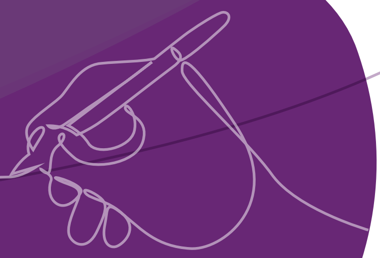
The Financial Professional Census

A global picture of the challenges facing finance teams: rising fraud, retaining talent, late supplier payments and strained relationships with procurement.

Medius, Q3 2022

Executive Summary

For every organization, big or small, the finance teams serve some of the most critical functions — enabling these businesses to quickly improve control, reduce risk, drive efficiency, and reduce costs. This huge responsibility inevitably comes with risks and struggles which can be amplified in uncertain economic times. This prompted Medius to want to learn more about the specific challenges finance teams face today. To paint a more complete picture, Medius partnered with Censuswide to survey 2,750 senior finance executives across major markets in North America, Europe and Asia, resulting in this **2022 Financial Professional Census**. The report examines the key challenges of finance teams in 2022 which include rising fraud, late supplier payments, strained relationships with procurement, and the retention of talent.



Invoice fraud is a huge hit to the bottom line for businesses around the world, which means that AP teams are constantly under attack. Finance teams are spotting one invoice fraud attack every single month and that doesn't include the fraud that slips under the radar. Despite the apparent threat, the Financial Professional Census revealed that one in four (25%) of finance professionals are unaware and unable to estimate how much invoice fraud has cost the business. Of those that have spotted invoice fraud and can put an estimate on the cost over the last 12 months, **the average estimated cost is over $280,000**.

The research also revealed that late supplier payments continue to be a missed cost-savings opportunity, with 98% of businesses saying they would like to take advantage of early payment discounts, but the reality is different — **45% of supplier payments are late**. As a result, a third of finance professionals say they can't close their books on time and paying supplier invoices remains the biggest challenge.

A healthy relationship between procurement and finance can transform an organization. It's impossible to know how much to pay a supplier without close collaboration between the two departments. However, one in five respondents (22%) admit they do not work together at all, and **only 24% of finance professionals talk to procurement weekly**.

Attracting and retaining talent has become a boardroom priority, as the Great Resignation sweeps across the globe. But according to data, finance professionals are a particular flight risk with **24% saying their finance department is so busy that they are concerned colleagues are on the cusp of leaving**.

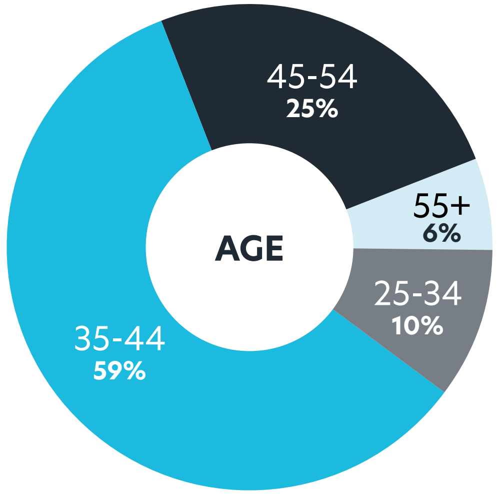
At Medius, we believe that managing AP and finance should be about strategy, not stress. By listening to these challenges and needs of finance professionals, we can provide the right tools to not only make businesses better, but make peoples' lives better. We need to address these challenges head on, and automation can help. Implemented correctly, automation can identify fraud, speed up payments, reduce mundane tasks and increase transparency across the business.

