

Ebook

10 Accounts Payable KPIs You Should Be Measuring

Metrics that impact your AP performance the most





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If you can't track it, you can't change it

The same way pilots monitor flight instruments or coaches track statistics, business leaders must rely on metrics to guide their decisions and measure their success — especially when it concerns accounts payable (AP). That's where key performance indicators (KPIs) come in.

The AP department, once viewed as a peripheral back-office function, is now one of the central drivers of business profitability. In an era of supplier shortages, demand fluctuations, increased operating costs and liquidity pinches, the influence AP has on the overall health of an organization is only continuing to grow — and as AP's importance expands, so too has the spotlight on its people and processes. KPIs are a simple and effective way to optimize every step of the AP process for maximum efficiency and productivity.

The problem is that AP decision-makers don't always know if they're tracking the right KPIs and often lack the tools to do so effectively. Considering data, metrics and analytics are the number one priority for CFOs in 2025 and that more than 75% of CFOs state they're now responsible for enterprise-wide data and analytics,¹ KPIs are becoming even more essential as we look to the future.

As you'll learn, KPIs, when used correctly, are a transformative tool to help your AP department reach its full potential.

¹ [Top 5 Priorities for CFOs in 2025](#), 2024. Gartner.

All metrics matter ... some just have a bigger impact

There are an infinite number of KPIs an AP department can track. But just because you can doesn't mean you must. Think "quality over quantity." Just as a doctor measures only a handful of vital signs, you should focus your tracking efforts on the KPIs that have the most impact on your company.

The current business landscape and post-pandemic economy have only increased AP's strategic value. So it's more important than ever to showcase your team's achievements and highlight how AP can be a cost-saving, profit-boosting asset to your company's finance leaders.



**In our experience, these 10 KPIs are the bee's knees for
assessing AP performance and eliminating costly inefficiencies.**

01 Cost to process a single invoice

Unnecessary expenses are like termites eating away at company profits. So AP departments need to know what they're paying to process each invoice and have a strategy in place to mitigate costs.

Factors to consider

The total cost to process one invoice can be tricky to pinpoint. To get an accurate assessment, consider every expense involved in AP processing, including:

- Routing
- Copying and follow-up
- Staff salaries
- Managerial overhead
- IT support

What the numbers say

The average cost to process an invoice with little automation is \$10.89.² Yikes — that's a big hit to the bottom line! Those with a more mature level of AP automation only spend \$1.77 per invoice on average.

Best practices

Meet [Valdese Weavers](#). By automating their manual AP operation, the company saves \$40-50,000 annually thanks to drastic reductions in paper and postage costs, and another \$18,000 by reducing time spent on manual tasks.

²Total Cost to Process Accounts Payable per Invoice Processed. August 9, 2024. APQC.

02 Time to process a single invoice

There's a reason people say time is money. To maximize AP's profit-generating potential, companies must identify what's slowing their process down and develop strategies to fix it.

What's at stake

The time it takes to process a single invoice is a good KPI for determining how much value an AP department is either wasting or adding on a regular basis. The longer the processing time, the more likely it is you're losing money on things like:

- Missed vendor discounts
- Late payment fees
- Low staff productivity
- Vendor dissatisfaction

What the numbers say

The average time to process an invoice with little automation is 17.4 days, while those with mature levels of automation process invoices in 3.1 days on average.³ That means companies that leverage automation process invoices 82% faster.

Best practices

If your company wants a quicker, more coordinated AP operation, electronic workflow is where it's at. An end-to-end automation solution eliminates the time-consuming manual tasks associated with AP invoicing while creating new workflow efficiencies not previously possible, such as mobile approval and more.

Thanks to visibility gained from automating their AP processes, [LTP Sports](#) reached the industry standard for invoice processing time with an average of 1.19 days. Its approval workflow is now automated and accessible from any location, making delayed invoice approvals a thing of the past.

³The State of ePayables 2024: Money Never Sleeps. 2024. Ardent Partners.

03 Suppliers that submit invoices electronically

When invoices come in containing discrepancies or missing or incorrect PO numbers, it bottlenecks your approval workflow. Getting suppliers to submit invoices electronically is the best way to speed up processing and make it easier for suppliers to do business with you.

