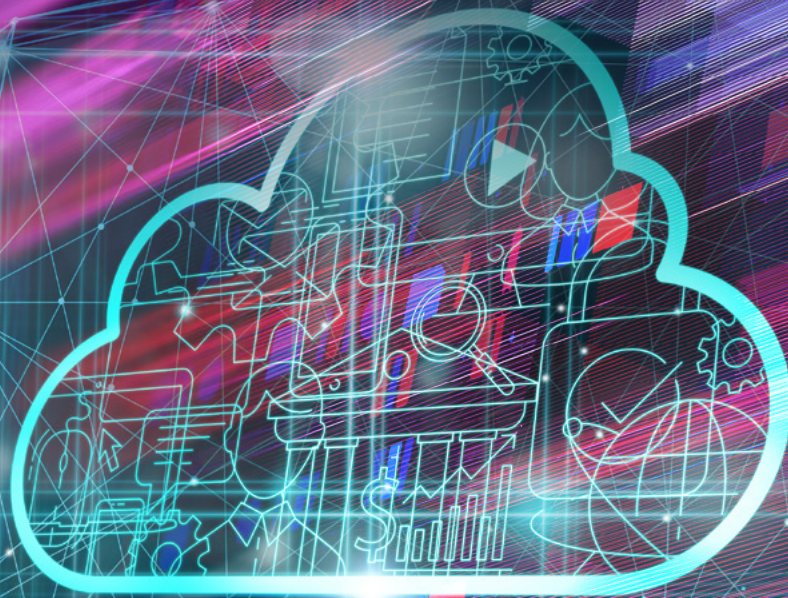


AP ON THE CLOUD: Enabling the Future of Finance



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Introduction

Modern enterprises require process and operational resilience as a foundation to support business growth. As we witness an increasing shift towards digital operating models and platforms, further accelerated by the global pandemic, the risks of unstructured data, disconnected processes and multiple ERP systems threatens operational speed and stability in Accounts Payables. Such impediments, consequently, present challenges to the goal of adopting over the top digital platforms for end-to-end Accounts payable management. AP should be a touchless process. However multiple factors and exceptions in the traditional AP process cause delays. These challenges include the large number of diverse formats of Invoices being received, a high level of exceptions in the upstream purchase order and downstream goods received process, lack of standardization due to regional and system nuances, amongst many others.

SSON's Global State of AP Automation Survey 2021 highlights these impediments: 69% of the surveyed SSO, GBS and Finance leaders conduct AP through either a shared services or centralized model. With only 52% at least partially automated, and 43% of survey respondents working across multiple or isolated ERP systems the imperative for adopting AP on the Cloud is clear in the market's siloed, fragmented, and partially digitized operations. Such inefficiencies and management challenges create an inestimable level of administrative waste, highlighting the need for holistic AP transformation.

This report explores the impact of AP on the Cloud solutions on existing operating models. Here, we demonstrate how post-pandemic trends create opportunities for the future of work, enabling digitalized cloud AP platforms to underpin enterprise models. The next section segues into cost-reduction challenges afflicting traditional AP systems, explaining how cloud-based AP systems enables and digitizes the AP value chain. Finally, our analysis outlines several AP cloud operating model innovations – e.g., AP-as-a-Service, Pay-Per-Transaction, Pay-By-Outcome and uncovers their potential to solve traditional AP challenges.

Such inefficiencies and management challenges create an inestimable level of administrative waste, highlighting the need for holistic AP transformation.

AP on the Cloud Vs. On-Premise Software

The biggest problem with enterprises continuing with their legacy on-premise accounts payable (AP) software is that there is no flexibility during critical and high-demand phases of business. For instance, if a remote worker needs immediate access to your database or records, there is no way of doing so instantly with an on-premise system.

Given the recent developments and unprecedented, unforeseen disruptions in the corporate world, it has become more important than ever to invest in intelligent solutions that deliver flexibility, scalability, and performance while ensuring optimized costs.

Cloud solutions are built to be flexible and scalable, ensuring greater productivity and convenience for you in the AP process even if you have a dispersed or a decentralized workforce.

