

ARDENT PARTNERS' ACCOUNTS PAYABLE METRICS THAT MATTER IN 2025

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February 2025

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About this Report

Since 2010, Ardent Partners has conducted extensive market research on the accounts payable industry – more research than any other organization globally. In that time, Ardent has helped establish industry best practices, provide clear direction on improving overall operations and results, and define the Best-in-Class standards for all AP organizations globally.

Ardent Partners' *AP Metrics that Matter in 2025* is a compilation of the industry's best and most widely used accounts payable benchmarks captured in Ardent's most recent state of the market report: *The State of ePayables 2024: Money Never Sleeps*. The data presented in this eBook represents the experience, performance, perspectives, and intentions of 212 AP professionals and their organizations.



If you like the research and insights in this eBook, we invite you to visit (and subscribe to) [Payables Place, the site for AP Leaders](#).

The State of AP in 2025

The world of accounts payable (AP) is poised for a transformative year, driven by the accelerating forces of artificial intelligence (“AI”), advanced automation, and the growing recognition of AP’s potential to deliver a measurable operational and financial impact.

Since the pandemic began, AP has emerged as a strategic cornerstone for businesses looking to streamline operations, enhance cash flow management, and bolster profitability. AI-powered solutions are helping to redefine the function; the need for smarter cash management and stronger supplier relationships are also aiding the cause.

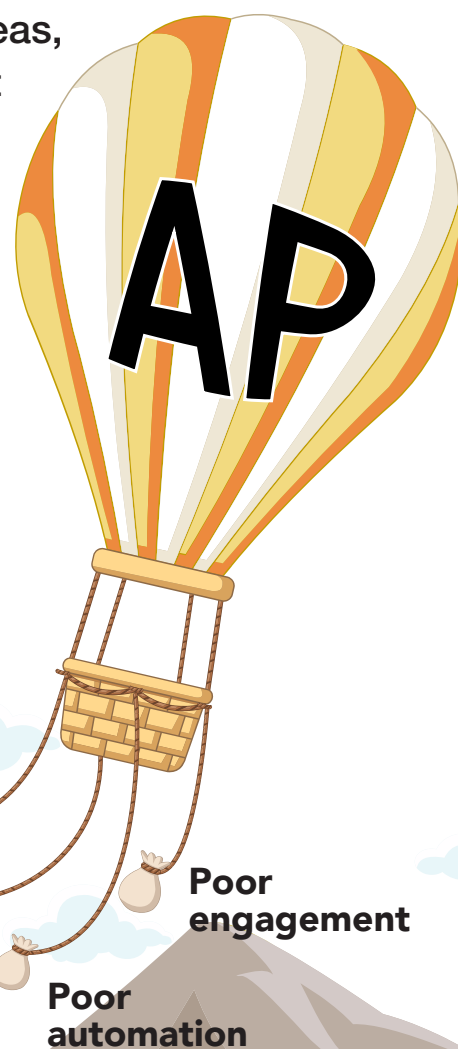
In this new age, smart executives have identified AP as an area of investment and a lever for driving strategic value. This attention has empowered many AP teams to move beyond transactional tasks, embracing roles that directly influence financial performance and operational excellence. The absolute potential for change in 2025 alone, while daunting at times, makes it a very exciting time to be working in AP.

Amidst Challenges and Uncertainty, AP Continues to Rise

Amidst economic uncertainty, inflation, supply chain challenges, and global disorder, managing money and relationships has never been more important to a business. In just a few short years, AP has emerged as a critical component in each of these areas, becoming a major cog in the cash management machine and a key player in managing supplier relationships.

68% of AP leaders see the road ahead as more challenging than the immediate past, while another 36% see great uncertainty. What is certain, however, is that AP's impact on operations and results will continue to rise.

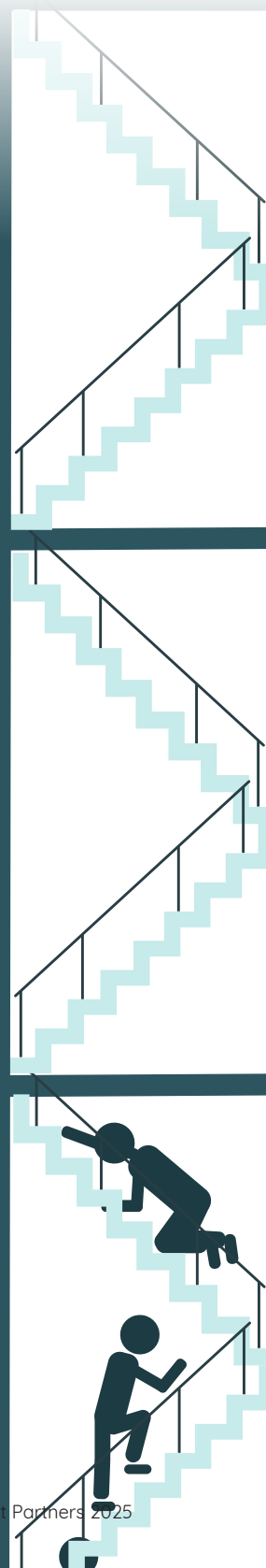
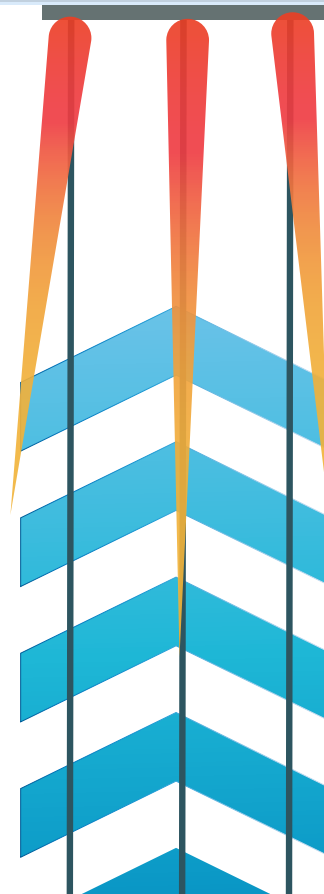
**68% of All AP Leaders
Expect 2025 to Be
Challenging**