Factors to consider

There are two parties included in this metric: your company and your suppliers. Providing a way for suppliers to submit invoices electronically is only half of the equation. The other half is actually getting them to use it. Having a simple supplier onboarding process that sets up your suppliers with access to your invoice submission portal plays a big role in increasing the number of electronic invoices you'll receive.

What the numbers say

A positive for this KPI is that it continues to increase after the pandemic gave it a jump start – 50.3% of invoices are now received electronically.⁴

⁴ [Accounts Payable Metrics That Matter In 2024](#). 2024. Ardent Partners.

Best practices

The path to fewer paper invoices is threefold:

1. Automate AP
2. Enable suppliers to submit invoices using your technology
3. Repeat step two as much as possible

Companies like [Sunway](#) and [ATA](#) can testify to this method. After automating AP, Sunway is now receiving 50% of invoices from suppliers electronically. Similarly, ATA is currently processing 98% of invoices through Esker, saving substantial time for their AP staff.



04 Invoices linked to a purchase order (PO)

If it impacts processing time and cost, you better believe it's worth tracking. Smart AP departments use this KPI to gauge how seamless their processes really are and see where improvement is needed.

Why it matters

Invoice validation is a key step in the approval process, so it makes sense that delays — like those caused by information not matching the PO — would be of great concern to the AP team. In general, the lower the percentage of invoices linked to a PO, the slower, more expensive your AP process will be.

What the numbers say

The mantra “no PO, no payment,” appears to be striking a chord. The average AP team sees 59.3% percent of their invoices linked to a PO,⁴ a percentage that is gradually improving year over year. In addition, the Institute of Finance & Management (IOFM) found that 30% of companies have more than 75% of their invoices linked to a PO.⁵

⁵ IOFM Benchmarking Report, 2024. IOFM.

Best practices

Top performers go beyond workflow automation to connect vital AP functions with other processes. For example, using a procurement automation solution along with AP automation enables all invoices to be PO-based and auto-matched with the corresponding PO and goods receipt. This speeds up processing time and allows for more cost savings, including dynamic discounting.



05 Invoice exception rate

Invoice exceptions are the bane of an AP professional's existence. Accounts payable staff spend a staggering amount of time managing and correcting invoice exceptions. One survey found that each invoice exception can take anywhere from 15 minutes to an hour to resolve.⁶ To maintain process efficiency, AP departments should track and continually review this KPI.

What's at stake

Considering the regularity of exceptions, it's easy to see why they pose such a problem. The amount of time and resources required to resolve them is a big reason why AP departments underperform. More often than not, exceptions are caused by:

- Discrepancies in PO and invoice data
- Missing/incorrect PO
- Bottlenecks in approval workflow

What the numbers say

Based on findings from an Ardent Partners study, the market average for invoice exception rates is 22%, compared to 9%

for those companies considered best-in-class.³ That's a 59% lower exception rate for highly automated AP departments, and those teams are saving a lot of time right now without all those exceptions to deal with.

Best practices

The secret to lowering exception rates is really no secret at all — standardize your process as much as possible. AP automation solutions often allow for 3-way match verification, so issues are handled quickly and correctly. Take the case of [European Motor Distributors](#), a company that was able to drastically improve their supplier relationships now that invoices are never lost and always paid on time.

⁶What's Next in AP? How to Strategically Transform Accounts Payable in the Age of Robotics, Cloud & Blockchain. February 2019. Serrala.

06 Straight-through invoice processing

With no manual intervention needed, straight-through or “touchless” processing is significantly cheaper and faster than manual methods. Measuring and improving this KPI is key to maximizing margins and efficiency.

Why it matters

Invoices that are automatically processed without any human intervention take only a fraction of the time as ones that have to be processed manually. Organizations with high levels of straight-through processing benefit from:

- Lower costs
- More time for value-added activities
- Greater security
- Increased business efficiency
- Supplier satisfaction

What the numbers say

According to the American Productivity & Quality Center (APQC), the percentage of invoices that are processed straight through varies significantly based on the level of automation implemented at a company. But, on average, organizations with high levels of automation achieve a straight-through processing rate of around **80%**.⁷

Best practices

There's only one way to process invoices with zero human input — automation. Want to increase your straight-through processing rate? Increase the amount of automation in your AP process. That's what [Feu Vert](#) did and the results speak for themselves. After implementing AP automation, they were able to process 88% of invoices without any human intervention.