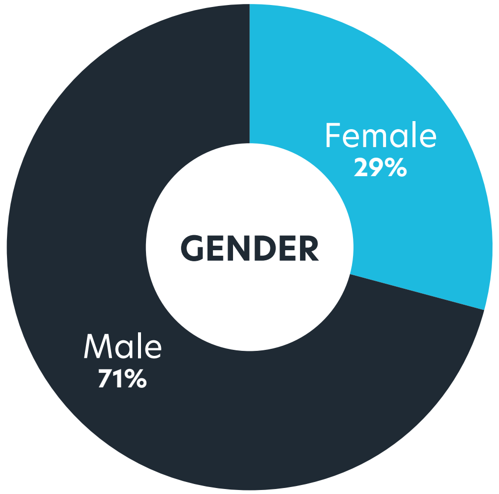
~Jim Lucier, CEO, Medius

Methodology

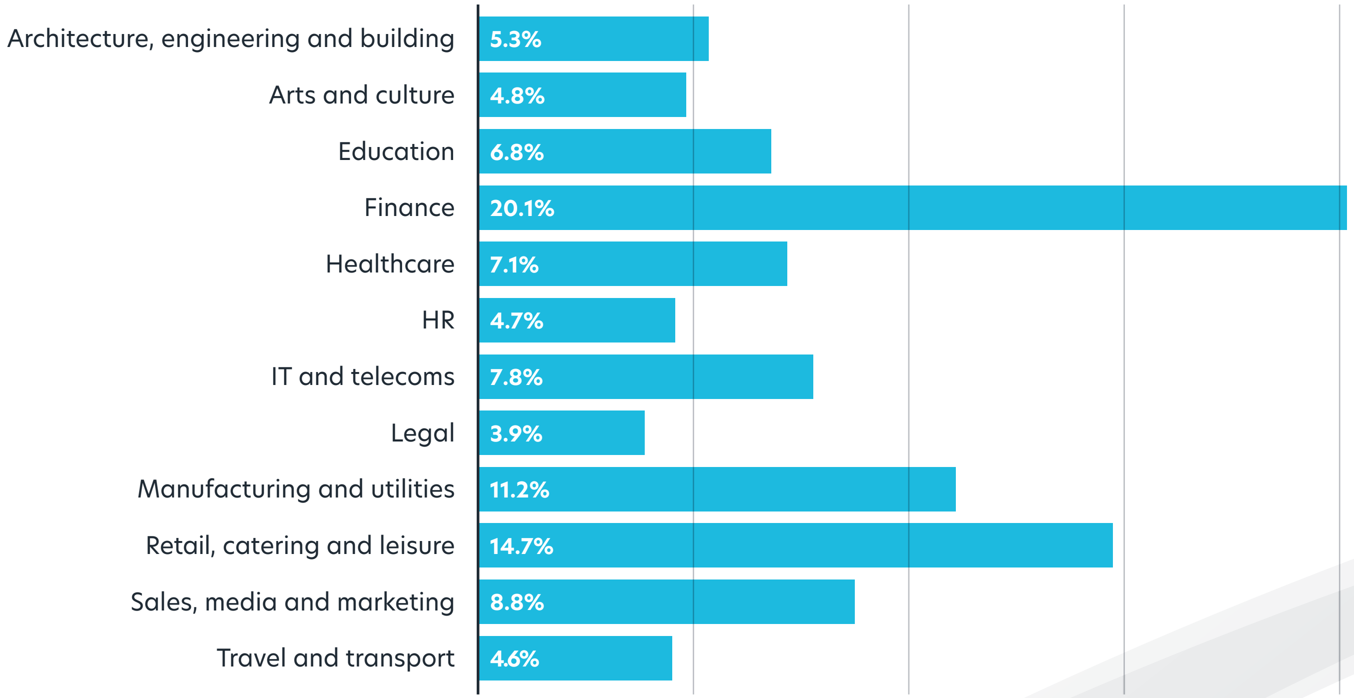
To paint a complete picture of the challenges facing finance departments we surveyed 2,750 senior finance executives who make the final decisions and/or hold the final responsibility regarding financial matters in their organization across major markets in North America, Europe and Asia. To ensure small operations didn't skew the data, companies with less than 50 employees and those that process less than 5,000 yearly invoices were excluded — in fact the average number of invoices processed by our sample each year exceeds 22,000.

We enlisted the help of research company Censuswide which abides by and employs members of the Market Research Society which is based on the European Society for Opinion and Market Research principles.





BUSINESS SECTOR:



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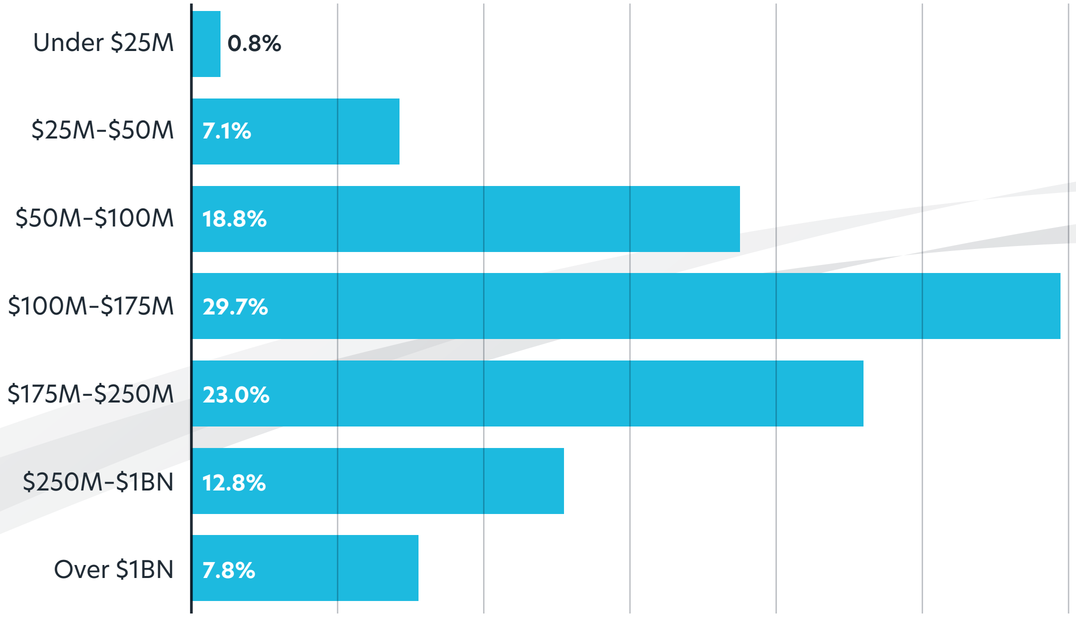


“Fraud to be Wild”: Why isn’t the board worried about invoice fraud?