AI Expectations are Sky High

Many executives are aware of the benefits AI can bring, and 17% believe it will have a transformational impact on AP and P2P in 2025. Another 44% believe it will have a significant impact. 26% believe the impact will be moderate. Only 10% are skeptical and do not believe that AI will have any impact this year. AI is a major topic within AP this year ... no matter your view, it cannot be ignored.

61% of P2P Pros Believe that AI Will Either Have a Transformational (17%) or Significant (44%) Impact in 2025.



AP and AI Converge

The era of AI-driven transformation in accounts payable has arrived. Just as the internet revolutionized information dissemination, AI is poised to revolutionize AP operations. AP teams can leverage powerful AI capabilities, such as machine learning, neural networks, deep learning, and natural language processing, to fundamentally transform both their tactical and strategic activities. This includes automating invoice processing, enhancing fraud detection, and unlocking valuable insights through predictive analytics. The future of AP lies in harnessing the power of AI to optimize cash flow, improve efficiency, and drive strategic decision-making.

Ardent Partners Estimates 75% of All AP Departments are Using Some Form of AI Today.



AI Will Be AP's Force Multiplier

In the midst of AI's first wave of innovation, AP teams, large and small, are starting to see real benefits from technologies like machine learning, advanced analytics, and generative AI. By leveraging these solutions to a greater degree in 2025, many AP organizations will begin to (1) shave the amount of manual work done in invoice processing, (2) deliver more engaging and productive experiences for stakeholders, and (3) make more informed, data-driven decisions that drive better outcomes and competitive advantage.

AI Delivers:



Higher levels of automation



Better decision-making and intelligence



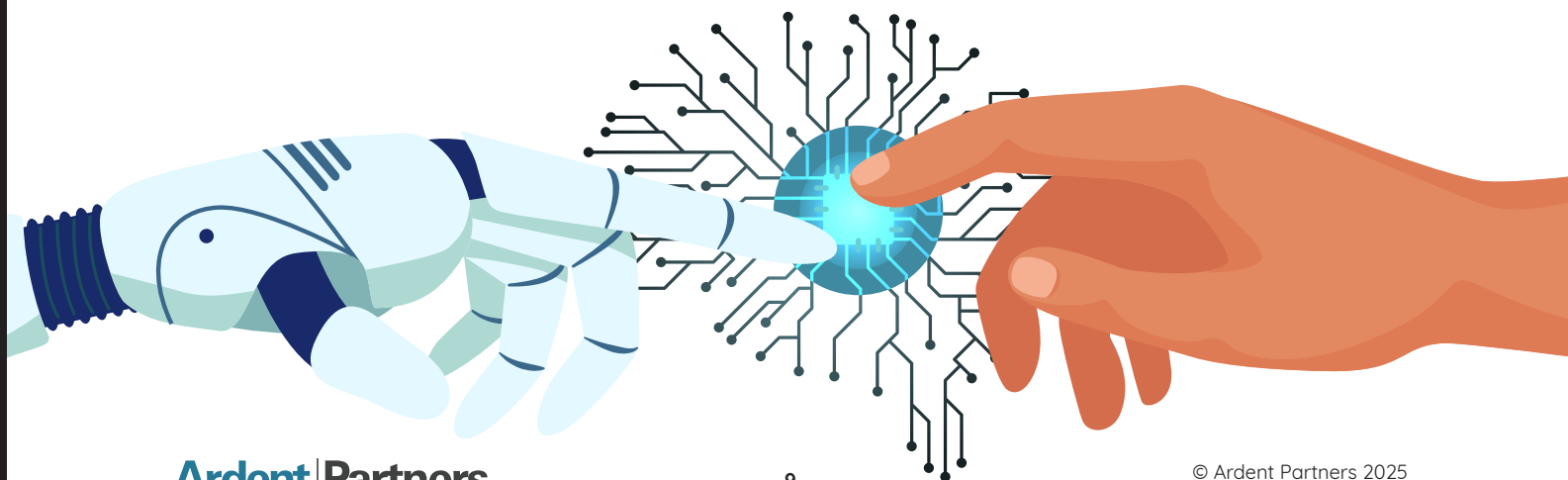
Improved user experience

AI in Action

While an all-encompassing AI-driven AP department is years away, the near-term opportunity of AI over the next 24 months warrants attention and investment. The integration of AI in AP operations will help streamline processes by reducing manual effort and human error. This efficiency will lead to faster invoicing and payment processing, enabling smarter cash management. AI will also enhance accuracy and transparency across the AP operation, which will help improve decision-making and resource allocation.

