



# Accounts Payable Process Outsourcing with ARDEM

APR 2023  
Case Study



# I. Introduction

An Accounts payable (AP) team handles multiple critical tasks in a company, including data entry processes, invoice processing, payment processing, and vendor management. Managing the AP function can be a challenging and time-consuming task as it requires a high level of accuracy. It is where experienced outsourcing partners can help businesses.

Business Process Outsourcing (BPO) companies provide their AP services to businesses of all sizes, enabling them to focus on their core business operations. Using advanced technology, BPO service providers help them to automate the AP function and improve efficiency with high accuracy.

Here is a case study exploring how ARDEM helped its client ABC Enterprises with its AP services. Readers can study the challenges the client faced in its in-house AP process and what benefits ARDEM can provide to its client.

## **Client Background**

ABC Enterprises is a well-established medium manufacturing company with an experience of over a decade.

# II. In-house AP Processing Challenges

ABC Enterprises faced several challenges with its in-house accounts payable (AP) process.

## **First, the AP process was time-consuming, making it inefficient.**

ABC Enterprises, which intended to scale up its business, faced several issues due to its reliance on manual AP processes. It increased the risk of misplaced documents traveling from one department to another. Also, it led to slow processing and caused a lengthy invoice approval duration. Resultant, there were issues of late payments and raised outstanding impacted the business's creditworthiness negatively. They had to lose out on offers, discounts, and favorable terms available on early payments.

## **Manual AP processes were prone to more errors.**

Additionally, the enterprise witnessed data entry errors. Paper-based AP processes data entry inaccuracies. Inaccurate data makes the AP time-consuming - longer reconciliation and three-way matching procedures. Data entry inaccuracy and inefficient invoice processing caused vendor disputes.

## **Requirement of additional AP staff.**

In Company ABC, the team of four employees had responsibility for the entire AP process. The client wanted to increase the number of employees as the workload made the team struggle to meet the payment deadlines. Often, hiring additional full-time AP staff increases the overhead for the company. Ironically, staffing becomes another invoice to accounts payable. Paper-based processes and manual data entry adds further load, dampening AP productivity.

### **High invoice processing costs.**

The enterprise's inefficient workflow increased the cost of manually processing a single invoice. It was costing as high as \$15 for single invoice processing.

### **The Solution**

ABC Enterprises realized the need to streamline their AP system with an efficient accounts payable service provider to improve efficiency, reduce costs, and ensure timely payments. They decided to outsource their AP process to ARDEM, a renowned BPO company.



# III. How BPO ARDEM Works for Its Effective AP Outsourcing Services.

Here are some insights into how the AP team works following a well-defined process, and how they track the performance. Their AP process flow is divided into four parts:

## 1. Invoice Processing

For invoice processing, ARDEM uses the tool - SAP Concur to receive the invoices from various vendors directly from the mailbox using automation (on behalf of ARDEM). Whatever invoices are sent to the mail, all are redirected over here automatically. Invoices received are processed as per the work instructions and process flows while the counts are recorded on the log sheet. Whatever invoices are received in a day, processed out, and paid - all the information is recorded on the log sheets. There are two IDs of SAP concur. One ID is used for primary processing. The second ID is used as a backup.

Most fields, like vendor name, invoice number, etc., pop up automatically. They are validated to gain 99% accuracy. But still, there are some cases there where discrepancies or errors happen. Also, there are a number of fields that are to be filled in and validated during the process. Therefore, the team tallies those details with the invoice itself - invoice verification, purchase order matching, and ensures compliance with the client's policies and procedures.

After approval, invoices are recorded in the client's accounting system. With a track of the invoices on invoice status, ARDEM delivers frequent reports to the client.

## **2. Communication**

The second part of the AP process is effective communication. The outsourcing company's AP team and client communicate regularly. Urgent queries can be escalated through Slack - the primary mode of communication. Issues can be resolved immediately. The company can share updates with all team members to ensure process efficiency. There are no chances of delayed or missed messages.

## **3. AP Mailbox Handling**

Accounts Payable (AP) Mailbox handling is categorized into three parts. The first part involves handling payment requests from suppliers. The second part deals with invoice capture. Handling queries related to issues, like incorrect payments, etc., is the third part.

## **4. Vendor Creation**

The outsourcing partner needs to ensure that the new vendor's details are validated before entering them into the client's accounting system. They ensure that all the information in the client's accounting system is correct, complete, and up-to-date with all necessary documentation required to be compliant with laws.

The outsourcing partner provides performance-based reports to the client regularly. The information helps to identify areas that require improvement. It makes changes to the AP processes accordingly.

# IV. Benefits of ARDEM

## Account payable

## Outsourcing Services

The decision of outsourcing the AP function was beneficial for ABC Enterprises as it witnessed the following improvements:

- **Increased efficiency:** With automation, AP processes improved with greater efficiency.
- **Screening for duplicate payments to avoid double payments:** ARDEM implements a multi-step quality check process to ensure the highest accuracy. It helped to eliminate errors and reconcile issues with transactions.
- **Timely invoice processing and payments:** As everything was accurately entered and invoices were paid promptly, it increased the client's creditworthiness among vendors and lenders.
- **Comply with global regulatory rules:** As an experienced AP outsourcing company across industries, ARDEM assists the client to be compliant with laws across nations
- **Get skilled and trained resources:** The client did not have to increase the operational cost with hiring and training. It can quickly create an AP team from its pool of expertise.

In conclusion, outsourcing the AP function to an experienced BPO company can help businesses automate the AP process, achieve high accuracy and improve efficiency.

ARDEM offered a comprehensive solution to ABC Enterprises that included accounts payable data entry, accounts payable invoice processing, payment processing, and vendor management. It used advanced technology and tools to automate the AP process to ensure improved efficiency with high accuracy.

With real-time visibility and reporting, they enabled ABC Enterprises to track the progress and the information used to make informed decisions.

A well-defined process, effective communication, and regular performance-based reports from their efficient outsourcing partner enabled ABC Enterprises to witness quick screening for duplicate payments, timely invoice processing, improved efficiency, and compliance with global regulatory rules.





# ARDEM Incorporated

ARDEM Incorporated delivers success for companies looking to efficiently streamline their processes and improve ROI. We implement the world's most sophisticated Technology platform combining human interaction with advance technologies to automate business processes and lower operational costs.



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