On that note, here's looking at why accounts payable-on-cloud platforms are a better bet for your business compared with your existing on-premise software.

While your legacy systems may have served you well in the past, accounts payable-on-the-cloud (APOC) is the present and the future. Here are some indisputable reasons why APOC is a better alternative to on-premise AP software for forward-looking enterprises:



Costs:

Unlike legacy systems, a cloud-based AP platform is more affordable in terms of upfront costs, implementation, IT resources, usage structure, subscription model, labour costs, and running costs. Cloud-based systems operate on a pay-as-you-go structure, which makes them flexible and a popular choice. About 94% of businesses use cloud-based systems in at least a few areas of their operations.



Flexibility:

Cloud systems are scalable, which means you can expand or contract the model depending on your volatile usage needs and periods of fluctuating demand. This kind of flexibility is essential for mid-sized businesses that experience seasonal fluctuations and changing volumes.



Human resources:

Traditional AP processes revolve around human intervention at almost every step. Accounts payable-on-the-cloud eliminates the need for your staff to take care of mundane, non-essential, or repetitive tasks. Not just accounts personnel but IT professionals too will have fewer systems to handle and can instead focus on the maintenance of other in-house systems.



Remote ops:

Since the entire AP process is on the cloud, remote working becomes a cakewalk because of unprecedented accessibility, visibility, and instant collaboration. On-premise solutions make it difficult to achieve seamlessness in these aspects, especially when teams and individuals work from different places.



Data backup:

Financial data, as we all know, is valuable, sensitive, and critical to any enterprise's AP function. Since backups are performed manually in a legacy setup, data can be easily lost. Accounts payable-on-the-cloud accelerates and automates the process and ensures advanced data security and compliance.

Enabling the Future of Finance

The CFO's role has transitioned beyond traditional book-keeping and cost management to strategic, forward-focused business planning with ownership for all levels of risk management. For instance, in a transactional function like AP - which directly impacts cash outflow - the office of the CFO is now not only expected to find opportunities to reduce costs and stay compliant but enhance the user experience for suppliers, employees and stakeholders, and generate actionable insights.

Due of the high level of data entry, AP is at risk of significant human errors such as duplicate payments and incorrect payments.

Automation technologies have made a foray into the market a decade ago but traditional challenges continue to persist primarily due to reasons such as:

- Suppliers continuing to send invoices in pdf and paper format instead of getting onboarded onto e-invoicing network platforms which delivers 'touchless' processing,
- Sub-optimal implementation and adoption of digital solutions by vendors due to lack of understanding and appreciation of clients' process nuances
- Heterogenous ERP landscapes due to siloed organizational structures

Accounts payable-on-the-cloud platforms are solutions that have the capability to completely transform the accounts payable process end-to-end for clients by leveraging next-gen and AI/ML technologies and ensuring time-to-value. These platforms have the capability to deliver efficiency when deployed on accounts payable process by automating and reducing effort on transactional process steps and importantly increase effectiveness with fully compliant process and enhanced user experience for all process stakeholders by being the single platform of engagement with all process insights.

Accounts payable-on-the-cloud (APOC) solutions have advanced features and functionalities built on next-gen technologies which have the capability to completely automate the friction points in the invoice processing value chain making the process 'minimal' touch.

To the right, is an outline of some of the capabilities APOC enables that merge operational excellence with digital tools.

Omnichannel invoice receipt

Capable of handling all invoice formats - pdf, email, scanned image, EDIs, XML etc

Smart OCR

Automated, intelligent data extraction and data entry from all types of invoice formats

2/3 Way validation

Automated pre-ERP match based on specified rules and tolerances

AI/ML based coding

Automated classification and GL coding of non-PO invoices with AI/ML

Collaboration Management

A single system for triggering all notifications and receiving invoice clarification

Exception Management

Automated routing workflow with reason codes to handle all invoice related exceptions

Global compliance

Built in SODs, controls and compliance for all countries

Mobile

Easy access for business users for approval anytime anywhere

ERP integration

Seamless integration with ERPs - API based, and file based

Approval Management

Multi-level approval handling based on configurable business rules

Supplier Portal

Allows organizations to collaborate with suppliers in a secure online environment

AP Dashboards

Ready analytics dashboard of all AP-related SLAs/KPIs

In Conversation with

Khrunio Heni, Domain Principal,
Finance & Accounting, Infosys BPM 

Looking Ahead: A Five-Year Vision for Accounts Payable

How do you foresee AP operating models changing in the next 2-5 years?