The adoption of AI in AP is not without challenges. Organizations will need to address concerns related to data security, privacy, IP infringement, and the ethical use of AI. Additionally, effective usage and adoption require careful planning, training, and change management strategies. As AI takes hold in the market, the enterprises equipped to reap the most benefits will be those with core AP automation (or “ePayables”) solutions in place. Ardent Partners expects AI to be broadly deployed within AP. Use cases illustrating the transformative potential of the technology follow in the next few pages.

A New Age of Innovation Has Arrived.



AI in Action – Invoice Capture and Data Extraction

Where can AP teams put AI into action? Consider this use case illustrating the transformative potential for next-level AP when integrating AI.

By automating invoice data extraction through machine learning, AI can significantly improve accuracy and reduce manual effort and costs when compared to traditional manual or electronic data capture methods that are time-consuming and prone to errors.

AI Use Case: Invoice Capture and Data Extraction



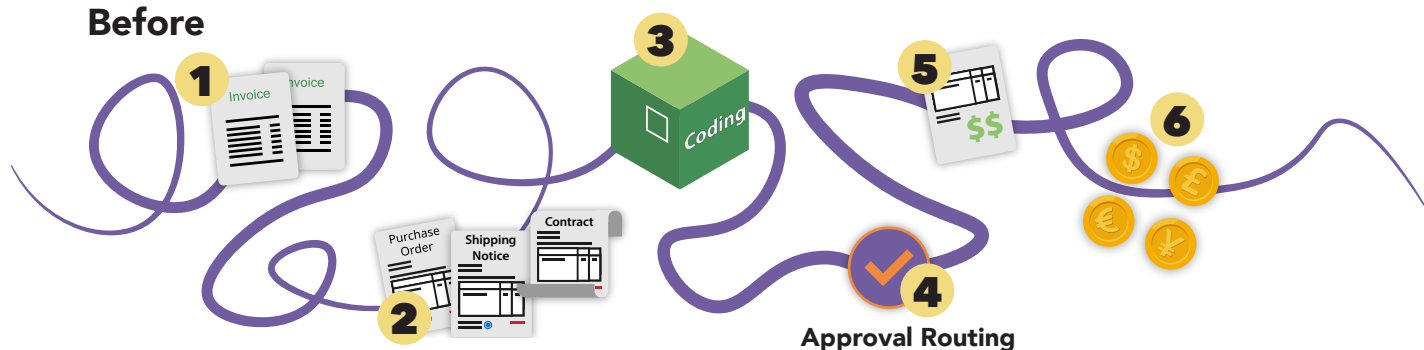
AI in Action – Invoice Processing

Where can AP teams put AI into action? Consider this use case illustrating the transformative potential for next-level AP when integrating AI.

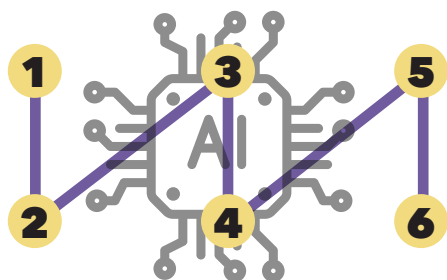
By leveraging historical data and approval patterns, AI-powered algorithms can add greater nuance to existing AP automation, moving beyond basic routing to develop more dynamic and streamlined approval workflows, surpassing current systems that simply route invoices to the same person or group based on unique characteristics.

AI Use Case: Invoice Processing

Before



After



Time

AI in Action – Fraud Prevention

Where can AP teams put AI into action? Consider this use case illustrating the transformative potential for next-level AP when integrating AI.

By utilizing AI algorithms to quickly review volumes of historical transaction data and identify unusual patterns or anomalies, enterprises can significantly enhance traditional fraud prevention measures within AP, generating real-time alerts and minimizing financial losses, safeguarding their reputation, and ensuring compliance with regulatory requirements.

