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Revolutionising
Accounts Payable
Processing with AI

Industry Experts

Manish Nahar
COO-iDTC, Intellect Design Arena

Manish is an accomplished e-commerce leader with over 21 years of experience across diverse industries such as retail, manufacturing, and government procurement. Before joining Intellect, he held significant roles including Practice Head for Digital Commerce at Wipro and Infosys. With over a decade spent in the US and UK markets, Manish has played a pivotal role in global e-commerce initiatives. His focus on product management during his tenure at Infosys shaped his strategic approach and leadership in digital transformation projects. Manish is known for his ability to navigate complex market dynamics and drive innovation in the e-commerce landscape.

Rohit Kalyankar
VP-Sales, Intellect Design Arena

With over 19 years in sales and business development across Manufacturing, Capital Equipment, and Automation sectors, Rohit brings extensive experience in driving growth and implementing innovative solutions. Beginning his career in automation solutions, he specialized in delivering projects for Automotive, Aerospace, Railways, Defense, and Metro industries. His roles included solution development, pre-sales, sales, and project delivery, enhancing business expansion and efficiency. Currently VP Sales at Intellect, Rohit leads the market launch of the iAPX product, aiming for leadership through strategic market penetration and customer-focused strategies. His leadership drives growth and value in technology solutions.

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Abstract

Accounts Payable (AP) processing holds pivotal significance within every organisation, managing crucial tasks like invoice handling, approval workflows, and payment processing. Over recent years, the integration of Artificial Intelligence (AI) has revolutionised AP operations by automating repetitive tasks, enhancing precision, and bolstering efficiency. This whitepaper delves into the diverse applications, advantages, hurdles, and future outlook of AI implementation in Accounts Payable processing.

Introduction

As organisations strive to streamline operations and optimise resources, Accounts Payable processing emerges as a focal point for efficiency enhancement. Leveraging AI technologies in AP processing offers a promising avenue to address longstanding challenges, comply with regulatory requirements, and elevate financial management practices.

Moreover, authentication of vendor credentials, historical records, and compliance checks has become a prerequisite before payments are initiated, driven by regulatory mandates and risk mitigation strategies.

The propelling factors:

Several compelling factors are propelling the adoption of AI-driven AP solutions in the Indian market:

1. GST COMPLIANCE: Adherence to Goods and Services Tax (GST) regulations is paramount to prevent the locking of funds and optimise cash management. With over 1.6 billion invoices processed monthly on the GSTN portal, efficient GST compliance is imperative for businesses to maintain liquidity and avoid penalties.

2. TDS RECONCILIATION: The reconciliation of Tax Deducted at Source (TDS) poses significant challenges, including excess payments and adjustment complexities. The Central Board of Direct Taxes (CBDT) reported over 6.8 million TDS mismatch cases in the fiscal year 2022-2023, underscoring the need for streamlined reconciliation processes.

3. COST CONSIDERATIONS: Traditional ERP-based solutions often entail huge costs, prompting organisations to seek cost-effective alternatives such as Managed Services for AP. A study by Ernst & Young (EY) indicates that over 60% of Indian businesses cite cost reduction as the primary driver for outsourcing AP functions.

4. VENDOR MANAGEMENT: Timely payments to vendors is crucial to avoid penalties arising from payment delays.

Challenges Addressed by AI

1. MANUAL DATA ENTRY: Eliminates the need for manual typing, reducing errors and improving efficiency. According to a study by the Institute of Management Accountants (IMA), manual data entry errors account for nearly 20% of all invoice processing errors.

2. DATA ACCURACY: AI algorithms ensure accurate data capture, mitigating the risk of errors. A survey conducted by Deloitte found that over 30% of organisations reported data accuracy issues as a major concern in their AP processes.

3. INVOICE TRACKING: Provides real-time visibility into invoice status, enhancing traceability. The Institute of Finance and Management (IOFM) reports that nearly 25% of organisations struggle with invoice tracking and status visibility

4. PO & INVOICE MATCHING: Automates matching processes, reducing manual intervention and errors. According to APQC, over 50% of organisations still rely on manual methods for PO and invoice matching, leading to delays and discrepancies.