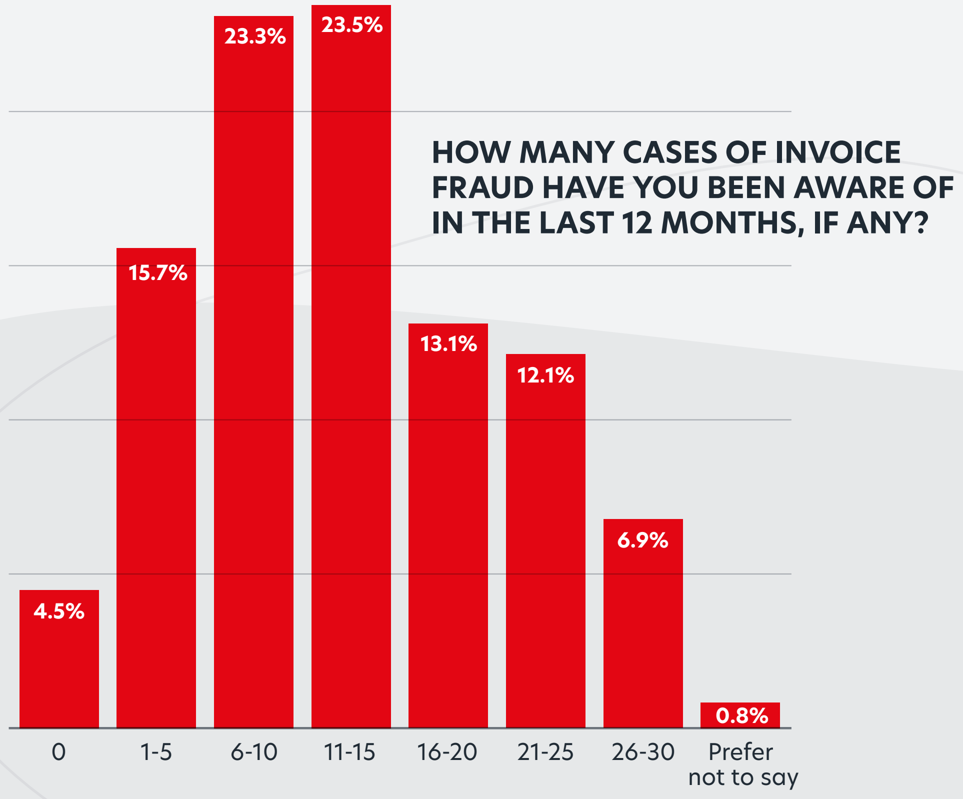
INVOICE FRAUD: THE $280,000+ PER-YEAR COST FOR BUSINESSES

Organized crime groups and malicious actors are becoming far more specialized, professional, and advanced. They are thriving on the invoice process and benefit from messy paper trails and manual processes.

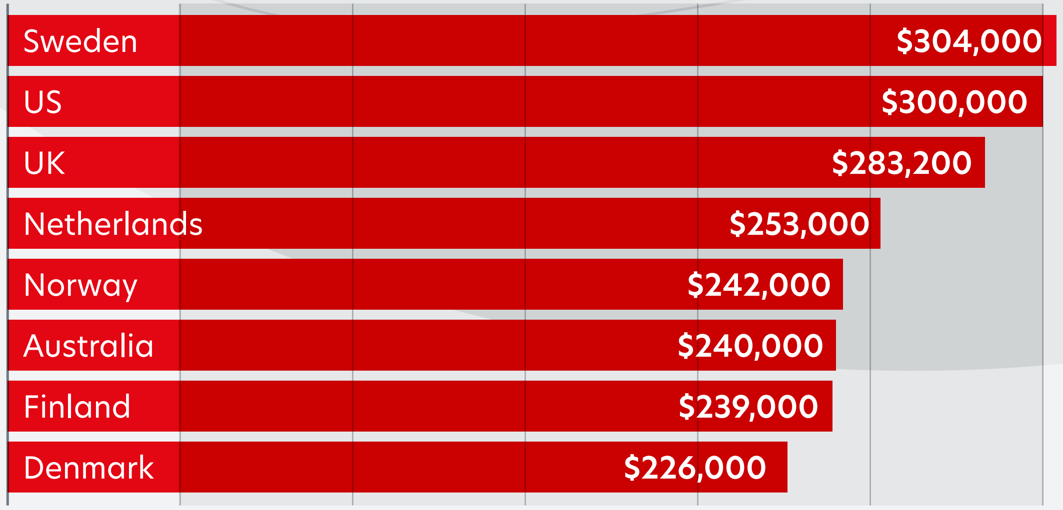
Our research finds that in the last year 95% of businesses have been aware of invoice fraud and the average finance team has spotted 12 cases in the last year. For many organizations it’s worse, as 13% of businesses have spotted up to 20 cases of invoice fraud while nearly one in five (19%) have caught between 21-30 cases in the last 12 months alone.

In total, our global sample of 2,750 businesses spotted over 34,000 cases of invoice fraud in the last 12 months.

Despite the apparent threat, one in four (25%) of finance professionals are unaware and unable to estimate how much invoice fraud has cost the business. But maybe it’s a case of ignorance is bliss? Of those that have spotted invoice fraud and can put an estimate on the cost over the last 12 months, the average is over $280,000.



THE AVERAGE COST OF FRAUD FOR THE AVERAGE BUSINESS:



So who is responsible for preventing invoice fraud?