AI Use Case: Fraud Prevention

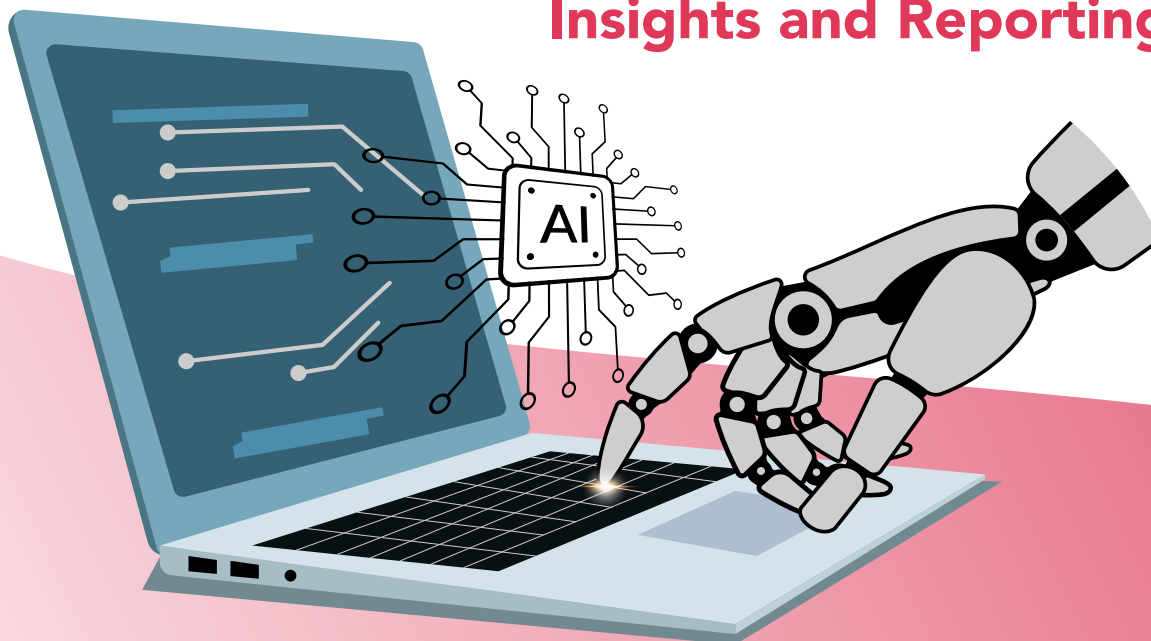


AI in Action – Data-Driven Insights and Reporting

Where can AP teams put AI into action? Consider this use case illustrating the transformative potential for next-level AP when integrating AI.

By integrating AI with ePayables solutions, enterprises can unlock valuable insights from their financial data, enabling real-time reporting and analysis across key areas like cash flow, vendor performance, and spending patterns, empowering stakeholders with role-based dashboards to make more informed decisions and identify previously hidden opportunities.

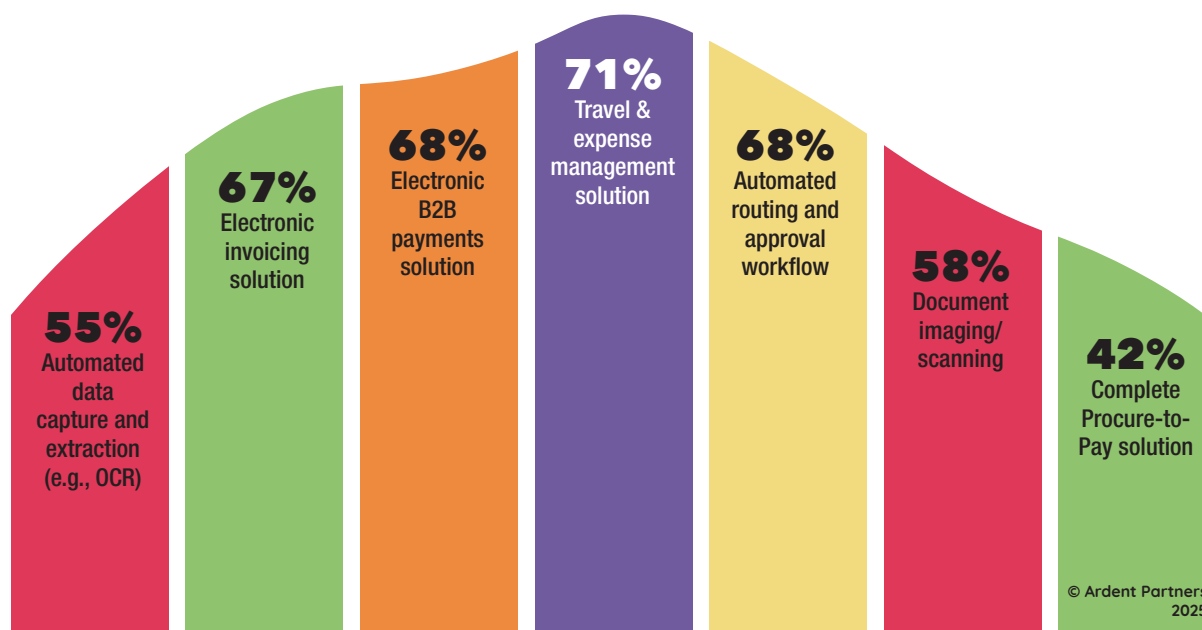
AI Use Case: Data-Driven Insights and Reporting



Will AI FOMO Accelerate ePayables Adoption?

Ardent Partners predicts that FOMO (the “fear of missing out”) will run rampant through executive suites in 2025. As the competitive landscape within each industry shifts and intensifies, the fear that AI-powered rivals are poised to gain a significant advantage in efficiency, accuracy, and cost savings (what Ardent is calling “AI FOMO”) will grip enterprise executives who have been automation laggards. This fear will drive major 2025 investments in enterprise software, generally, and in ePayables solutions, specifically. Ardent Partners expects to see these numbers rise over the next few years.