We foresee a significant disruption in the traditional operating models with fully managed services or AP-as-a-Service models gaining pace, as cutting-edge finance platforms like our Cloud AP offering (Infosys Accounts Payable on the Cloud), continue to disrupt and drive AP transformation.

Under constant pressure to operate leaner, achieve predictability and increase focus on core strategic priorities, enterprises will be open towards exploring and tapping into service providers' investments in specialized finance platforms, combined with a readily available talent pool. In the near future, as finance platforms become more agile and flexible, new service delivery models will also emerge – like Shared Services across clients, or Gig-resourcing on Pay-As-You-Go models.

With many enterprises driving large scale transformation in the P2P area, we will also witness benefits in AP from improvement in the upstream PR-to-PO processes. Initiatives in the PR-to-PO tends to lag considering the involvement of many departments from Purchasing to Treasury, and this will call for enterprises to drive organizational change management to enable this.

How will Infosys Accounts Payable on Cloud fit into these broader enterprise objectives?

Our offering almost fits this topic to a T. We offer a next generation AP platform, Infosys Accounts Payable on Cloud (APOC), which is cloud native and modular. Infosys Accounts Payables on Cloud leverages new-age technologies such as AI/ML, smart workflows, cognitive chatbots and advanced analytics and automates the complete AP value chain to achieve 'minimal' touch invoice processing. It helps the finance function achieve its key objectives of cutting cost, streamlining processes, eliminating errors, and having real-time visibility on processes. Cloud technology provides flexibility and capability for enterprises to rapidly and flexibly ramp-up or ramp-down hosting infrastructure on demand, further optimizing spending. We are also able to deliver higher ROI using a multi-tenanted architecture.



As automation journeys evolve to incorporate more ML, AI, and even blockchain, how will cloud technology evolve with it?

The reality is that AI and ML are no longer tomorrow's vision. It is a core part of today's technology offering for AP. We are using multiple AI/ML models in our current offering to do everything from digitizing documents accurately, validating invoices without manual touches, routing invoices automatically, coding non-PO invoices and predictively identifying transactional outliers. Cloud is a core part of this transition to a data driven approach. With Cloud, we are able to get a lot more computing power to handle large data sets at a fraction of the cost. In addition, data privacy and GDPR requirements often result in complex hosting arrangements best handled with a multi-region cloud setup. Finally, with high availability infrastructure being a core tenet of cloud platforms, we believe that there is no turning back from the close co-relation of automation and cloud platforms.

Our view on blockchain is that we are seeing distributed ledger technology (DLT) being a foundation to which many current systems and platforms will adopt and migrate to in the near term. In the medium to long term, we will see multiple interoperable DLT based supply chain networks emerge, of course riding on a cloud backbone.

How will solutions providers like Infosys deliver this vision for AP in the next five years?

We have created the **Infosys Live Enterprise** suite and are designing APLIVE as a way for customers to realize their AP goals. In the next few years, Infosys will transform Client Organizations, leveraging the below tenets

1. A **Hyper Productive** cloud-based Infosys Accounts Payables on Cloud platform at the core of our AP strategy which will completely automate the AP value chain, increase self-service, provide a 360° process view and seamlessly connect with our clients' enterprise landscape
2. Build **Sentient AP Processes** based on a knowledge graph capable of sensing upcoming issues and addressing them prior to the event itself, taking business decision-making to the next level. We believe a streamlined AP Process is a core prerequisite for hyper automation
3. We will continue to focus on a **Collaborated and Connected** ecosystem for our clients leveraging technologies such as blockchain as the core to automated supply chains
4. User Experience will continue to be at the core of our AP Value proposition
5. We will offer innovative operating models such as Pay-as-you-Go and AP-as-a-Service to drive higher ROI for our customers.



