

Accounts Payable Automation for the Public Sector

Keeping costs low while maintaining efficiency are high priorities for accounts payable teams in the public sector. Improving spend visibility whilst reducing the use of paper isn't just critical, it is often a mandate that finance teams have to deal with quickly and efficiently. Whether you're being faced with a new e-invoicing mandate, or simply looking to digitise processes to thrive in the current economy, your priorities for innovation are justified. What you might not be aware of, is how efficient your invoice processing could be with the paradigm shift to a digital-first mindset. Enter: digital transformation.

Digital transformation to upend the status quo

Just because waiting 45-90 days to pay suppliers is standard operating procedure for most organisations, doesn't mean it has to be. When we look at previous iterations of software innovation for managing payments for the public sector, we see a common thread: a slightly newer interface slapped onto archaic software that remains built on premises that don't align to your processes, nor your suppliers.

The promise of digital transformation might seem great, but impractical. After all, you're probably being asked to narrow your budget, but deliver better results. You've already got some technology in place that might be working well enough – albeit, suboptimally. With time always being a precious asset, where does digital transformation fit?

In this report you'll get to the bottom of the top challenges finance teams in the public sector are facing, and how the digital-first approach can work to solve them. For inspiration, you'll see how best-in-class organisations in your industry have also made strides in building digital automation into their supply chain payments.

The problem: suppliers who are disconnected

Supplier onboarding is a pain point for most e-invoicing initiatives. Why? Is it because suppliers are so set in their way of conducting business that engaging them in a new process is seemingly impossible? That's unlikely. More likely, most e-invoicing solutions don't cater to the suppliers at all. Having an e-invoicing solution that senselessly charges suppliers with no added value for them is counterintuitive. Your suppliers should enjoy doing business with you, not dread the hidden cost of getting paid on time. After all, your suppliers are the lifeblood of your organisation and critical to innovation.

The solution: provide value for your suppliers

One way you can provide value to your suppliers is by giving them access to an e-invoicing solution

they'll love. What if when a supplier onboarded to a solution to invoice your agency, that same action gave them access to a whole network of buyers? Imagine the benefit for the supplier.

With your key performance indicators hinged on supplier onboarding, it's important to find a digital solution that spares suppliers time, and doesn't require them to relearn a new system for each new buyer they work with. Giving them one solution to reach a myriad of other buyers makes onboarding an incentive rather than a barrier for the seller you're working with. A solution that provides instant value for your suppliers is one that is easy to use, modern, and helps them grow their business.

For suppliers, another huge concern is getting paid faster. This is especially important for smaller suppliers, as their access to working capital can be limited. A digital first approach that integrates

seamlessly to your accounting system will give you the keys to lowering days payable outstanding, and will make your suppliers love doing business with you. Not to mention, you might save some money along the way, thanks to dynamic discounting: a win-win for you and your supplier. With dynamic discounting you get a better deal, and they get paid immediately.

The problem: drowning in a sea of paper invoices

Most finance teams in the public sector face this issue: an insurmountable quantity of paper. Specifically, paper invoices from myriad suppliers. Processing this amount of paper presents a few issues – for one, a lot of it has to be processed manually, making invoice exceptions hard to track. This sort of tedium reduces finance to a paper pushing function – but it doesn't have to be that way.

"With 30,000 daily inbound invoices from 175,000 suppliers worldwide, NHS SBS was drowning in a sea of paper. Their processing time lagged and managing paper was accounting for a significant chunk of their operating costs."¹

¹ Source: From Pushing Paper to Pushing the Limits of Healthcare — HOW NHS SBS WENT DIGITAL AND NEVER LOOKED BACK — Tradeshift



The solution: digitise now, get strategic along the way

One part of modernisation is the move away from paper. Digitisation allows you to set up custom validation rules, which is critical for a lot of public sector organisations who check invoices against multiple validation points. A good digital platform will allow the accounts payable team to automatically validate or reject a document that doesn't meet the criteria. This sort of process was previously manual, and often involved a lot of back and forth with a supplier to ensure invoice accuracy.

What's more: before your invoices are automatically added to your ERP (another benefit

of a full digital solution) they'll be completely and automatically validated against the rules you determine. This allows you to spend less time worrying whether or not your invoice data is accurate and more time offering strategic insight into optimising payments.

The problem: global compliance is impossible to wrangle and measure

When you're processing 100% of your invoices manually, compliance becomes a nasty challenge. The lack of visibility into these documents and processes causes constant headaches for finance teams. And it's more common than you'd think.

The solution: get real-time visibility at the drop of a hat

Digitally native processes make most tasks more efficient and cost-effective. Your supply chain is no different. Global compliance becomes exponentially more manageable when all invoices are connected on the same platform – even if this means converting paper invoices to digital documents. These steps allow documents to become accessible from any device, anywhere in the world. And for the public sector, that decrease in bureaucracy empowers the entire finance team to make strategic decisions, quickly.



“It might be trickier with the smaller suppliers who invoice us only once in a while. Perhaps they are still putting their paper invoices through the post. The carrot for them is that they will get paid much quicker. And they will be able to track where their payment is within the system which means they can plan ahead financially.”

— Chris Law, Head of Transactions, LGSS

"It's incredibly important we have a business system that is agile, flexible and intuitive." LGSS estimates Tradeshift will save them a huge £250,000 over the next five years.

— **Christine Reed, LGSS Director of People, Transformation and Transactions**

The last thing a public sector finance team wants is to waste their budget on processes that could be digitised, data that could be maintained within the same system, and suppliers that don't want to use an e-invoicing solution that disadvantages them. With this in mind, it's imperative to shift towards a digital first mindset. At first glance, a lot of these solutions seem out of reach or hyper idealistic, but the reality is that the future is now. Already, a majority of finance teams view accounts payable as valuable to strategic decisions, and that's because of the value automation brings to the supply chain. As stated in the 2018 Ardent Partners State of ePayables report: "For most enterprises, the opportunity to transform and modernize the AP organisation is both significant and achievable and should be undertaken sooner rather than later." A worthwhile investment now will pay dividends in the future.

ABOUT TRADESHIFT

Tradeshift drives supply chain innovation for the digitally connected economy. As the leader in supply chain payments and marketplaces, the company helps buyers and suppliers digitise all their trade transactions, collaborate on every process, and connect with any supply chain app. More than 1.5 million companies across 190 countries trust Tradeshift to process over half a trillion USD in transaction value, making it the largest global business network for buying and selling. Discover commerce for all at [tradeshift.com](https://www.tradeshift.com)