Current ePayables Adoption Rates

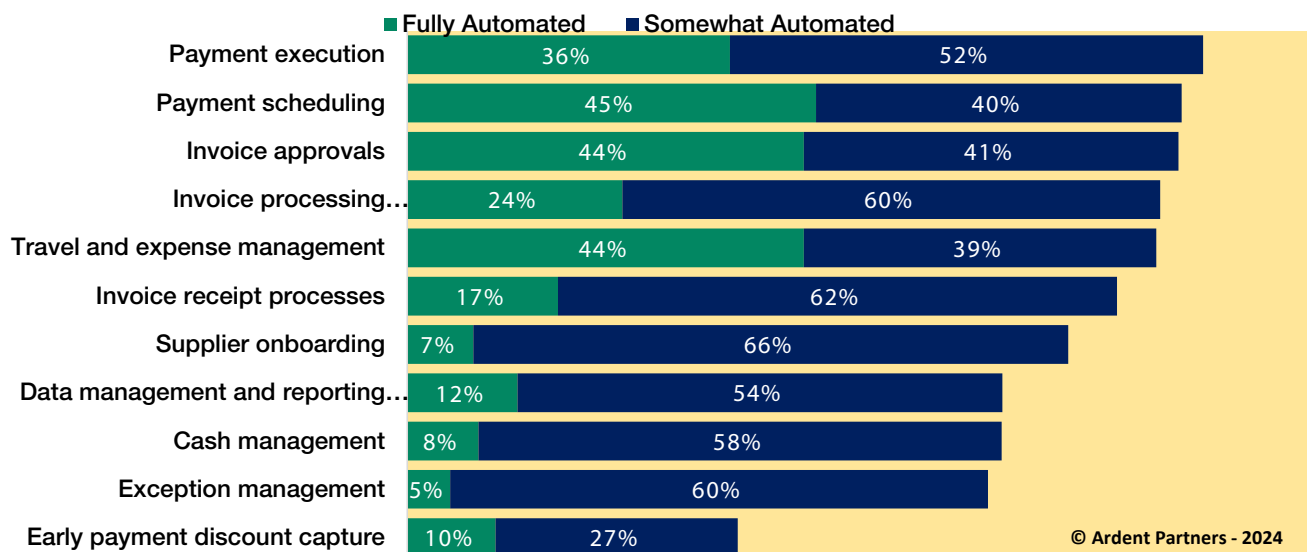


Automation Levels

Ardent Partners expects more digital transformations across enterprises and within AP over the next few years. A digital transformation of an AP department allows the team to reimagine operations and leverage technology to broadly and holistically automate processes. A successful project requires sponsorship, collaboration, vision, expertise, and a robust technology infrastructure, to name a few key factors. Superior program design and a strong technology partner can influence the program's speed to value and overall impact.

But there is a difference between simply deploying technology and achieving a true digital transformation. The percentage of AP teams with full/comprehensive automation of their key AP activities or subprocesses (green in the chart below) is uncommon. Use this as a reminder that a push to full automation can unlock major efficiencies.

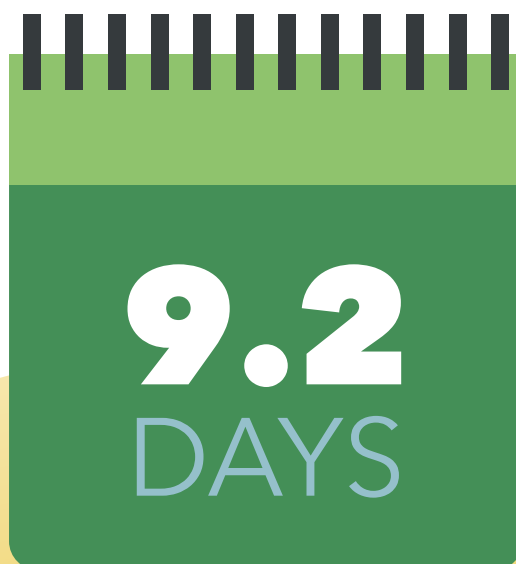
Automation Levels Within AP



Metric that Matters: Invoice Processing Time

The average AP organization takes 9.2 days to process a single invoice. While continuing to improve each year, the overall industry still takes much too long for invoice processing. Many AP leaders state that they experience bottlenecks and value erosion because their invoice and payment approvals take too long. Lengthy approval times indicate opportunities to digitize a higher percentage of invoices and serve as a reminder of how critical speed is to the AP operation. The quicker an invoice gets processed, the earlier it is noted as a financial liability by the accountants, providing more time to determine how and when to pay it. AP teams must push forward and reduce this metric over the next 12 months.

The Time to Process a Single Invoice



Metric that Matters: Exception Rate Percentage

Invoice exception rates have dropped dramatically to 14% in 2024. This represents a significant gain for those AP teams that aspire for greatness and anticipate a more strategic role within the organization. Invoices flagged due to coding errors, missing information, approval bottlenecks, lack of purchase order data, etc., all bog down the AP staff. The time spent addressing invoice exceptions can be better utilized advancing the function forward in innovative and more strategic ways. While invoices remain the bane of AP's existence, the current year gains are impressive ... push for more!



Metric that Matters: Invoice Processing Costs

The average AP organization spends \$9.40 to process a single invoice (the all-inclusive staff and operating costs that cover receipt, processing, and approval, as well as salaries, benefits, technology, overhead, etc.). However, when multiplied by the hundreds, thousands, or tens of thousands of invoices processed each month, enterprises of all sizes (including small and mid-sized) are spending sizable dollars to manage their invoices. The average cost to process an invoice has dropped sizably in recent years; there is still plenty of room for improvement.