⁷ [Accounts Payable Key Benchmarks](#), November 2024, APQC.

07 Staff time dedicated to supplier inquiries

Responding to questions from vendors is an essential part of maintaining good supplier relationships — but it can also be a time-consuming task that takes AP staff away from processing invoices.

Why it matters

One of the most common supplier questions is “What’s the status of my invoice?” or “When am I getting paid?” When that inevitable question comes in, the answer typically has to be researched before an answer is given.

In a non-automated AP environment, that means asking around the team to track down the exact status of the particular invoice and determine what’s holding up the process. Depending on how responsive team members are and how organized invoice paperwork is, that could take days.

Even sorting through the shared AP inbox to sift out supplier inquiries from invoices and route them to the appropriate person (or answer phone calls from suppliers) can take up hours of a person’s workday.

What the numbers say

Approximately 20% of AP staff time is dedicated to handling supplier inquiries.³ Investing so much time answering basic invoice and payment-related questions (while important), means less time spent fostering more strategic-level relationships with vendors.

Best practices

By enabling faster invoice processing and providing transparency into every invoice’s status, automation helps AP teams make payments on time while also making it easy to answer supplier inquiries about invoice status.

An automation solution that includes AI capabilities can even identify incoming supplier inquiries, search for the answer and generate a draft response in seconds.



08 Early payment discounts captured

It's a win-win situation that lets you pay less for paying faster, and a KPI you should be tracking and capitalizing on.

Why it matters

Now more than ever, businesses are doing whatever they can to optimize cashflow. Early payment discounts allow you to keep more money in your company's pocket, while also benefitting your suppliers' bottom lines — helping to build stronger, longer-lasting supplier relationships.

What the numbers say

Research from IOFM found that one-fourth of companies are now capturing at least 50% of available early payment discounts.⁸ This is a result of reducing or eliminating paper in the AP process.

Best practices

Paying suppliers early is impossible without a streamlined AP process. And as you know by now, the best way to accomplish that is through AP automation. More automation means invoices can be processed faster. The faster invoices are processed, the earlier you can pay and the more discounts you can take advantage of.

Take it from [Parts Town](#). They achieved 30% in additional savings each month thanks to a 50% increase in capture of early payment discounts. Or [Farmland](#), who reduced the number of outstanding AP accruals by \$8 million, gaining an additional \$29,815 in discounts and cost savings equal to three FTEs.

⁸2024 Benchmarking Report: Performance Metrics and Concerns. 2024. IOFM.

On-time payments

If you can't pay early, paying on time is the next best way to avoid paying late fees and straining relationships with suppliers.

What's at stake

The health of your bottom line is what's at stake here. Obviously, vendors prefer to do business with organizations that they trust will pay on time, every time. A low rate of on-time payment is usually associated with highly manual AP processes that require more time and resources, slowing down your ability to efficiently process invoices and payments.

What the numbers say

Every AP department should be striving to achieve payments that are on time and accurate 100% of the time. Late payments can have ripple effects that negatively impact short-term cashflow and long-term bottom line health.

E-payments have become a popular tool for ensuring secure, timely payments. In fact, e-payments now constitute 68.3% of all payments made by the average enterprise.³

Best practices

AP automation provides real-time visibility, greater accuracy and faster cycle times that make it possible to ensure on-time payment every time. For example, [one global pharmaceutical company](#) automated payables and increased its on-time payments to 99.9%. Likewise, [Maxim Integrated](#) achieved a 95% on-time invoice payment rate, which has helped improve vendor relations and enhance company reputation.



10

Days payable outstanding

While more strategic and complex to calculate, DPO is one of the few KPIs that can demonstrate AP's value beyond invoice processing and help justify department costs.

How to calculate

Start by dividing your cost of goods sold by 365 days. Then take the average value of your AP balance and divide it by that number. In other words: AP balance average value divided by (cost of goods sold divided by 365 days).

