

# THE GREAT ESCAPE: FREEING ACCOUNTS PAYABLE FROM PAPER PROCESSING

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There are many accounts payable processing solutions promising freedom from paper invoices. But as many financial professionals can attest, truly eliminating paper processing by accounts payable (AP) without imposing payment portal restrictions on your vendors is next to impossible.

But — what if there were a way to really get rid of paper, once and for all?

## Paper, Paper Everywhere

Accounts payable professionals know all about paper. They can't escape it. Invoices arrive in paper form all the time, and to make matters worse, they are often sent to the buyer instead of AP. And if an organization has different offices and centralized invoice processing, it can be even worse. Who knows where those invoices will end up?



**Paper invoices are often misrouted, misplaced or outright lost.**

Of course, paper invoices also require manual handling. If your team is working from home or is remote even part of the time, how do you collect the documents from the office? Who will handle inputting them and where will it be done? Is it a best practice for someone to take them home to do that? (Answer: probably not.)

Worse yet, the paper still needs to be circulated to people for approval — staff who may be working remotely. But even for companies that are now 100 percent back in the office, paper invoices are — and have always been — at risk of getting lost or buried in a stack of papers.

This level of inefficiency has distinct and potentially ruinous consequences. Invoices that need to be paid but are floating around somewhere can obscure insight into the organization's cash position. This will make upper management unhappy, and in public companies, can cause noncompliance with mandated corporate reporting. That noncompliance comes with definite legal consequences and fines, and can trigger audits, which are time-consuming and siphon off AP resources that should be focused on paying the bills.



**The inefficiency caused by too much paper can have serious consequences for a company.**

Executives and shareholders won't be the only ones who are displeased. Suppliers will also be dissatisfied with slow payments, and at a time when there are inventory shortages in many business sectors, they may decide they'd rather sell their limited inventory to someone else. Late payments also cause missed fast-pay discounts, which can significantly affect an organization's bottom line.

And yet paper, despite the time and inefficiency it causes AP, is likely here to stay in some measure for the foreseeable future.

## A Different Strategy

Yes, a lot of automation solutions promise freedom from paper, but to even approach that, suppliers are often required to use vendor portals and submit their invoices electronically. That compels vendors to register with each of those customer portals — and frankly, some just don't want to do it and never will.



**In many cases, trying to force vendors to use your electronic invoice portal is not a viable strategy.**

Consider: If a supplier has thousands of customers, each with their own portal, that amounts to a tremendous amount of work on the part of suppliers' accounts receivable (AR) departments to set up. They may prefer not to do what they consider to be their customers' jobs. Of course, that also requires a major effort on the part of AP to communicate with their vendors to get them signed up and operational, assuming they're willing to buy into using the portal.

What that means is, in most cases, no matter how good AP's portal-based automation solution is, there's still going to be some paper to manage — and probably more than you'd

like. Instead, let's consider another strategy: nipping the AP paper problem in the bud by eliminating the traditional physical mailroom process in the first place.

### Moving the Mountain

What does that look like? "Instead of managing the inefficiencies of paper invoices on your own, consider a solution provider that maintains a facility that will do the digitization and data capture for you," says [Iron Mountain's](#) Alex Lomakin, Product Manager, Digital Business Unit.

Rather than vendors sending paper invoices to your own mailroom, they can send them to a secure facility for digitization. No longer must you fight with suppliers to correctly use a portal. No more will you have to hand-key invoices into your system. Nor will you have to worry about invoices languishing at the bottom of an approver's inbox or manually track them through the approval process.



**Challenges with paper invoices can be best managed by a provider who specializes in them.**

Invoices that come in electronically can also be entered into the system by the solution provider through integration with AP's existing enterprise resource planning (ERP) system. That means everything ends up in one place in a consistent format without AP having to wrangle invoices received in a variety of ways. Remote employees no longer need to trek into the office to manage paper, and vendors can send in their invoices however they want. Everything is converted consistently and ready for AP to review.

Since all invoices are converted to a standard electronic format, they can then be distributed for approval through an automated workflow. No longer will things get buried on somebody's desk or misrouted.

This applies to purchase order matching as well. "For organizations that rely on purchase orders, the ideal solution will either ingest them electronically or digitize them if they're in paper form, then compare them to the corresponding invoices. It will then alert AP if there's a PO-to-invoice mismatch so the issue can be resolved," says the Institute of Finance & Management Managing Editor Royce Grayson Morse.

