligence gathering. **Intelligence gathering is focused on collecting and analyzing information to make informed decisions.** The technology imports data from myriad sources (ERP or accounting system, CRM and other systems), identifies and analyzes patterns and trends, and provides financial leaders with insights for making decisions. Some AI solutions can suggest a course of action. Once decisions have been made, the AI solution monitors performance and alerts finance administrators. This means finance leaders can respond promptly to changing departmental, market or competitive conditions. Unlike humans, AI-driven solutions can quickly analyze vast amounts of data. The insights supplied by an AI solution will not be affected by personal assumptions, office politics, or other human bias. Intelligence gathered by AI eliminates the office tension that comes when people feel their assumptions are being challenged. And the rich data provided by AI-based solutions gives finance leaders more productive interactions (and confidence) with management.

AI gathers the insights finance leaders need to make decisions and assess outcomes.

4. **Predictive analytics.** What if your finance department could accurately predict trends? AI is making that vision a reality. **Predictive analytics is focused on analyzing data to make predictions about future events.**

The technology combines advanced algorithms and machine learning to analyze data and deliver accurate, timely forecasts. The predictive analytics delivered by AI-based AP solutions help finance departments avoid cash flow shortfalls, improve budget performance, and reduce operations costs. The technology turns invoice data into actionable insights and flags likely eventsBy analyzing information from myriad internal and external sources, AI also reduces the possibility of data being skewed by outlying factors. Over time, the AI-based solution enables organizations to manage their finances more effectively. These are some of the reasons nearly half of supply chain leaders increased spending on predictive analytics and other technologies during the pandemic[7].

Invoice data is useless if it does not lead to action.

5. **Payment fraud detection and prevention.** If it feels like your finance department's risk of payment fraud is higher these days, you're not alone. Twenty-five percent of AP leaders say that the increased risk of payment fraud is the biggest challenge their department faces in today's remote work environment[8]. **Forty percent of finance departments experienced multiple cases of attempted or successful fraud attacks in 2022[9].** And worldwide losses from card fraud have nearly doubled in 10 years[10]. The shift to remote working and the growth of electronic payment methods has made more businesses vulnerable to Business Email Compromise (BEC), phishing schemes, account takeovers, and vendor impersonation. Insurers, banks, government entities, and other organizations are all at risk of fraud. **The vast amount of data that finance departments manually manage across multiple platforms is making it harder to thwart fraud schemes**. The problem is the longer payment fraud goes undetected, the larger the financial losses to a business are likely to be[11]. AI-powered solutions with machine learning can help stop fraudsters. The technology uses data mining to extract and analyze large amounts of past transactions, neural networks to recognize patterns and predict behaviors, and pattern recognition to classify transactions into different categories. Anomalous transactions can be automatically rejected or tagged

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7   Source: VAI
8   Source: Institute of Finance and Management (IOFM)
9   Source: Institute of Finance and Management (IOFM)
10   Source: McKinsey
11   Source: Association for Certified Fraud Examiners (ACFE)

with a reason code and forwarded to an operator for investigation. Analyzing transactions with AI helps AP departments reduce the possibility of fraudulent activity. Flagging suspicious transactions helps staff focus their review efforts. The technology works 24/7. Data monitoring and analytics accelerates fraud detection by 58 percent and reduces losses by 52 percent[12].
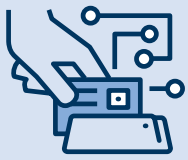
Worldwide losses from card fraud are expected to approach $44 billion by 2025[13].

AI-powered solutions do more than automate AP tasks, they revolutionize them.

Start your revolution

Manual, repetitive tasks hold AP departments hostage to out-dated paper-driven processes. **The time that AP staff waste on menial activities such as keying invoice data, chasing down approvers and matching purchase orders is time they cannot spend on fulfilling growth-generating activities**.

Organizations with growing invoice volumes want to avoid adding to headcount. AI-powered solutions revolutionize AP by digitizing, simplifying, and automating tasks such as invoice data capture, GL coding, intelligence gathering, predictive analytics, and payment fraud detection and prevention.

About Rillion

Rillion provides AP automation with invoice data capture, approval workflow, a searchable invoice archive in the cloud, automated 3-way PO matching, a complete audit trail and automated payment processing. We integrate AI to help you do your job with more efficiency and fewer errors.

Rillion has over 250,000 users, a 95% approval rating and integrates with popular ERPs and accounting systems. We might be playing in the AP automation arena, but we're really in the business of peace of mind.

rillion

About the Institute of Finance & Management

Accounting and finance professions have each undergone nothing short of a complete transformation since the Institute of Finance and Management (IOFM) was founded in 1982 and since then our mission has been, and continues to be, to align the resources, events, certifications, and networking opportunities we offer with what companies need from the accounting and finance functions to deliver market leadership. IOFM empowers accounting and finance professionals to maximize the strategic value they offer their employers.

Our enduring commitment to serving the accounting and finance professions is unmatched. IOFM has certified over 25,000 accounting and finance professionals and serves several thousand conference and webinar attendees each year.

IOFM is proud to be recognized as the leading organization in providing training, education and certification programs specifically for professionals in accounts payable, procure-to-pay, accounts receivable and order-to-cash, as well as key tax and compliance resources for global and shared services professionals, controllers, and their finance and administration (F&A) teams.

Learn more at **IOFM.com**

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12 Source: Association for Certified Fraud Examiners (ACFE)
13 Source: McKinsey

Integration

The data integration process can often seem overwhelming. Our industry standard Rillion Integration Engine alleviates this burden with powerful integration capabilities built into a straightforward, easy-to-use graphical user interface.

Rillion has over 2,500 installed clients globally, all connected to one or more ERP, purchasing, or accounting system The Rillion Integration Engine interface offers several options to facilitate communications and data sharing between Rillion and your business system.

Rillion Solution Stack

Rillion AP Automation

- Invoice Data Capture
- Invoice Processing
- Approval Workflow
- Searchable Archive
- Auditing

Rillion PO Matching

- Automated PO and Goods Receipt matching engine
- Internal and external POs

Schedule a Consultation

★★★★½

"Easy to use."

Ap Automation with Rillion saves time, lowers costs and improves efficiency for over 3,000 clients worldwide.

96%
User Satisfaction Ratings

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