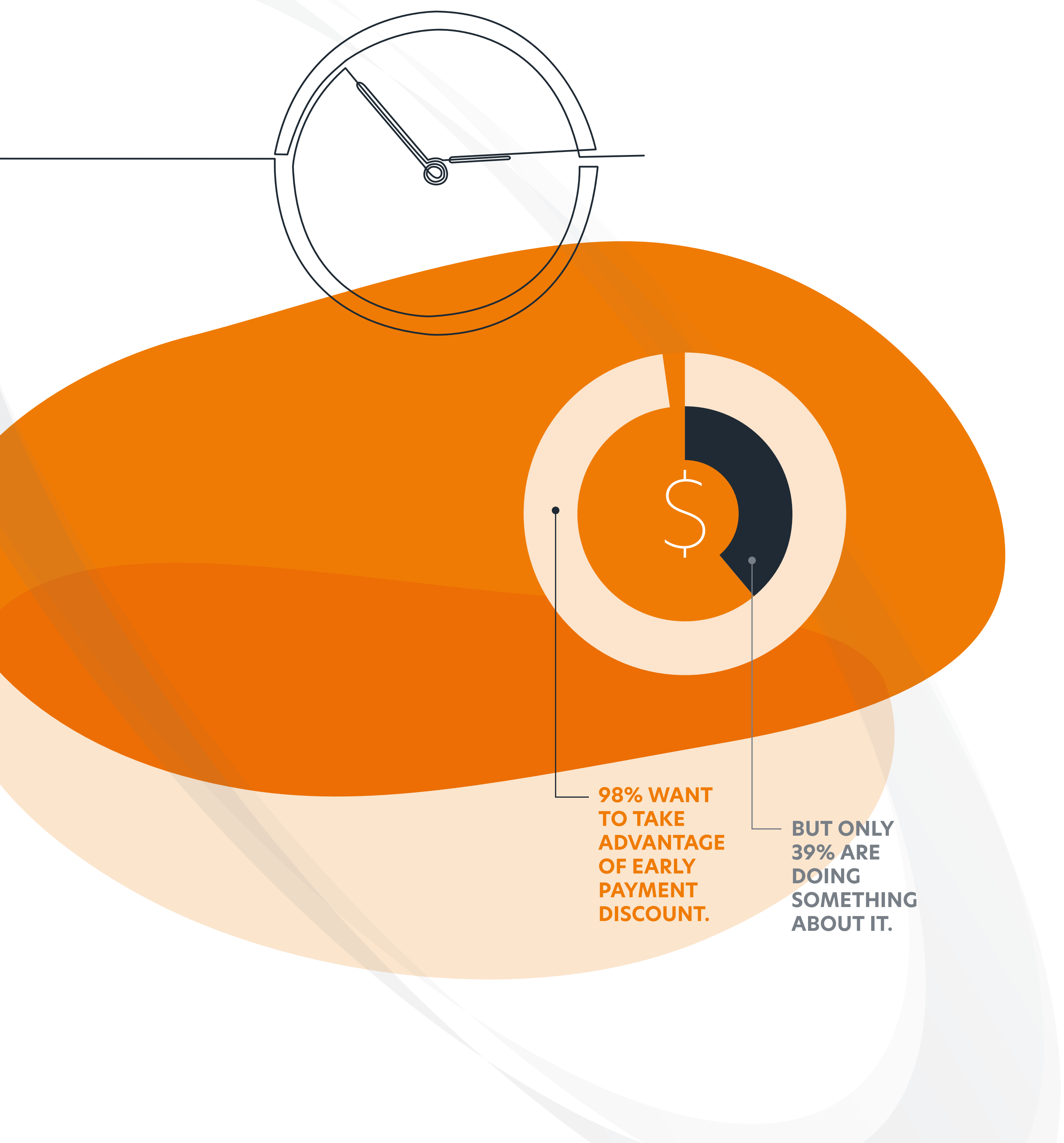
When describing their organization's approach to preventing and reducing invoice and payment fraud, finance professionals say efforts are often siloed. In over half of organizations (57%), the responsibility is not shared between finance and IT — it's either just IT or just finance. Only two in five businesses (42%) claim to have both teams collaborate to prevent and catch payment fraud.

Yet collaboration and information sharing are how professionals keep up to speed with the latest criminal tactics, with nearly half of our respondents discussing new fraud tactics with industry peers, listening to vendors (46%) and reading educational materials. This is why we are encouraging industry-wide collaboration between businesses that spot fraudulent AP patterns. Similarly, this is why we worked with famous fraudsters in our Accounts Deceivable podcast series, to give listeners an insight into the inner workings on invoice fraud.

The best ways to reduce invoice fraud are:

- Validate important vendor data.
- Establish a system of checks and regulations.
- Use anomaly detection technology.
- Apply autonomous solutions to the end-to-end process — from invoice through payment.

Only 2 in 5
businesses (42%) claim to have both teams collaborate to prevent and catch payment fraud.



To pay (on time) or not to pay (on time), that is the question.

ACCOUNTS PROFESSIONALS ADMIT 45% OF SUPPLIER PAYMENTS ARE LATE

Deciding whether to pay a supplier early, on time or late is crucial for any business. Cashflow, supplier relationships and the external reputation of a business are all impacted by this decision. Balancing potential early payment discounts with reducing expenditures is an ongoing challenge.

Which way are finance teams leaning?