Factors to consider

Unlike the other metrics mentioned, what's considered a "good" DPO is more subjective and ultimately dependent on your cashflow strategy. DPO is the efficiency ratio for how long it takes a company to pay its suppliers. A higher DPO means you pay your suppliers more slowly and have more available cash as a result. A lower DPO means you pay your suppliers faster and can take advantage of more early payment discounts.

The right DSO for your company is one where you pay your suppliers quickly enough that you maintain healthy relationships with them while not paying so quickly that your liquidity is overly constrained.

What the numbers say

According to APQC, the median DPO for companies across all industries is around 40 days.⁹ But there's no right or wrong DPO. Some companies sit at 50 days while others are only 30 days. It all depends on what your cash management and supplier management strategies are. However, it's a good idea to benchmark your DPO against your competitors to help gauge your payables performance.

Best practices

There are two other factors that play a role in determining your ideal DPO: percentage of on-time payments and payment terms with vendors. Aside from negotiating better payment terms with suppliers, the easiest way to improve DPO and overall cashflow is by automating AP processes. Automation helps to achieve a higher on-time payment rate and provides the real-time visibility needed to better control DPO.

⁹Accounts Payable and Expense Reimbursement Performance Assessment. 2024. APQC.

AP transparency via real-time analytics & dashboards

An important part of KPI measurement is having the tools to strategically display, sort and coordinate the data you're collecting. A good AP platform should not only streamline the workflow, but also make it easy for you to view and manage your performance data.

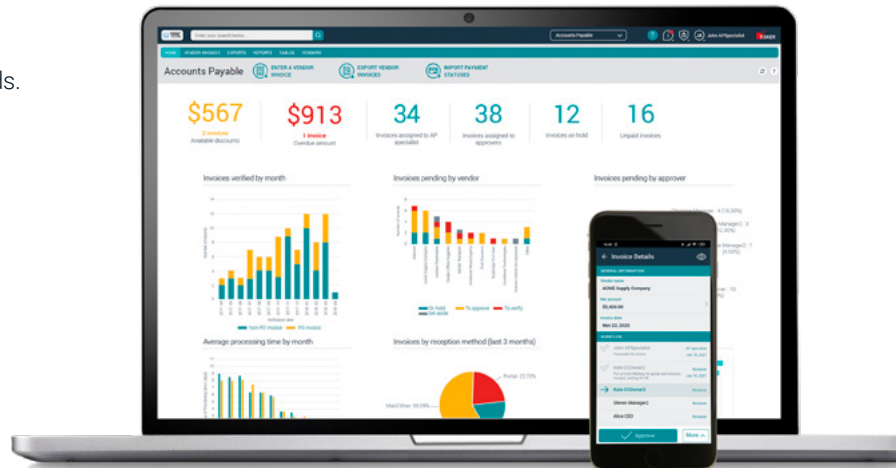
Esker's intuitive KPI dashboards

When a company automates AP with Esker, received invoices are automatically queued for processing and made 100% visible and accessible via built-in dashboards.

These intelligent dashboards display live graphs of a variety of KPIs, including:

- AP cashflow
- AP process metrics
- Spend by category, volume and supplier
- Requests pending approval
- Budget control and forecasts

Users can choose which KPIs to display on their dashboards for fully customizable data tracking.



Features that drive AP excellence

Knowing which KPIs to measure is one thing, but it's another to have the technology in place to streamline and optimize your AP processes so you can actually start improving your KPIs. Esker's AI-powered, cloud-based solution digitizes, centralizes and automates the entire source-to-pay (S2P) cycle, giving you unparalleled visibility into your AP performance while equipping your team with next-generation tools for greater accuracy and productivity.

Esker Synergy AI

As the carefully designed and specially trained set of technologies powering the Esker S2P suite, Synergy AI improves speed and accuracy throughout the S2P cycle, takes on redundant tasks, analyzes data to make predictions, helps suppliers get paid faster and so much more.

