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# THE ENTERPRISE LEADER'S GUIDE TO BUYING AP AUTOMATION

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/ PART 1 /

WRITING A STRATEGIC BUSINESS PROBLEM  
STATEMENT AND WHY IT MATTERS THAT  
YOU GET IT RIGHT

Reading time: 14 minutes

# WRITING A STRATEGIC BUSINESS PROBLEM STATEMENT AND WHY IT MATTERS THAT YOU GET IT RIGHT

Direct Commerce delivers AP automation software solutions to the world's largest companies. This guide is based on our extensive experience, and it is designed to help you prepare your buying team as you search for the best AP automation solution for your enterprise.

In Part 1, you'll learn how enterprise leaders build a strategic business problem statement and how taking the time to get it right will enable your buying team to find the right AP automation solution for your business.

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## Key Insights

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- Your Business Problem Statement is the north star of your AP automation buying process. Writing the best possible Statement will enable an efficient process while leaving you open to creative solutions you hadn't previously considered.
- Buying teams that don't understand what problem they are trying to solve will be ineffective when making buying decisions, either stalling out in the buying process or buying a solution that doesn't actually meet critical business needs.
- Finding the right AP automation partner means finding a partner that not only has the best solution but also clearly understands your business problem and can add measurable value to your business process. This will save your team time and money and will produce a measurable ROI.

You can find further resources from our AP automation Buying Guide at [this link](#) or by emailing [info@directcommerce.com](mailto:info@directcommerce.com).

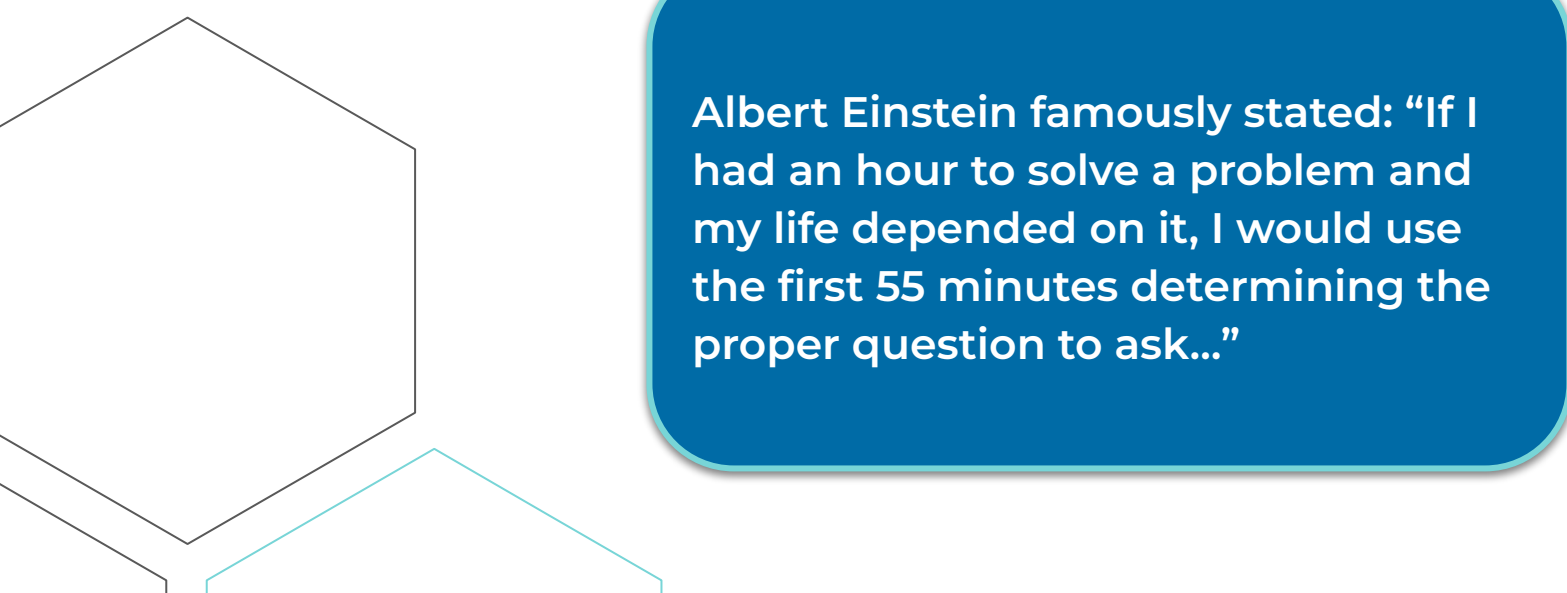
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# Your Business Problem Statement is the north star of your AP automation buying process.

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Most AP automation solution buying starts with a series of internal meetings. In many cases, a finance leader and an AP leader then agree that it's time to begin searching for a solution partner. At this point, you believe you've properly identified your pains: for example, your team spends too much time dealing with errors in manual processes like duplicates or inaccurate encoding, or your team is spending inordinate resources managing supplier disputes. The AP leader, after researching relevant solutions providers, then sets up a series of external meetings and perhaps even distributes a formal RFI. Although all of those external meetings and the RFI will provide valuable information, it's still difficult to decipher what your team actually needs.

You end up stalling out. You don't buy anything, not because the solution you need isn't available, but because the group of key stakeholders and decision makers can't align on a solution that makes sense for your team. Or worse, you end up among the 60% of enterprise leaders reported by Gartner last year who regret their software purchases because they got swept up into buying things they didn't need.