The Cost To Process A Single Invoice

\$9.40



Metric that Matters: Touchless Processing Percentage

Touchless processing (32.6% of all invoices) remains a primary goal for all AP organizations. Processing in a “straight-through” manner without human intervention represents the desired future state for AP. All AP groups should have this metric as a key performance target each year.

Invoices
Processed
Straight-Through

32.6%



Metric that Matters: Time Managing Inquiries

Staff time managing supplier inquiries is 21.8%. Spending more than 20% of overall staff time managing supplier inquiries raises concerns about inefficiencies within the AP department. While supplier relationship management holds significance, investing a considerable portion of resources in invoice and payment-related inquiries is not ideal for fostering strategic partnerships. Ideally, customers should focus on building relationships at a more strategic level, rather than burdening suppliers with doubts about invoice status and payment timing.

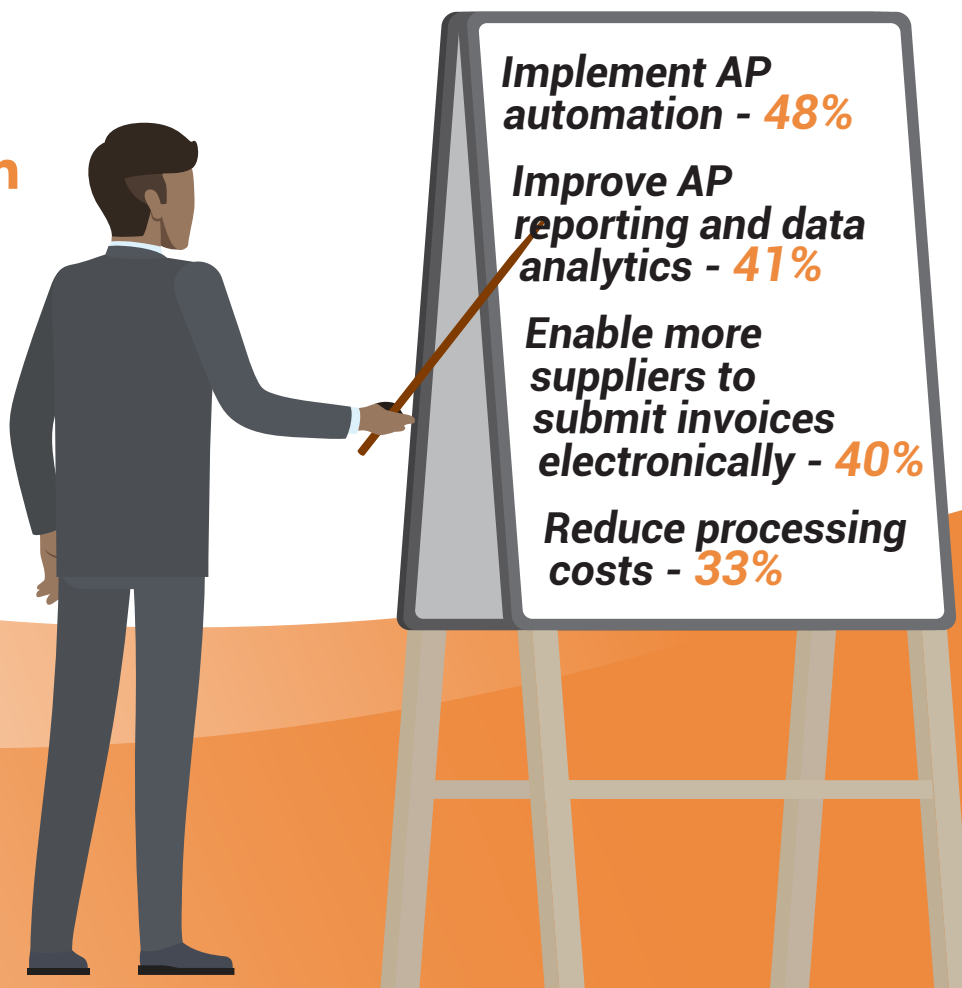
Staff Time Dedicated to Supplier Inquiries – 21.8%



AP's Top Priorities in 2025

The typical AP function faces a bevy of challenges ranging from slow processing speeds to too many invoice exceptions and an overall pressure to drive efficiencies across its operation. However, as Ardent Partners research indicates, AP leaders have prioritized a series of strategies to break down these large barriers. Many of this year's priorities focus on technology.