Instilling AP with Business Resilience

Black swans—unforeseen *force majeure* events like the pandemic—introduced volatility to traditional AP processes, consequently forcing major change. Uncertain effects echo into 2022. Heightened inflation exacerbates volatility concerns with continued global labor shortages reinforcing the need for businesses to be more nimble in responding to these demands.

Finance is no exception to these pressures. In recent surveys of 250 Global CFOs, 78% reported strategic attempts to insulate the business from volatility. **SSON Analytics** reports that improved cash management and spending is a top priority automating purchase orders and invoices. **McKinsey reports** that over 70% of transformation efforts fail.

The following section will describe how AP on the Cloud Operating Models are instilling greater business resilience in Finance functions by delivering more flexible services options based on AP needs.

AP on the Cloud Operating Models

As finance platforms evolve with cloud technology, opportunities for enabling new operating models will take shape in future enterprise strategies. These operating models include availing **AP-as-a-Service** with the option for different commercial models based on *Pay-Per-Transaction* and *Pay-By-Outcome* (Traditional SaaS service models typically support fixed price, pay-per-transaction, and pay-by-outcome up to some extent). All the above-mentioned models aid large-scale digital transformation with augmented capabilities, nonetheless, each one comes with different opportunities and challenges. A cost-benefit analysis according to business needs will help companies align the right model to their cost-optimization objectives. Below, we consider each model.



AP-as-a-Service.

AP-as-a-Service model bundles people services with a specialized Cloud AP technology platform, provided on a *subscription*-based mode. This cloud model enables enterprise-wide engagement across process and technology and helps companies keep themselves updated with industry best practices and technology advancements by tapping into investment already made by service providers.

AP-as-a-Service features many other opportunities. It fulfills the primary goal of encouraging solutions across different divisions which, if utilized, drives enterprise-wide cost-optimization. Indeed, sixty-two percent of SSO leaders acknowledge ongoing cost pressures in their enterprise digitalization efforts. [SSON surveys highlight](#) this advantage: 35% of shared services confirm an enterprise-wide digital transformation mandate. This transformation mandate provides a critical opportunity to drive AP transformation with AP-as-a-Service enabling business outcomes.



Pay-Per-Transaction.

The adoption of Cloud AP via Pay-Per-Transaction allows enterprises to track invoice processing costs with ease across divisions. Pay-Per-Transaction (*also known as Pay-as-you-use*) based on AP-as-a-Service operating model, enables enterprise-wide service provider options. This model offers enterprises the option of monitoring work output with transactional prices for services performed in a specified time. Some drawbacks to Pay-Per-Transaction involves price volatility and paying for incomplete work, given various vendor services offered, sometimes over extended time periods. However, the low capex spend provided by Pay-Per-Transaction still outweighs the disadvantages of this model.



Pay-By-Outcome.

Pay-By-Outcome represents a new service delivery model emerging among shared service organizations, which affords enterprises flexibility to track work progress and pay based on agreed business outcomes without incurring fixed service costs. In outcome-based payment models, service providers agree to link payments to the achievement of specific business outcomes and milestones as a way to continuously drive service improvements and incentivize alignment to desired outcomes of achieving best-in-class performance.





Implications for the Future of Finance

Achieving 'beyond business as usual' requires an ongoing transformation that surpasses 'value efficiency' by incorporating end-to-end enterprise effectiveness. For example, Cloud AP embodies effectiveness through standardized processes, self-service capabilities and operating models that emphasize working capital optimization and on-time payments. Such a system embeds AI/ML, smart-workflows, intelligent OCR, and cognitive chatbots to ensure complete compliance, facilitating cross-functional AP collaboration across divisions and stakeholders. Consequently, Cloud AP represents the new-age AP enterprise transformation strategy.

If correctly executed, this can yield rich results by harnessing the power of APOC through AI/ML powered technologies. The industry posits three possible paths.

1. A seamless AI/ML-powered enterprise landscape that imparts a 360° process view
2. A sentient AP process that can intercept and prevent issues, using predictive insights
3. Blockchain ledgers harnessed to process invoices across supply-chain settlements.