**Albert Einstein famously stated: “If I had an hour to solve a problem and my life depended on it, I would use the first 55 minutes determining the proper question to ask...”**

Most buying teams lose their way while trying to find the best AP automation solution because, in the midst of internal confusion and the sheer volume of offerings in today's marketplace, they lose track of why they intended to buy a new solution in the first place. However, if you start with a well-articulated and strategic understanding of what problem you're trying to solve (your pain), you'll be able to keep tight control of your buying intent while still leaving yourself open to innovative solutions, some of which you may not have considered.

**A well articulated and strategic Business Problem Statement will help you do three things:**

- **Align your internal stakeholders to your buying intent.**
- **Help organize available solutions and their ability to solve your business problem quickly with confidence.**
- **Leave you open to as many innovative solutions as possible without deviating from your buying intent.**

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## How to Write Your Business Problem Statement

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Maybe you're starting your AP automation buying process from scratch. Or maybe you think you already know your business problem. Either way, this exercise will quickly help refine your Business Problem Statement, making it strategic and clear to all internal stakeholders. And you'll likely be able to do it in an afternoon.

# The 5 Whys

First, write down the reason you began your AP automation buying process. Let's use one of our customers as an example. A multi-billion dollar food distribution company came to Direct Commerce asking for a full suite solution for AP automation, including invoice capture, processing, variance management, dispute resolution, and dynamic discounting. They stated: "We need to create more efficiencies in our process."

## **We asked our first "why?". Why do you consider your current process inefficient?**

They told us that their team was spending weeks (sometimes even months) trying to close invoices that were full of errors and inconsistencies. And further downstream, they were dealing with an unmanageable volume of disputes on their short payments, a process made even more inefficient by their inability to find the proper documentation needed to justify short payments in their complex environment.

## **Now, the next "why?". Why is your environment so complex?**

This took a bit of research. At first, the buying team could only speak to the complexity in broad terms because business units and internal stakeholders made AP decisions in so many different ways. There was no single process for handling invoice variances or supplier disputes. So, each variance and each dispute could be handled slightly differently depending on the team members involved.



Taking the time to create a strategic business problem statement will put your team far ahead of typical buying pace and will ensure you don't end up with purchase regret.

Alright. Things were becoming more clear. But not quite clear enough. **We asked another “why?”. Why are there so many complexities persisting in the AP process?**

Our customer answered that the AP process had been in place for years and hadn't been built to scale as the company grew. New business units were created or acquired, and process unity hadn't been prioritized. And because the process wasn't unified, teams weren't aligned on how to process an invoice, a receipt of goods, or a payment, much less a dispute or variance. While these inconsistencies seemed minor on a case-by-case basis, at scale these errors increased costs at the AP, Procurement, and Finance levels. This created internal angst, and supplier relationships were in jeopardy.

**We asked another “why?”. Why is the current process increasing costs and disrupting supplier relationships?**

The answer: Too many people were working on invoice variances, short payments, and supplier disputes. The disunified, complex process meant that suppliers and AP team members were communicating many times, for weeks or even months, in order to close a supplier inquiry or dispute. The disputes backlog was quoted in the tens of millions of dollars. Supplier communication was monopolizing their time and dragging out time-to-close.

**And then the final “why?”. Why will a new AP automation solution help you reduce the cost of supplier communication?**

Our customer told us that any new solution needed to save time: they wanted to eliminate the volume of internal and external communication while maintaining their high, enterprise-level standards for financial processes and data.



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# How to Use a Strategic Business Problem Statement

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During your buying cycle, your Business Problem Statement will guide you with confidence, helping you more easily qualify and disqualify potential AP automation providers. In the example of our food distribution customer, they were able to easily weed out any solutions that didn't automate complex encoding. They looked for solutions that could automate internal communication through time-outs and escalations.

And at Direct Commerce, they found a solution that augmented supplier communication with features like push-based invoice updates and task reminders.

**With a strategic business problem statement, you also leave yourself open to innovation.**

In our customer example, they knew to ask each potential solution provider how they automate encoding AND how they automate the resolution of errors. At Direct Commerce, they found simplified automation for encoding errors based on back-end encoding rules so that their team never needs to touch an invoice error. And they were able to automate communications and routing for errors – processes that previously required human intervention.

**Ultimately, your Business Problem Statement will unify your buying team.**

In our customer example, their buying team included AP team colleagues as well as colleagues from other business units like Finance, IT, and Procurement. The procurement team had very little interest in AP efficiency. They DID have interest in improving supplier relationships. They more readily got behind the search for a new AP solution because we were able to show how our solution improved supplier relationships (knowing it would also meet the AP team's need to unify processes and reduce communication).

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## Next Steps

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Find an expert like those at Direct Commerce who can help you achieve a grounded, strategic Business Problem Statement.

### **Reach out to our team for a quick phone or email consultation.**

In the consultation we'll talk through what we think of your Business Problem Statement and the "why?" questions you can ask to sharpen your statement into a winning north star.

This guide is part of a set of resources for Building a Business Case for AP automation. If you're building a business case for buying new AP automation for your enterprise, make sure you're subscribed, and reach out to us at [info@directcommerce.com](mailto:info@directcommerce.com). We'll send you resources like:

- Mapping Your AP Process
- Defining Your AP automation ROI Metrics Before You Buy
- AP automation - Building Consensus on Your Buying Team
- Calculating ROI for AP automation

Direct Commerce provides SaaS accounts payable automation solutions to the global enterprise. With 23 years of best practices and many of the world's largest businesses as customers, our platform streamlines AP business processes, enables supplier self-sufficiency and drives transparency and measurable ROI across your organization.

Find out more at [www.directcommerce.com](http://www.directcommerce.com)