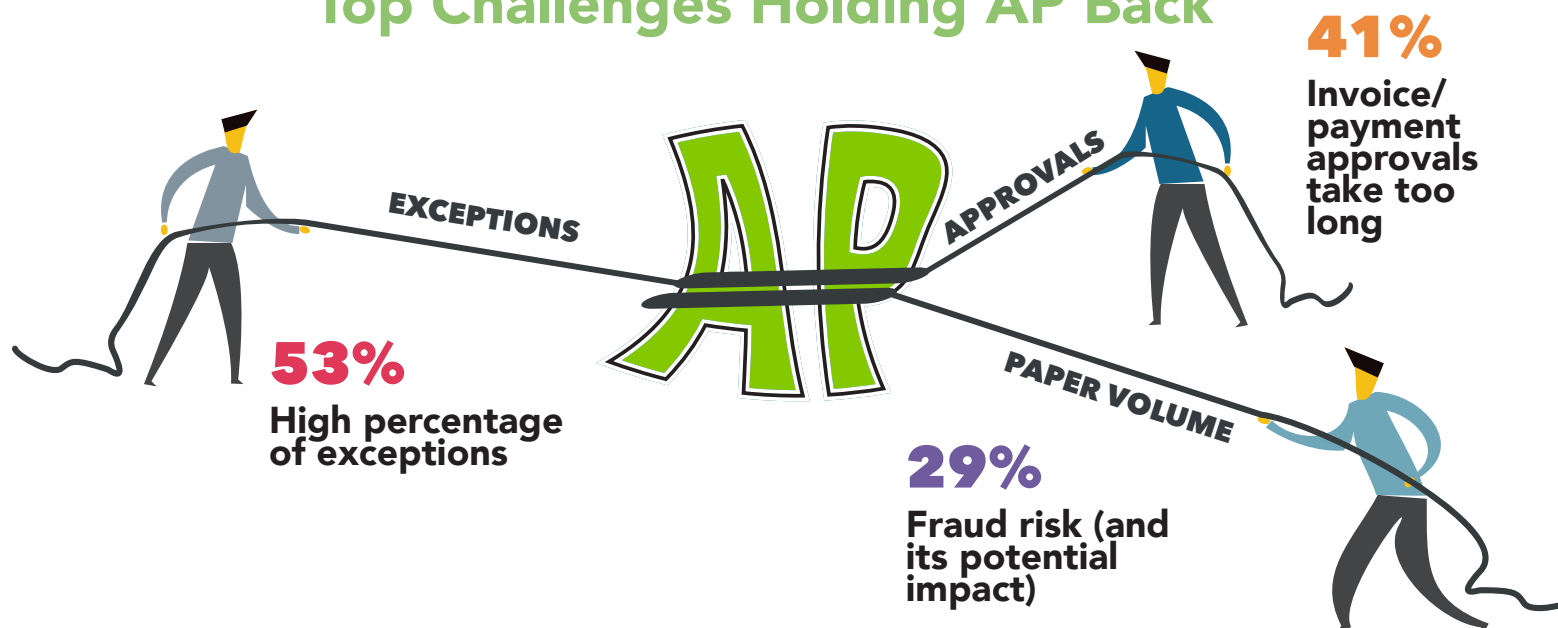
What Is AP Focused on in 2025?



AP's Top Challenges in 2025

The challenges faced by AP teams in 2025 look markedly different than in years past. For the first time in Ardent Partners' 19 years performing this annual study, invoice exceptions (53%) sit as the top challenge in the AP industry. Invoice exceptions can slow processing to a crawl, creating large bottlenecks that reduce efficiency and effectiveness. Longer cycle times (41%) have long been a thorn in the side of AP and finance teams. Extended cycles delay payments which can impact supplier relationships, potentially leading to late fees and/or strained relationships. Nearly three in ten survey respondents (29%) view fraud as a top threat to their enterprises. During the pandemic, a distracted world gave rise to a new breed of fraudsters who developed more sophisticated invoice fraud and payment schemes.