Invoice data capture

When receiving documents from suppliers, Synergy AI extracts key information, automatically enters it into your systems and even matches the data against your own references. It embeds deep learning technology on top of optical character recognition (OCR) for high recognition rates starting day one. Plus, machine learning's ability to remember how you manage documents and exceptions means it becomes even more accurate and efficient over time.

Predictive invoice coding

After the data is extracted from an invoice, Synergy AI automatically matches invoice lines with the corresponding POs and goods receipts for touchless processing when no exception occurs. Faster processing means faster payments — and that means happier suppliers.

Automatic responses to supplier inquiries with GenAI

"What's the status of my invoice?" With Synergy AI, your team no longer has to dread those questions. It analyzes inbound supplier requests, queries your internal systems for the answer and creates a response your team can send using GenAI. It even uses sentiment analysis to classify incoming questions based on their language and customizes the response appropriately. Your team spends less time chasing down answers and your suppliers receive faster responses — everyone wins.

Features that drive AP excellence (cont.)

Not only that, Synergy AI can analyze conversation transcripts to identify recurring issues so your team can make improvements and continue to exceed your suppliers' expectations.

Supplier risk management

Automatic Bank Account Verification (BAV)

Esper Supplier Management includes BAV, eliminating the risks of manual verification and protecting both you and your suppliers from financial loss, payment errors, disputes and even legal consequences. Suppliers simply input their bank details for a trusted third party to verify. Having a BAV program in place shows your organization takes the security of financial transactions seriously.

ESG tracking & reporting

A company can't claim a commitment to sustainability and responsible business practices without requiring that same commitment from its suppliers — so it's essential to know how your suppliers are performing in the ESG arena. Esper tracks supplier certifications, monitors compliance documentation and sends alerts for expiration or non-compliance, reducing the risk of legal and reputational issues.

Integrated risk indicators

Powered by Dun & Bradstreet, Esper Supplier Management includes a robust set of risk indicators tracking:

- Failure score (likelihood to cease business in the next 12 months)
- Delinquency risk (likelihood to pay suppliers late in the next 12 months)
- Layoff risk (likelihood to layoff employees in the next 6 months)



- D&B rating (overall financial strength and risk)
- Environmental, social and governance risks
- ESG rating (company's resilience to long-term, industry-specific ESG risks)

With real-time visibility of all scores for every supplier and alerts whenever indicator scores change, Sourcing and Procurement teams have the data to select the most dependable, sustainable suppliers.

Streamlined supplier qualifying & onboarding

Collecting, inputting and verifying supplier data is easy with Esker. GenAI creates onboarding questionnaires in multiple languages that can be customized for specific needs. After a supplier completes the questionnaire via Esker's supplier portal, integrated e-Attestations automates the screening of supplier documents, licenses and compliance records. In addition, bank details are third-party verified by Sis ID. Once your team approves a supplier's information, it's automatically sent to your ERP and becomes part of your supplier master data.

Effortless ERP integration

Whether due to M&As, spinoffs or divestitures, most organizations' ERP environments are a patchwork quilt of multiple instances of the same ERP or a combination of disparate systems. However, introducing Esker's S2P automation platform into such a complex situation is surprisingly simple.

Whether you use SAP®, Oracle, Microsoft, another ERP or a combination of multiple ERPs, Esker seamlessly integrates with your ERP applications without any additional hardware or software requirements — or disruptions to your current ERP landscape. In fact, Esker successfully **integrates with more than 70 ERPs** via middleware, flat-file exchange over secure connections and web services or APIs.

Payment & supply chain financing automation

Supplier payments are often seen as a cost center, but when paired with automation, they can actually become a revenue generator in the form of internal cost savings, cash back, discounts and just-in-time payments.

Esker Pay confirms invoice data accuracy, ensures compliance and initiates payment to the supplier, speeding up the invoice cycle and reducing internal processing costs.

Esker's supplier self-service portal gives suppliers the option to choose and be paid using their preferred payment method. It enables your team to pay suppliers in 40 countries and 135 currencies, making the payment process faster and easier wherever your suppliers are in the world.

Esker also supports early payment discounts, giving suppliers the flexibility to choose when they want to get paid in exchange for a reduced price on the goods and/or services purchased. When suppliers propose early payment discounts on their invoices, your company can automatically schedule the payment on the discount expiration date to ensure you benefit from the discount, while improving the cashflow on the supplier's side.