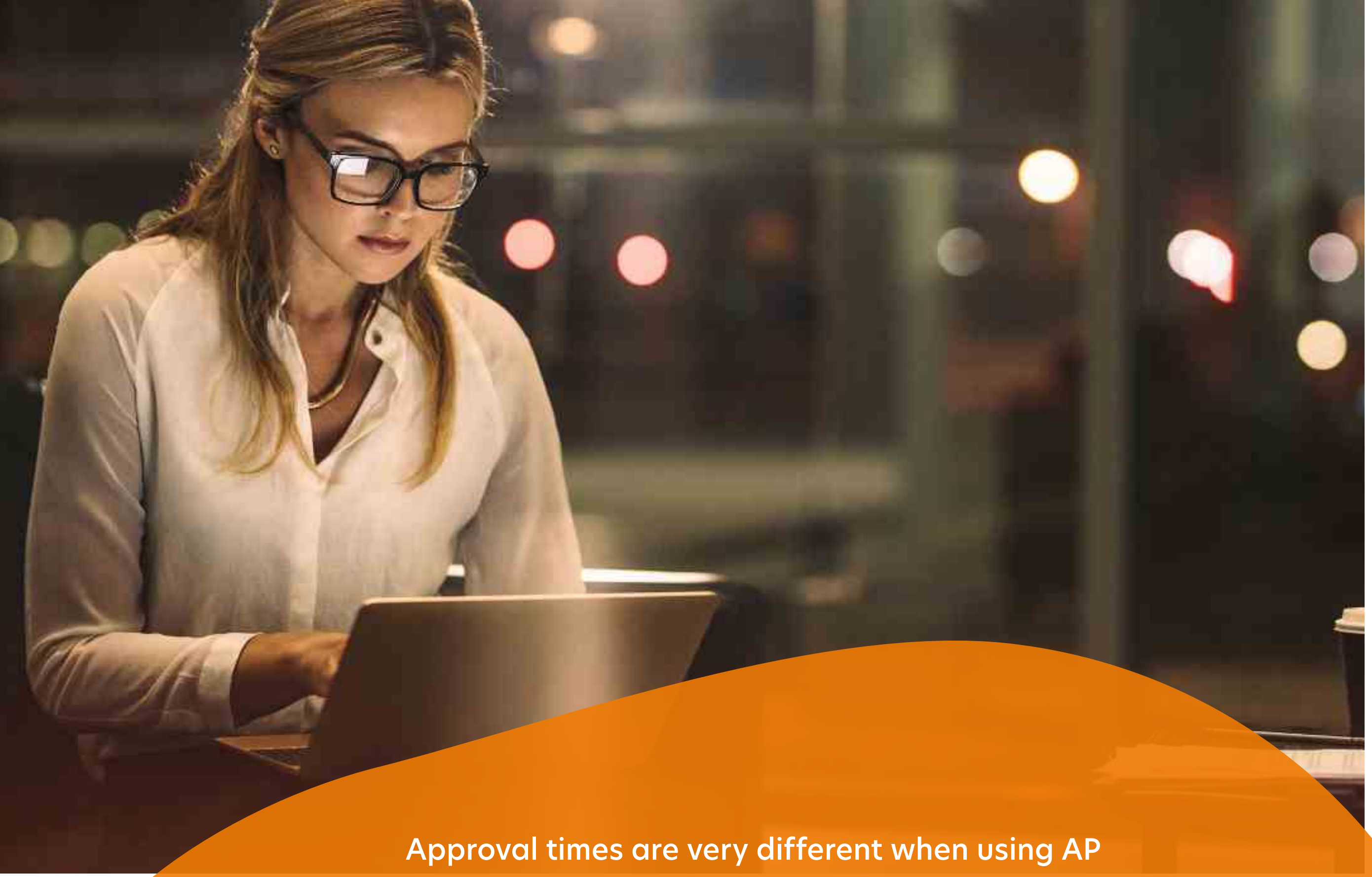
Four in five (81%) businesses offer early payment discounts and virtually all businesses (98%) say they would like to take advantage of these. In fact, financial professionals on average would happily pay 11 days early if it meant a 10% discount.

But the reality is very different.

Only two in five (39%) of suppliers' early payment discounts are currently used by finance teams and instead, 45% of supplier payments are late. Worryingly, 72% say they are happy with how long it takes to pay a supplier!

So nearly all suppliers offer early payment discounts, and nearly all businesses want to take advantage of them. Yet the vast majority of businesses aren't doing anything about it.

The question is: Why?



Approval times are very different when using AP automation. At Medius, our Best-in-Class customers have achieved an invoice processing time of 1 day and our average customer is at 6 days. We've gathered everything else you need to know about the efficiency KPIs in a comprehensive report based on Medius customer data.

Read the report >

The process is the problem.

The reason starts to unfold when financial professionals admit that **it takes their organization up to 23 days on average to approve the payment of an invoice**.

And 24% of businesses still have manual communication with suppliers, meaning the normal finance professional is spending on average 5 hours a week responding to inquiries about invoices. And that's once suppliers are onboarded. According to the data, only 41% of the respondents say it's straightforward to set up new suppliers and only 36% have a standard process with all the necessary parties involved.

On average, respondents in the UK say it takes their organization 27 days to approve to pay an invoice, while respondents in Denmark said it takes on average an impressive 14 days.

This is having an impact on finance teams at month- and quarter-end. A third (32%) of professionals say they can't close their books on time and paying supplier invoices remains the biggest challenge. Interestingly, smaller companies appear to struggle more. The majority (72%) of respondents in a company with revenue up to $250M said their books are closed on time every month.

“I can’t get no satisfaction” with procurement teams, say finance professionals.