Worried about security? It's worth noting that an established solution provider like Iron Mountain is far better able to manage data security than most AP organizations, where it's just a support function.



**You're better off leaving the security of your invoice data to the experts.**

Lomakin notes, "You want to work with a partner whose primary business is data management and who takes its security very seriously. You want assurance that your information is safe — from picking up your rerouted paper mail in secure trucks for digitization at scanning centers to auto-routing your digital documents to the intended recipient, then disposing of your paper mail per your request."

He adds that documents should be stored in a way that leverages the National Institute of Standards and Technology (NIST) Cyber Security Framework (CSF) as the enterprise security operating standard. For example, [Iron Mountain InSight®](#) complies with industry standards, including but not limited to HIPAA, FedRAMP/FISMA, GDPR, Soc 2 Type II and ISO27001. Lomakin adds, "There's a reason that 95 percent of Fortune 1,000 companies trust Iron Mountain with their sensitive data."

This secure data should be available on dashboards from wherever you work. Morse says, "That way, people don't have to come into the office if they're remote either full- or part-time, or if they're traveling. People can manage and approve invoices from anywhere."

The benefits to this method of invoice intake and processing are noteworthy. It alleviates the need to manage paper while not forcing vendors into correctly using portals — meaning you can reduce the overall costs of your invoice processing operations by reducing inefficiencies. You'll be able to close each month faster and with less hassle, which reduces the likelihood of audits or misstated financial reporting. Better reporting also means you're able to leverage that information for process improvement, increasing discount capture and better managing your direct pay online.



## The Right Stuff

There are several considerations for finding a solution that can truly make your organization paperless, and despite what you may hear, they're not all created equal.

First, you shouldn't have to worry about resident software that requires an onsite IT team to manage. "SaaS — software as a service — means you don't need your own computer tech staff to manage your application," says Morse. "Nor do you need to manually update the program on AP's workstations every time there's an update. Whenever and wherever you log in, the application is up to date." Another one of the big advantages of SaaS is that it's accessible to stakeholders globally, 24/7, 365 days a year.



**SaaS technology means your data is available to every stakeholder, all of the time.**

Next, make sure a solution integrates with your ERP, providing key information extracted from both paper and electronic invoices.

As we mentioned, you shouldn't have to manually match POs with invoices either. Lomakin says, "For instance, Iron Mountain uses artificial intelligence and machine learning to classify and extract information from both POs and invoices. If they match, the solution provides a notification. If not, the invoice is flagged for resolution. This should significantly reduce the time you must spend comparing documents." And, of course, minimal manual intervention means greater efficiency with less expenditure of human capital.

You'll hear a lot of talk about "end-to-end" solutions, but many are not able to go the extra mile to deal with outliers like paper invoices. Make sure your provider can handle the difficult paper transactions as well as the easy ones that come in electronically. Not only does this provide you with the ability to better control your cash flow and extract business intelligence from your data — it lets you better manage on-time payments so that you're able to capture fast-pay discounts.



**A truly complete invoice processing solution will handle your paper invoices along with the electronic ones.**

The ultimate goal is to select a solution that can handle invoices in any format — and that includes those troublesome paper ones.

The best solution is one that's flexible and can handle invoices that arrive in any format. That includes paper. Look for a provider that has global reach, stringent security measures and ownership of the data-capture-to-cloud space, however the information comes in.

Lomakin sums it up: "Working with a provider like Iron Mountain means you have access to a full-service solution that can manage all aspects of your data. From digitization to retention schedules, all the way to secure destruction of documents or equipment, you have the support you need to more easily elevate your work."

It's the only way to eliminate a paper workflow from your working environment, once and for all.



### About Iron Mountain

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Iron Mountain Incorporated (NYSE: IRM), founded in 1951, is the global leader for storage and information management services. Trusted by more than 225,000 organizations around the world, and with a real estate network of more than 85 million square feet across more than 1,400 facilities in over 50 countries, Iron Mountain stores and protects billions of valued assets, including critical business information, highly sensitive data, and cultural and historical artifacts. Providing solutions that include [information management](#), [digital transformation](#), [secure storage](#), [secure destruction](#), as well as [data centers](#), [cloud services](#) and [art storage and logistics](#), Iron Mountain helps customers lower cost and risk, comply with regulations, recover from disaster, and enable a more digital way of working.



### About the Institute of Finance & Management

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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.

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