

GUIDE

# Modernizing Accounts Payable with AI

**Achieving Touchless Invoice Processing**



# Introduction

Many accounts payable (AP) departments still rely heavily on manual processes or optical character recognition (OCR) platforms to approve and pay vendor invoices. AP teams often spend hours entering data, correcting errors, matching invoices to POs, assigning GL codes, responding to vendor inquiries, chasing approvals, and cutting checks manually. These inefficiencies lead to frustrating month-end closes, missed payment discounts, strained vendor relationships, operational bottlenecks, and limited financial visibility.

AI and machine learning are transforming AP operations, unlocking their potential like never before. Unlike traditional automation tools, AI reads and understands complex documents without rigid templates or rules. Modern systems learn from experience and catch errors that humans miss. The technology handles routine tasks so CFOs can reallocate staff to focus on strategic initiatives such as cash flow planning.

# 75%

### The benefits are concrete and measurable.

Companies using AI-powered AP platforms typically cut processing costs by 75% or more while significantly reducing errors and late payments.

However, successfully implementing these systems requires a clear understanding of the technology's capabilities and limitations. In this guide, we'll explore how leading finance teams are using modern systems to transform their AP operations and provide practical advice to get started.

## The Problems with Traditional AP Platforms

### AP Teams Must Touch Every Single Invoice

Legacy AP platforms rely heavily on OCR technology, a long-standing method for digitizing incoming paper or PDF invoices. OCR converts invoice images into electronic formats using character recognition tools. However, OCR frequently misinterprets characters—such as confusing '0' with 'O' or '1' with 'l'—resulting in errors that require manual corrections. Each new vendor requires retraining the OCR system, creating an endless workload for AP teams.

Ultimately, legacy systems cannot deliver "ready-to-pay" invoices to ERPs without human intervention. These solutions require AP staff to review each invoice, match invoices to POs, and manually enter GL codes for non-PO invoices.

### Challenges in Supplier Communication and Relationships

Traditional platforms lack direct supplier connections. AP teams must personally resolve supplier errors and discrepancies, such as missing fields. Suppliers only become aware of issues due to delayed payments, adding frustration and damaging relationships.

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## Long Cycle Times and Missed Financial Value

High error rates and poor supplier collaboration result in lengthy invoice approval cycles. Organizations miss opportunities to capture early payment discounts or optimize cash flow through dynamic payment scheduling. Instead of generating strategic insights from payment data, AP teams are bogged down fixing errors. Finance departments struggle to access timely information for effective cash management and forecasting.

## How Intelligent AP Platforms Solve These Challenges

### Digital Invoice Capture

Intelligent platforms process invoices digitally, eliminating capture errors and the need for staff to review the invoice capture process. Advanced platforms capture every line-item detail, enabling automatic purchase order matching at the line level and automated GL code assignment for non-PO invoices.

### Automated Learning and Accuracy

Modern platforms learn from past invoices to automatically apply correct GL codes without human intervention. Machine learning algorithms spot patterns in invoice data, flag unusual charges, and identify potential duplicate payments. With each processed invoice, the system becomes more accurate, reducing exceptions over time.

### Real-time Supplier Collaboration

Intelligent platforms provide both AP teams and suppliers with full visibility into invoice processing status. Suppliers receive immediate notifications about errors and can fix issues before invoices reach the AP team. This transparency eliminates the need for suppliers to constantly inquire about payment status.

### Faster Processing and Savings

Compared to OCR systems, modern AP platforms cut invoice processing times from 10-14 days to just 2-3 days and reduce error rates from 3-5% to less than 0.5%. Faster processing allows companies to capture early payment discounts and optimize cash flow.

### Enhanced Fraud Prevention

Intelligent automation solutions add multiple layers of protection to stop payment fraud before it happens. Systems automatically check every invoice to catch duplicates, flag priority invoices, and block fraudulent payment details. These platforms catch subtle forms of invoice fraud that humans often miss.

# Selecting the Right Platform

When evaluating AI-based AP platforms, ask vendors these key questions:

## Does the platform rely on OCR technology?

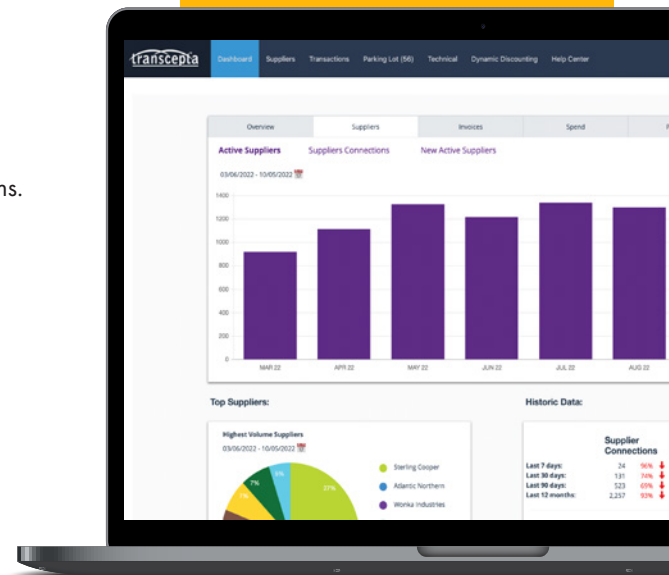
Look for providers offering modern digital processing rather than OCR-based platforms. Digital platforms avoid the inherent limitations and errors of OCR technology.

## What supplier network capabilities are included?

Strong supplier networks enable real-time communication and supplier invoice resolution before errors reach AP teams.

## Can invoices flow directly from vendors to the ERP system without human intervention?

True straight-through processing eliminates manual touchpoints for most invoices.



**Ready to  
stop leaving  
money on  
the table?**

Contact Transcepta today to discover how AI-powered automation can transform your AP processes, reduce costs, and position your team for growth.

**Request a Demo**

# The Business Case for Modernization

AI is transforming AP from a back-office cost center into a source of strategic value. Companies that implement modern AP platforms with direct digital connections gain advantages like:

- **Lower Costs:** Automated processing reduces costs and errors.
- **Improved Employee Satisfaction:** Eliminating manual tasks empowers teams to focus on strategic work.
- **Stronger Supplier Relationships:** Timely, predictable payments and clear communication enhance supplier partnerships.
- **Strategic Insights:** Advanced analytics provide visibility, better forecasting, and optimized cash flow.
- **Fraud Protection:** Robust automation detects and prevents payment fraud.

As more companies adopt AI-based AP platforms, organizations sticking with manual processes or legacy systems will fall further behind. Smart automation is becoming table stakes for efficient finance operations. Finance leaders now have a clear opportunity to overcome the limitations of legacy systems. Modern technology exists today to automate AP processes and position teams for growth.

**The key question becomes: Can your organization afford to wait?**