FINANCE TEAMS UNHAPPY WITH COOPERATION WITH PROCUREMENT WITH 4 in 10 SAYING IT’S COSTING THE BUSINESS CASH

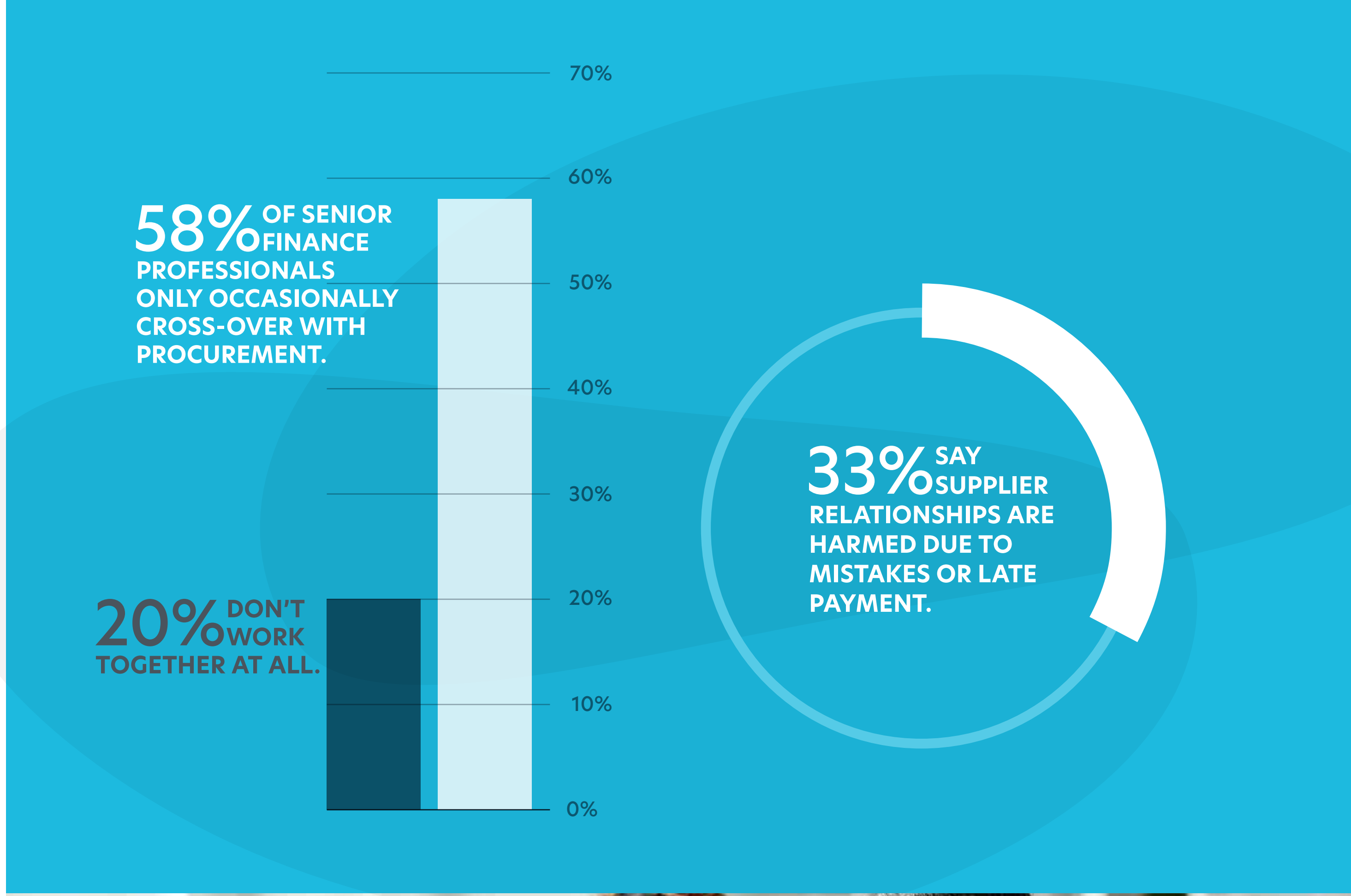
A healthy relationship between procurement and finance can transform an organization. Put simply, it’s impossible to know how much to pay a supplier and what for without close collaboration between the two. One in three (31%) respondents to our survey are fully aware of this, saying the relationship between finance and procurement is a necessity to doing work to a high standard.

However, this is far from a reality for many businesses. The majority (58%) of senior finance professionals only occasionally cross-over with procurement and one in five (22%) admit they do not work together at all. In fact, only 24% of finance professionals talk to the procurement team weekly, while 30% communicate once every few weeks or less frequently.

And when they do work together, a majority (59%) of respondents claim they are not satisfied with the cooperation. The situation is worse in larger businesses: the dissatisfaction jumps to 75% in companies with over 1,000 employees.

What is the implication of this poor relationship?

Well, 40% say it causes a lack of transparency on knowing what the business’ priorities are, causing teams to be pulled in different directions. 39% believe the relationship increases costs to the business – no doubt this could be in part the increased risk of fraud as fake invoices fall through the cracks without a coherent joint approach, not understanding and taking advantage of early payment terms, and wasted time. Indeed 25% believe a poor relationship between the two teams mean more mistakes are made, and a third (33%) say supplier relationships are harmed.



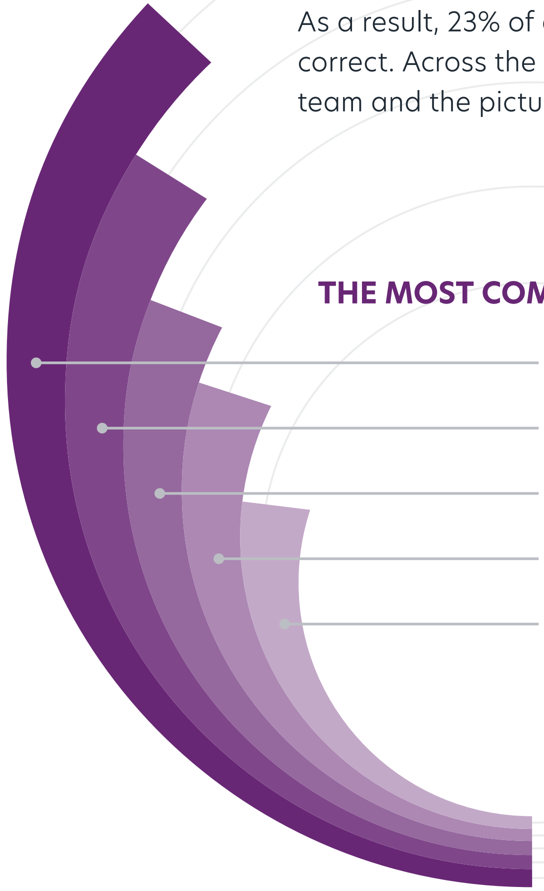
Finance teams facing "churn baby, churn."