You can also leverage Esker Pay to incentivize and enable your suppliers to use value-generating payment methods such as virtual cards that can provide cash back to your company on every purchase.

In addition, Esker offers supply chain financing (SCF). As the buyer, you agree to approve your suppliers' invoices for financing by a bank or other outside financier, giving you more time to pay off your balances and giving your suppliers quicker access to the money they're owed. Esker streamlines SCF purchases, automating transactions and tracking invoice approval and settlement processes, from initiation to completion.

AP optimization success stories

See how companies around the world are taking control of their AP KPIs with help from Esker.

Seamless invoice processing with a modern automation solution

Although Hall's Culligan Water was using automation in their AP function, their existing solution required using three separate software tools. The complexity and inefficiency of that setup bogged down the company's AP department, plus the team couldn't create reports and staff could only access the solution when connected to the company's own network.

Transitioning to Esker's more efficient, modern automation solution was easy and intuitive. The team could set up workflows with ease and access the platform from anywhere. Its seamless integration with Sage ERP provided real-time updates, complemented by customizable dashboards tailored to the company's unique needs for full visibility into every step of their AP process.

Since implementing Esker, Hall's Culligan Water achieved an impressive 93% automation rate, resulting in a simpler, more streamlined workflow with no need for manual data entry.



"We've heard nothing but great things about Esker from end users in the field. They rave about how much easier their day-to-day is now because the solution makes it seamless. We've been able to eliminate most manual data entry, which has been huge for both morale and accuracy."

Jana VanDorien | Shared Services Lead | Hall's Culligan Water



Established in 1950, Hall's Culligan Water provides water treatment services for residential and commercial customers in 12 U.S. states.

Faster payment cycles with automated AP processes

As a rapidly growing company in the luxury beauty industry, Luxasia decided to establish a Shared Services Center (SSC) in Malaysia to centralize its Accounting department and automate the processing of its 36,000 annual supplier invoices. By digitizing and automating their procurement and AP functions in Esker, the organization more than doubled their invoice processing rates and increased their invoice processing capacity by 2.5 times.

Faster invoice processing has translated to faster supplier payments and standardized payment cycles across all their locations. Esker's supplier payment portal gives Luxasia's suppliers the option to submit invoices and accept payments online, allowing for completely touchless processing and more early payment discounts for the company.

■ ■ ■ **“We have been able to standardize our payment cycles across eight
■ ■ ■ countries with none of the backlogs we encountered prior to using Esker.”**

■ ■ ■ Zulaifah Abdul Ghani | Country Finance Lead for Malaysia & Indonesia | Luxasia

L U X A S I A

The Luxasia Group is a luxury retailer and distributor with headquarters in Singapore and 15 locations across Asia. Its portfolio consists of brands such as Burberry, Dior, Ferragamo, Hermes and Prada.

Conclusion

To sum it up ...

You don't need a magic wand or secret formula to become a top-performing AP department. Going from average to best-in-class is as simple as this two-step process:

- 1** | **Measure** the most valuable KPIs according to your operational goals and evaluate them over time.
- 2** | **Leverage** a solution that optimizes KPI management while improving AP invoicing as a whole with AI-driven automation.

Hi, we're Esker

Founded in 1985, Esker is the global authority in AI-powered business solutions for the Office of the CFO. Leveraging the latest in automation technologies, Esker's Source-to-Pay and Order-to-Cash solutions optimize working capital and cashflow, enhance decision-making, and drive better collaboration and human-to-human relationships with customers, suppliers and employees.



40

years of
experience with
20+ years focused
on cloud solutions



1,100+

employees serving
850k+ users &
2,500+ customers
worldwide



15

global locations
with headquarters
in Lyon, France, &
Madison, WI



€205.3

million in revenue
in 2024



Business success is best when shared

At Esker, we believe the only way to create real, meaningful change is through positive-sum growth. This means achieving business success that doesn't come at the expense of any individual, department or company — everyone wins! That's why our AI-driven technology is designed to empower every stakeholder while promoting long-term value creation.

ESKER®

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