5. APPROVAL WORKFLOWS: Streamlines approval mechanisms through automated workflows. A study by Ardent Partners found that organisations using manual approval workflows experience an average processing time of 16.3 days per invoice, compared to 3.6 days for organisations with automated workflows.

6. EXCEPTION HANDLING: AI algorithms flag exceptions for quick resolution, minimising delays. The International Accounts Payable Professionals (IAPP) estimates that nearly 20% of invoices require some form of exception handling, leading to delays and increased processing costs.

7. COMPLIANCE MANAGEMENT: Enforces compliance checks during data capture, reducing the risk of non-compliance. The Institute of Internal Auditors (IIA) reports that over 40% of organisations cite compliance as a significant challenge in their AP processes.

8. DATA SECURITY: Ensures secure storage of invoices, safeguarding sensitive information. According to a study by PwC, over 60% of organisations consider data security as a top priority in their AP operations.

AI in Accounts Payable Processing

1. INVOICE DATA CAPTURE: AI automates the extraction of data from invoices, reducing manual data entry and minimising errors.

2. INVOICE MATCHING: AI algorithms facilitate automatic matching of purchase orders, invoices, and receipts, streamlining the reconciliation process and reducing discrepancies.

3. APPROVAL WORKFLOWS: AI-driven workflows route invoices through approval hierarchies based on predefined rules, accelerating processing time and enhancing control.

4. EXCEPTION HANDLING: AI systems identify and flag exceptions such as duplicate invoices, pricing discrepancies, and unapproved vendors, enabling prompt resolution and preventing bottlenecks.

5. COMPLIANCE MANAGEMENT: AI-powered solutions ensure compliance with tax regulations, vendor agreements, and internal policies, mitigating risks and enhancing audit readiness.

Benefits of AI in Accounts Payable Processing

1. ACCURACY: AI minimises errors associated with manual data entry, leading to higher data accuracy and redu ced risk of financial discrepancies.

2. EFFICIENCY: Automated workflows and intelligent document processing accelerate processing times, enabling organisations to handle a higher volume of invoices with fewer resources.

3. COST SAVINGS: AI automation reduces labor costs, minimises invoice processing cycle times, and eliminates late payment penalties, resulting in significant cost savings for organisations.

4. BETTER DECISION-MAKING: AI-powered analytics provide insights into spending patterns, vendor performance, and cash flow trends, enabling informed decision-making and strategic planning.

5. SCALABILITY: AI solutions are scalable and adaptable to evolving business needs, ensuring that AP processes can accommodate growth and changes in organisational structure.

Challenges of AI in Accounts Payable Processing

1. DATA QUALITY: The effectiveness of AI in AP processing relies on the quality and consistency of input data. Organisations must ensure clean, standardised data to maximise the accuracy of AI algorithms.

2. INTEGRATION: Integrating AI solutions with existing ERP systems and legacy applications may pose technical challenges and require careful planning and implementation.

3. REGULATORY COMPLIANCE: Adhering to Indian tax laws, regulatory requirements, and data privacy standards is essential when implementing AI in AP processing to avoid legal and financial risks.

Conclusion

The future of AI in Accounts Payable processing is characterised by continuous innovation and adoption, with emerging trends such as blockchain integration for secure document exchange and machine learning for predictive analytics poised to reshape AP processing practices. AI has emerged as a game-changer in AP processing, offering unprecedented opportunities to streamline operations, enhance efficiency, and drive strategic value. As organisations embrace digital transformation and AI becomes more pervasive, the role of AI in AP processing will continue to evolve, driving efficiency, transparency, and compliance in financial operations, while also optimising resource utilisation and elevating financial management practices to new heights. In the dynamic Indian business landscape, organisations that embrace AI in AP processing will gain a competitive edge and position themselves for long-term success.

iAPX

The world's most comprehensive patented AI-led Accounts Payable Platform with CDG Technology, TCC Triad and 7 AI Assistants

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Contact us: iapx@intellectdesign.com