

## Avoiding the AP Automation Mirage

Platforms that appear to be automated are only partially so, often forcing AP teams to resolve issues with phone calls, not clicks.



Adding automated payments to invoice processing solutions has given multifamily and CRE companies the ability to convert all their manual AP processes into digital ones, from start to finish. Instead of cutting paper checks to vendors each month, they can process invoices-through-payments electronically – often in the same platform.

The benefits of a start-to-finish process are clear: AP teams save time, reduce costs, and increase productivity. They can even shift their check-cutting staff to more revenue-producing activities, like negotiating vendor discounts.

But, as more companies move to automate both their invoicing and payments, it is becoming increasingly important to define what it really means to be fully automated.



**True automation means every step is automated, both the customer and supplier have complete visibility at every stage of the process, and AP teams can handle exceptions quickly online.**



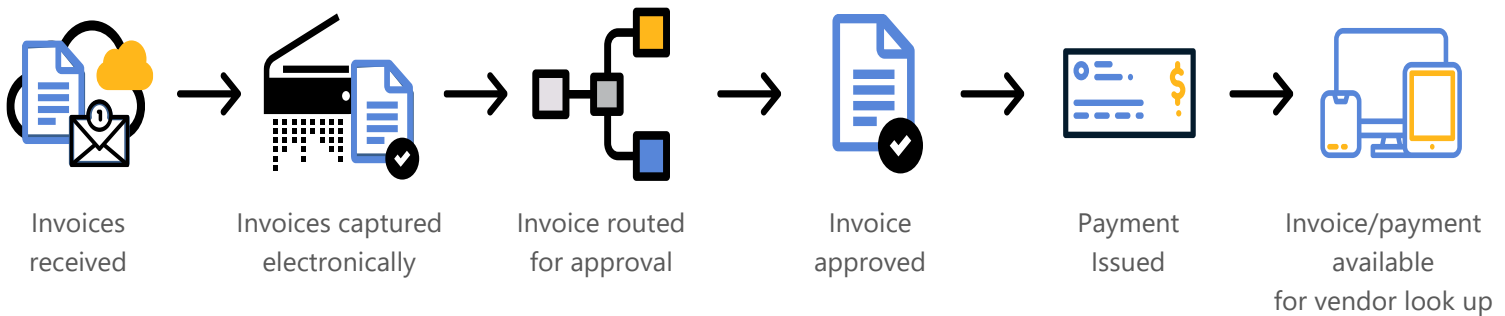
All too often, platforms that profess to be automated are only partially so. They may have online invoice submission, automated customer workflows/approvals, and suppliers may receive payments electronically, but the middle steps of the process are not connected to the front and back ends. Such systems present an automation “mirage” that can be frustrating to the AP teams because they find themselves frequently on the phone with the automation company’s call center trying to sort “what’s what.” All of these calls – and delays – can erode the benefits of AP automation and payments.

A true end-to-end automation solution should have these capabilities:

- The supplier can submit an invoice digitally (via email or a self-service portal) and view the entire invoice-through-payment process online
- The customer/buyer’s AP team can electronically route the invoice to the right approver(s) – no matter how many approval steps or workflows are needed – and view any delays in the process
- Payment is authorized and is issued to suppliers from the bank accounts associated with the property and is not pooled into another bank account for processing
- Supplier receives the payment electronically and deposits it – or it is deposited automatically on his behalf directly into his bank account
- Property managers in the field can view whether payment has been processed for each invoice

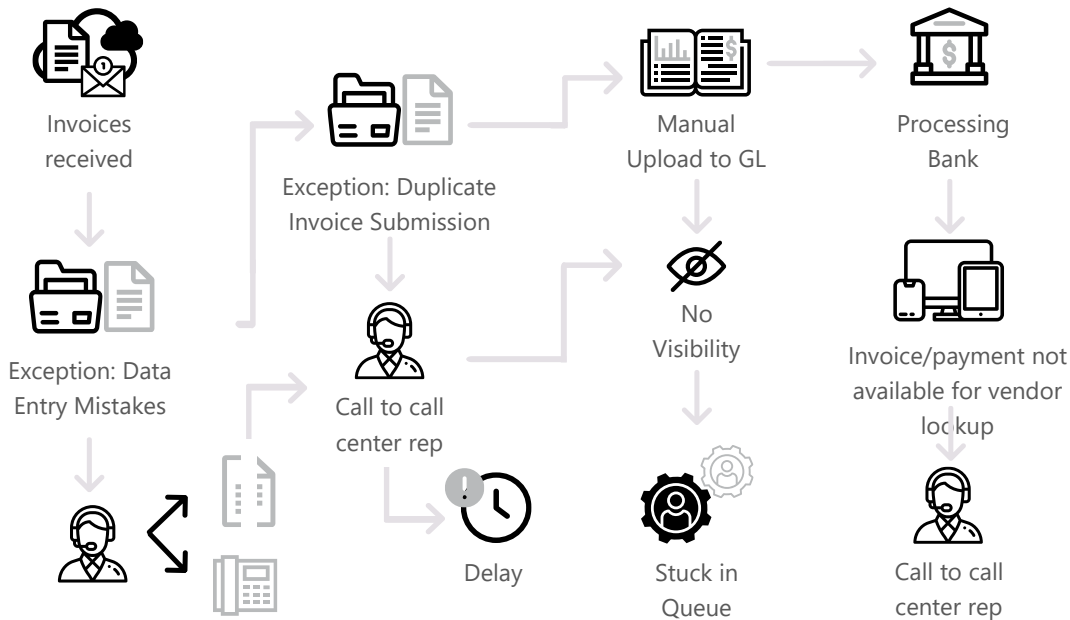
And the end-to-end process should look like this:

**A Fully Automated & Visible Process**



All too often, the process looks like this:

**Partially Automated + Invisible Processes = Delays + Substantial Call Center Assistance**



Below are four key ways an automation mirage can actually erode the overall benefits of automated invoice processing and payments.

## 1) Workflow gaps and blind spots force costly manual interventions

A study by research and advisory firm Ardent Partners found that [25 percent of all invoices in 2021 were flagged for exception](#) and required AP staff to take action and perform additional work to get them approved. It's not a surprising insight. Exceptions happened for many reasons: incorrect vendor data, the business changes, a discrepancy arises, standard protocols are not followed, and many others. Gaps and blind spots in AP automation workflow can exacerbate these exceptions, requiring extensive physical intervention in the process and frequent calls to the automation company's call center.

## 2) Lack of visibility increases supplier calls to AP teams/property managers

Another major issue with the automation mirage is the lack of visibility for suppliers throughout the invoice-through-payments process. When suppliers can't get real-time online information about when their invoice was received and approved, or when payment was sent or other details, they typically call the AP team or swing by the property manager's office for answers. Per Ardent Partners, [22 percent of AP staff time is spent on answering supplier inquiries](#).

A true end-to-end automation platform will include a robust self-service portal where suppliers or vendors can view invoice and payments status with just a few clicks – and get the information in near real time. It will also have all the reconciliation data suppliers need to manage all of their payments. There's no need to disrupt the AP team or the property manager to get clarification.

Nexus's self-service portal, NexusConnect, enables this visibility. Market research firm [Hobson & Associates](#) found that Nexus clients see a 75 percent reduction in supplier calls and emails once the AP team implements the NexusConnect platform. In fact, some clients reported that they reduced their communications with suppliers from one full day a week to just a few minutes.

**Full visibility drives  
75% reduction in  
supplier calls**

## 3) Inability to set up and use existing bank accounts costs time and money

One essential platform automation criteria for CRE and multifamily companies is the ability to manage the multiple banks/bank accounts used to fund vendor payments. Many real estate companies have 50 to 100 bank accounts. They use a different bank account for each property, and if they acquire more properties, they often add more banking relationships.

The ability to use the customer's own banks to fund payments, and change them at will, is highly restricted by many automation companies. Some automated payments providers require that their teams set up a customer's bank accounts.

Others even require that customers use the payment company's specific bank or processing partner, which they in turn use to pay the vendors. If a customer wants to use its own bank accounts to fund vendor payments, they will need to manage it through the Call Center for a fee (of course).

#### 4) Fixing discrepancies should be done online – not through the call center

Another critical feature of true automation is the ability to make all necessary invoice and payment adjustments online, without calling a call center to resolve discrepancies.

For example, many invoice automation platforms can handle a three-way-match: PO - to a receipt - to an invoice. This facilitates faster invoice processing and minimizes errors. But the matching process becomes challenging when the vendor only delivers one or two of the three services included in the Purchase Order and wants payment for those completed services. The PO needs to remain open. Not all AP automation and payments platforms can do that without significant intervention by a Call Center rep.

Another common scenario is a refund. If a vendor receives payment via an automated virtual card, but it's not the right payment amount or there's a credit on file, the vendor must refund the card payment. If there is no way for the refund to be managed automatically, the AP team must straighten it out – often with a call to the call center.

A third scenario that often requires intervention on the part of an AP team, often in conjunction with a call center rep, is when they have to sort out outsourced checks that don't match the numbers that the client has in their GL. This often occurs when the automation company pools a client's funds into a centralized location and cut checks to the vendors from that pooled fund.

All these scenarios offset the time savings that automation provides. If you consider the average handle time for a call in the financial and IT industries is [4:45 minutes](#), and your AP team makes 10 calls each week, then the lost productivity is almost an hour a week. That lost time can add up, especially if there are multiple AP members making calls.

### Platform automation and autonomy are more important than call center capacity

AP automation offers tremendous benefits to AP teams – especially in companies like commercial and multifamily real estate that make a lot of payments and manage a complex portfolio of banks and accounts. It's important to understand that not all AP automation platforms are true end-to-end platforms that provide a seamless process with visibility, process accuracy and time saving self-service tools.

Automation companies that have large call centers are often a “tell” that there's not a lot of self-services online and the software can't handle discrepancies, without manual intervention. Automation should – in fact – make it unnecessary to use your automation provider's Call Center. So, if a provider is making the size of its customer care operation a selling point – you might want to ask them why that is necessary and follow that question by asking them to walk you through their process from end-to-end, using the rubric above to assess the true automation level.