Additionally, blockchain models fuel exponential increases in data storage and processing power across AP platforms. At the same time, they bolster existing learning capabilities through constant neural-reinforcement, allowing networks to operate smarter in each future application. They also offer flexibility in adjusting hosting infrastructure intensities real-time as needed for optimized spending. If leveraged effectively, these transformative technologies present unparalleled opportunities to revolutionize AP.

Blockchain networks can yield futuristic advantages as companies drive scaled solutions through unregulated entities. Blockchain, for example, constitutes an de-centralized digital ledger (functioning independently of any government entity) that uses algorithms to connect digital assets across global computer networks.

In Conversation with

Pamela Jozwiakowski, Associate Vice President – Payables & Subrogation, Shared Services, AT&T

What challenges or upgrades are you wanting to solve for by implementing the Infosys AP on Cloud Platform (APOC)?

I'd say there three key areas. One priority was to modernize our processes, to get paperless right. AT&T didn't want to bring in an on-prem solution, so Infosys APOC allowed us to go to the cloud and also digitize our paper invoices. We're highly electronic but we wanted to take it to the next step.

The second thing that we wanted to do was improve our cost structure. We were already best in class, but this could get us even further along best in class.

Then a challenge that we wanted to solve was aligning our processes across our domestic and our international operations. Previously, they operated as two separate entities without much alignment and so we wanted to use not only the Infosys APOC platform, but also Infosys BPM's services - their insight into best practices to help us align even further.

What was the business case to senior leadership for investing in this platform?

It was truly headcount savings. That was 45-50% of our budget each year. We are an FTE driven budget organization. We were able to present a business case, working with Infosys, that was compelling for savings.

How has/will Infosys AP on Cloud (APOC) transformed your Finance Function?

We've launched Infosys APOC and are integrating systems additional AT&T systems. We've already digitized data with more accuracy and have access to data quicker to get stronger insights. We're already seeing results with these capabilities and we're looking forward to the full suite.

How does Infosys AP on Cloud (APOC) fit into broader business transformation initiatives for you?

We've been working with leadership team to challenge the way AT&T is structured. Using Infosys APOC, we can get more insights if all our systems on the cloud. We're trying to determine what's the best structure for AT&T, going forward. In terms of automation, Infosys BPM is assisting in delivering our RPA initiatives. They've launched a lot of Bots and tools that may not necessarily move through Infosys APOC but they've helped automate areas of the business that was outdated. They're also providing Future of Finance services including best practices in blockchain and cryptocurrency and AI.

Conclusion

Given accelerated digitalization in recent years, finance functions will witness significant disruption to traditional operating models and strategies. These changes will be driven by fast-evolving digital platforms and technologies capable of delivering value beyond just pure efficiency and cost reduction.

The proliferation of new data from new technologies and the dynamic demands of processes executed digitally will outdo the conventional methods and on-premises solutions which finance leaders traditionally deploy.

With its critical role in business, AP function plays a pivotal role in driving the digital enterprise forward by adopting new Cloud AP solutions that harnesses the power of new age technologies like AI/ML, Blockchain and operates as a single integrated entity with data in the Cloud.

About Infosys BPM



Infosys BPM Ltd., the business process management (BPM) subsidiary of Infosys Ltd. (NYSE: INFY), was established in April 2002. We offer integrated end-to-end transformative BPM services and have journeyed through the table-stakes of effectiveness and efficiency with an ever-increasing focus on enhancing stakeholder experience and empathy. We enable clients to navigate their digital journey, operating from 35 delivery centers across 14 countries, with over 50,200 people from more than 110 nationalities.

Visit www.infosysbpm.com to learn how Infosys BPM can help your enterprise navigate your next.

About SSON



THE WORLD'S LARGEST SHARED SERVICES & OUTSOURCING NETWORK

The Shared Services & Outsourcing Network (SSON) is the largest and most established community of shared services and outsourcing professionals in the world, with over 170,000 members. Established in 1999, SSON recognized the revolution in support services as it was happening and realized that a forum was needed through which practitioners could connect with each other on a regional and global basis.

SSON is a one-stop shop for shared services professionals, offering industry-leading events, training, reports, surveys, interviews, white papers, videos, editorial, infographics, and more.

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