



# Eliminating Manual Processes and Improving AP Efficiency in Healthcare

# Introduction

Many challenges over the last three years have caused an acceleration of investment in customer-facing digital transformation. Today, economic uncertainty and staffing challenges have business leaders exploring similar transformations of their back-office capabilities.

In the healthcare industry, adoption of digital accounting has been slower but continues to pick up momentum as leaders battle the inefficiency and hidden costs of manual processes.

# Why Efficient AP is More Critical Than Ever in Healthcare

In early 2022, TD Securities predicted a greater than 50% chance of a U.S. recession within the next 18 months. After a year that saw record inflation, wage pressure, global unrest, and widespread supply chain issues, it should come as no surprise that nearly 75% of CFOs view economic uncertainty as the top challenge their organization faces.

Healthcare is not immune to economic headwinds. As external pressures increase, there are three key things an organization's financial team can focus on to navigate uncertain times:



**Control Costs**



**Increase Efficiency**



**Reduce Vulnerability to Fraud**

For many healthcare organizations, manual accounts payable (AP) processes work in direct conflict with each of those focus areas, and nearly 75% of healthcare finance teams still receive their invoices in paper form. Add in the complications that come with so many healthcare organizations consisting of multiple entities, and these paper-heavy manual processes leave far too much room for error, regardless of how talented your team is.

# Manual Processing Drives Costs Up and Efficiency Down

In times of economic uncertainty, outdated manual accounting processes increase existing challenges around managing complex and sensitive data, paying vendors and suppliers on time, and maintaining compliance are common challenges exacerbated overworked staff processing large volumes.

According to a 2018 survey, healthcare receives nearly three-quarters of invoices via paper or email and relies heavily on manual invoice processing. With a large volume of paper invoices, there can be discrepancies in inputting data, matching invoices with purchase orders, delays in payments, and risk of noncompliance.

In addition to being messy and error-prone, manually processing invoices is expensive. In a manual AP process, one full-time clerk processing invoices at \$20 per hour (approximately \$3,440 per month), processing between 300-400 invoices monthly costs an organization about \$9-12 per invoice.

To get a true figure on your organization's spend, determine the labor cost spent processing each invoice, the associated infrastructure cost (for tools like ERP), the cost of supplies (like paper and ink), and any transaction fees you may receive from the bank. Add all costs together, divide them by the number of invoices over a given period to determine the average amount spent on each invoice. For some organizations, that number can get as high as \$35 per invoice, and that's when things are going smoothly.

In tough economic times, that baseline costs can really haunt an organization. And then there are the costs you don't see coming.

## Vulnerability to Fraud

On average, companies lose 5% of their annual revenue to fraud, and we know that internal and external fraud increases across all industries during times of uncertainty and economic downturns. Occupational fraud rose by 90% in the first year of the COVID pandemic.

Organizations need fewer touchpoints to ensure security. When processes are manual, errors and chances of data breach are highly possible. In 2019, healthcare was the most breached industry. This unfortunate trend has continued into 2020, with healthcare representing 51% of incidents of fraud in Q1. Today, we continue to see [high-profile cases of fraud](#) across the industry.

So how can healthcare organizations make their AP processes faster and more efficient while reducing costs and vulnerability to fraud?

# AP Automation in Healthcare

In healthcare, there is an exploding volume of data to manage, and with a potential recession on the horizon, that workload tends to fall on the existing staff, increasing the risk of manual errors and employee burnout.

By eliminating paper and manual processes with automation, institutions can reduce costs, fast-track processing times, and reduce data-security risks, while complying with government regulations.

With AP automation, you can manage approvals online, allowing managers to invest more time on strategic tasks. By storing everything in a single workflow, you also gain visibility – tracking where invoices are in the approvals process, better cash flow management, and opportunities such as rebates and early payment discounts.

Here's how accounting automation can boost efficiency and prepare healthcare for digital transformation:

- **Reduced costs on manual processes:** Automation tools take care of the majority of data entry. They also let you match, approve, and pay invoices digitally, providing a shorter and cost-effective transaction workflow. You eliminate reliance on paper, printing and postage and save 60-85% on manual invoice processing.
- **Optimized cash flow:** Electronic payments enhance cash flow by helping organizations become strategic with their payments. You can configure early payments and get discounts, extend payment options, or earn rebates through virtual credit cards. This also impacts vendor relationships by giving them flexibility on how they want to receive their payments (ACH, virtual credit cards etc.).
- **Easily accessible and paperless:** You can leave digital audit trails within the AP system by shifting away from paper. This makes audit practices more efficient, saves time and effort, helps teams to refocus on value-added tasks, and makes the workflow accessible to the entire team from home or office.
- **Better compliance:** Complying with government regulations can be complex and costly. Automation software supports this by securing financial assets, reducing the risk of compliance failure, and lessening the cost of regulatory compliance. There is a reduced risk of fines or criminal liability because documentation and processes can easily be audited. An AP automation system with digital audit controls will also alert management to any attempts from staff to bypass internal controls.
- **Data security and reduced risk of fraud:** Strict regulations and complex accounting data (e.g., credit card, banking information) is a hot target for scammers, especially during a crisis. Some automated payments providers manage supplier data and indemnify payments. According to research, risk management and privacy within digital transformation will drive additional spending through 2020 for more than 40% of organizations.

### How to Enhance the AP Experience in Healthcare

Catherine Gordon, Director of People and Culture at Canuck Place Children's Hospice talks about how AP automation is supporting their company goals:

"We have an in-house Green Team and are proud to be part of the Green Leader group in Healthcare in BC, Canada. We had already started to review all of our practices from a more environmentally conscious perspective and to transition where possible to a paper-free environment. Sage AP Automation has empowered our finance team to lead the way on this. It's been invaluable when our staff is distributed to review and approve invoices online in a timely manner. We are very grateful this was already in place before we moved to working remotely as a result of COVID-19 - moving to paperless, electronic signatures, and fillable forms to keep the administrative functions moving without disruption."



# Save Time, Cut Costs & Reduce Risk With AP Automation

Quadient Accounts Payable Automation by Beanworks is an essential all-in-one cloud-based accounts payable automation solution for the world's accounting teams. Our platform drives efficiency and productivity for busy AP teams. Quadient supports hundreds of thousands of customers worldwide in their quest to create relevant, personalized connections and achieve customer experience excellence.

**Let's talk about automation.**  
**Schedule a demo with an AP specialist:**

[ap.quadient.com/ap-automation-in-healthcare](http://ap.quadient.com/ap-automation-in-healthcare)