THE MAJORITY OF FINANCE PROFESSIONALS ARE UNHAPPY AND DISSATISFIED WITH THEIR ROLE

Attracting and retaining talent has become a boardroom priority, as the Great Resignation sweeps across the globe. But according to our data, it seems finance professionals are a particular flight risk.

Only three in ten (37%) of financial decision makers would say they and their colleagues are satisfied with their role. 24% say their finance department is so busy that they are concerned colleagues are on the cusp of leaving. And it's not even stretching and rewarding work: one in five (19%) feel their job is dominated by monotonous and boring tasks that are demotivating to work on and 20% feel there is no progression available to them. For those teams that are using automated tools in payments, less than half (44%) feel they have been properly trained.

As a result, 23% of decision makers feel the finance team has a high turnover rate. These suspicions are correct. Across the globe, the average tenure in the finance team is just 34 months. Zooming into the AP team and the picture doesn't look much brighter.



THE MOST COMMON COMPLAINTS WITH THE PAYMENT PROCESS INCLUDED:

- Having little insight and control: **37%**
- Seeing recurring simple errors: **34%**
- Frustrations with the length of time payments took to complete: **31%**
- Having fragmented relationship with colleagues that work in silos: **31%**
- Experiencing deteriorating relationships with suppliers: **31%**

Only 37%

of financial decision makers would say they and their colleagues are satisfied with their role.

With the burden of **processing an average of 23,500 invoices per full time member of the team**, these frustrations are pushing teams to a boiling point.

Key takeaways for finance professionals.

There is no silver bullet to the challenges facing finance teams. But there might be a bronze one.

When asked what the top innovations our sample would like to see implemented in the finance department within the next three years, the results were:

- Artificial intelligence.
- Digitalization and automation of manual process.
- Data integration between the ERP and finance software.

There is a common theme as finance teams can see the biggest issues they are facing can, in part, be addressed by automation. Implemented correctly, automation can identify fraud, speed up payments, reduce mundane tasks and increase transparency across the business.

There is a long way to go.

Only 28% of organizations believe they are reaching financial excellence and automated end-to-end processes. In the AP team, nearly half (43%) of invoices require manual intervention and 12% of businesses still receive most invoices on paper. As a result, the majority (62%) believe they work with payment software that is outdated.

But progress is being made.

Of finance professionals who have seen their role change due to automation, 42% believe payments have become smoother and 41% have noticed suppliers are paid quicker. Most exciting for individuals is that nearly half have been given more time to innovate with automation in place.

With the average decision makers revealing they plan financial strategies 3 years in advance, it won't be too long before we see widespread adoption.

How to implement automation.

With the growth of cloud technology and standard best-of-breed solutions that do not require quirky customizations, the introduction of a new system is a quick and straightforward deployment.

To implement an AP automation solution takes just a few months, as opposed to the previously expected 6 to 12 months. The key to a successful and rapid accounts payable project is spelled preparations — as in ensuring the organization is ready to embrace the new system.

Clear requirements are key to AP automation project success.

Business requirements:

These are the requirements for AP automation functionality based on business needs. An excellent way to identify the business requirements is to shadow the AP team and document "a day in the life" to understand what is really needed to reduce manual work and increase automation. Then discuss with the business users which features are "must-haves" and which are "nice-to-haves." Business requirements for a typical accounts payable project will include:

- 3-way invoice matching
- Mobile invoice approvals
- Automatic coding and distribution
- Reporting functionality
- Line-level invoice data capture
- Embedded best practice workflow
- Trusted partner

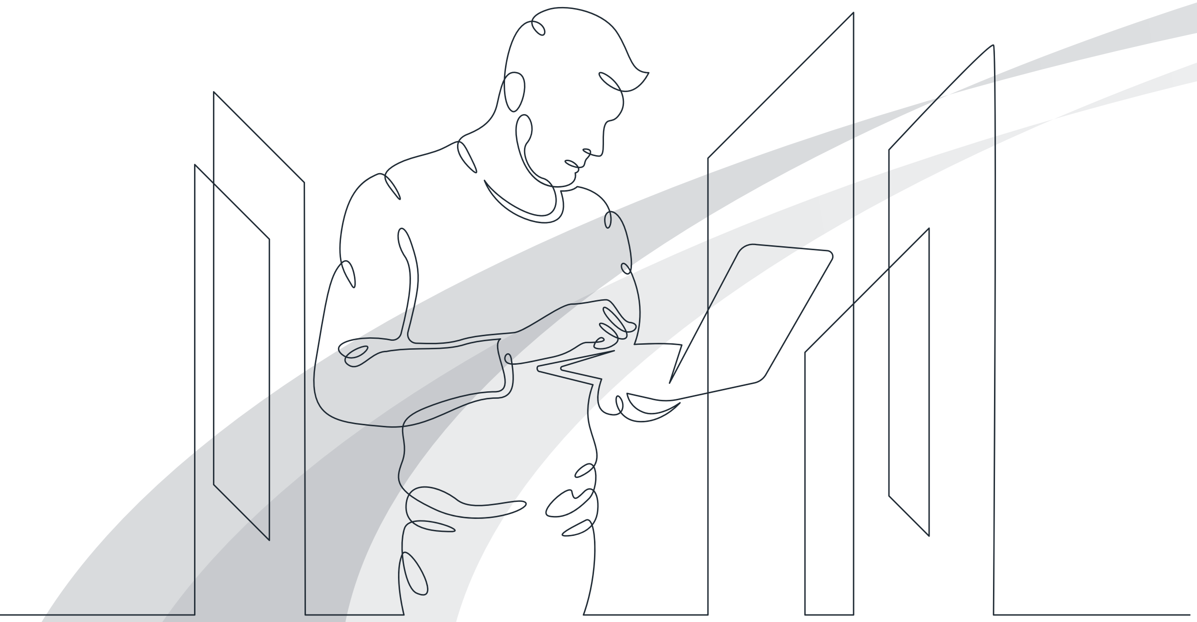
IT requirements:

The IT requirements are just as essential to ensure the new solution fits well into the existing IT infrastructure and does not add complexity or high maintenance for the internal IT department. IT requirements will include:

- Standard connector to the current and future ERP system(s)
- Compliance to the organization's security policies
- Scalable solution to support future growth
- Minimal reliance on IT for on-going maintenance and upgrade projects
- Thorough technical documentation to support the implementation
- Predictable implementation project timeline and resource needs
- A trusted vendor with a proven track record of delivering high-quality implementations

The typical process to implement an AP automation solution.

Once a provider has been selected based on the requirements list, the AP automation implementation project begins.



1 **Project kick-off.**

It's crucial to ensure all project members have a shared view of the project goals and what is expected from each party. During a kick-off meeting, walk through all requirements to make sure everyone understands them and how to achieve project success.

2 **Setting the IT scene.**

Your IT team will review the technical specifications and documentation to understand how the AP automation solution connects with existing business systems, especially the ERP system. In many cases, the provider has provided a plug-and-play integration package or standard connector to the ERP. During this phase, it is essential to walk through the master data set up to ensure the right data fields from the ERP, and potentially procurement system, are synchronized to enable high automation levels in the AP process. The result of this phase is a deployment in a QA or sandbox environment to facilitate testing.

3 **Solution configuration.**

In a best-of-breed AP automation solution, most of the configuration is already done with best-practice workflow templates set up as default. For many organizations, the standard set-up will cover up to 80% of the business needs. Any remaining or specific processes will need to be configured in the solution either by savvy super users or with the help of the solution provider experts. During this phase, define organization-specific rules and logic within the solution that will be the base for automation, such as tolerance levels for PO-matching, automatic coding, and approval routing.

4 **User acceptance testing.**

As with any system implementation, set aside time for quality assurance and testing. The main task here will be for daily users within the AP function (super users) to test all different invoice processing scenarios and identify any fine-tuning needed in the configuration. Make sure the super users are properly trained in the solution before the testing begins.

5 **Production go-live.**

When the testing and fine-tuning is completed, the IT team will deploy the solution and integration in the production environment. The solution is now ready to take on live invoices and all users. It is recommended to prepare internal communication and user training sessions to ensure everyone involved is aware of the new process and tool.

Depending on the complexity of your IT environment, business requirements and the flexibility of the solution selected, the process described above can take a few months.

Which roles will be involved in an AP Automation project?

IT Department

IT's involvement is mainly needed during the first phase of the accounts payable project and, to some extent, for the go-live in the production environment. They will work with the solution provider experts to ensure connectors to existing systems are set up correctly. In a cloud-to-cloud environment, this work can be done relatively easily.

Accounts Payable

AP users are obviously involved during the entire project period, but most heavily during the testing and fine-tuning phase when their expertise on typical invoice processing scenarios is critical.

Procurement

The procurement department will also be involved in the testing and configuration phase to ensure purchasing data, including purchase orders, are correctly synchronized to the new AP automation solution to ensure high levels of automation of PO-based invoices.

What's next? Beyond implementation of AP automation.

It is essential to understand that work does not end with the go-live of a new AP automation solution. Remember to closely monitor important AP process efficiency KPIs to identify process bottlenecks and areas for improvement. Set clear and measurable targets for your AP automation project and leverage industry benchmarks to understand how your organization stacks up to peers.

To conclude, don't put your accounts payable project on hold because you feel it will be a complex and lengthy implementation. The benefits when you implement AP automation solutions are immense and definitely worth the limited investment in time and resources.

About Medius

Managing AP and finance should be about strategy, not stress. You shouldn't have to sift through endless emails, PDFs or paper to get invoices confirmed, coded and paid, so you can (heaven forbid) go home. You shouldn't have to scramble to pay suppliers and keep them happy or cross your fingers no surprises land in your inbox that jeopardize the numbers you've presented to the boss and the board. You shouldn't have to worry about a fake invoice subjecting you to fraud. And you certainly shouldn't have to fret about finding a solution that is actually a solution — one that doesn't add expensive consultants and costs instead of speed and simplicity.

Let's replace all that worry and wondering with calm and confidence. Medius links all of AP together — from invoice capture and processing all the way through payment. With one look at a demo, you'll see how Medius takes you beyond basic automation and minor improvements to let Artificial Intelligence (AI) do most of the work for you, so you can get done, go home and rest easy. You'll know exactly what's paid, what's pending, and that your forecasts are spot on. And you won't have to worry about implementation and ongoing administration costs, because you'll start seeing the value immediately and the innovation won't stop. To learn more, visit **medius.com.**