Top Challenges Holding AP Back

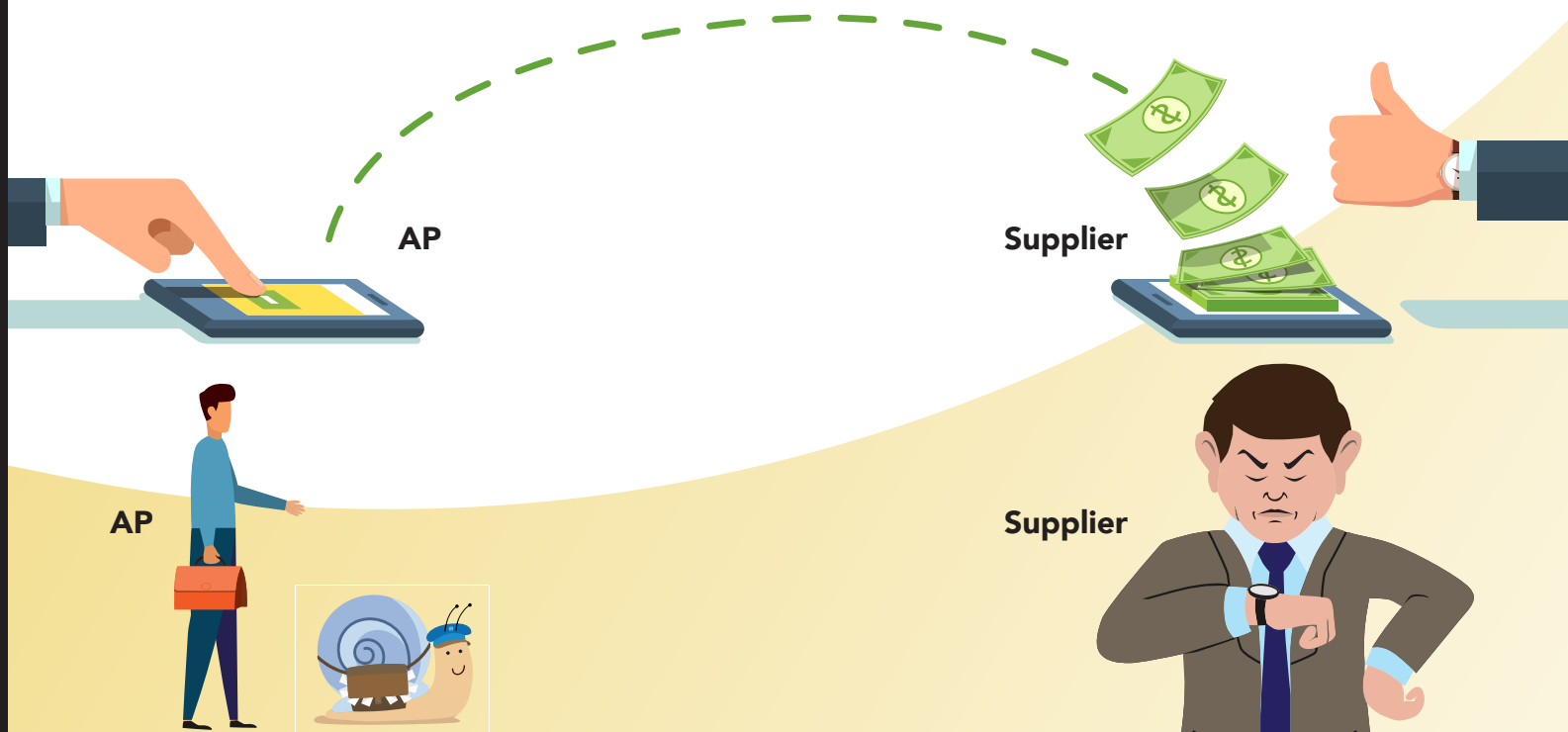


ePayments Increasing

In 2025, ePayments constitute 68.3% of all payments made by the average enterprise. ePayments, encompassing methods like ACH, virtual cards, and payment networks, enhance efficiency and security, reducing costs while improving visibility and control within the supplier payment process.

This growth aligns with growing AP/P2P transformation initiatives, driven by emerging technologies and strategies. Notably, 78% of AP departments increased their ePayments made last year, highlighting the increasingly important role ePayments will play in modern business operations.

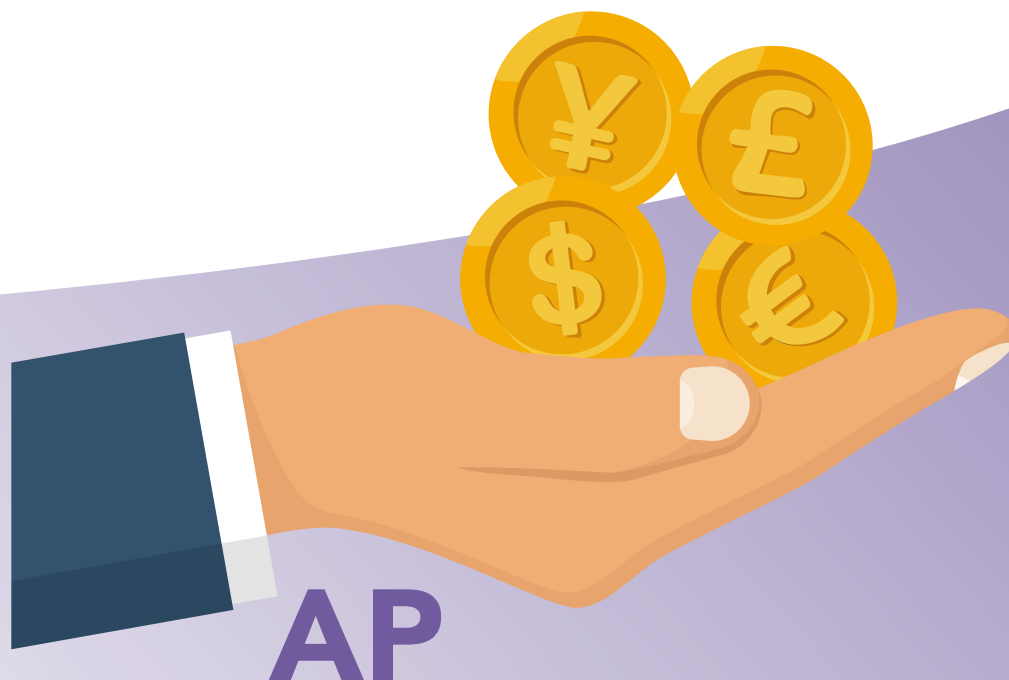
The Overall Use of ePayments is Rising Fast.



AP-Treasury Connection

65% of AP teams are actively involved in their business' cash management function. For many years, Ardent Partners has argued that AP should have a dotted reporting line into Treasury (or the cash management function at smaller businesses) to fully optimize its supplier payment strategy. The combination of AP and Treasury data can be powerful. By incorporating invoice due dates, payment terms, early payment discounts, and historical payment patterns, along with cash flow forecasts, interest rate data, and available liquidity, payments can be scheduled to strengthen the company's financial position.

65% of AP Teams Actively Support the Cash Management Function.



Best-in-Class – Invoice Processing Cost

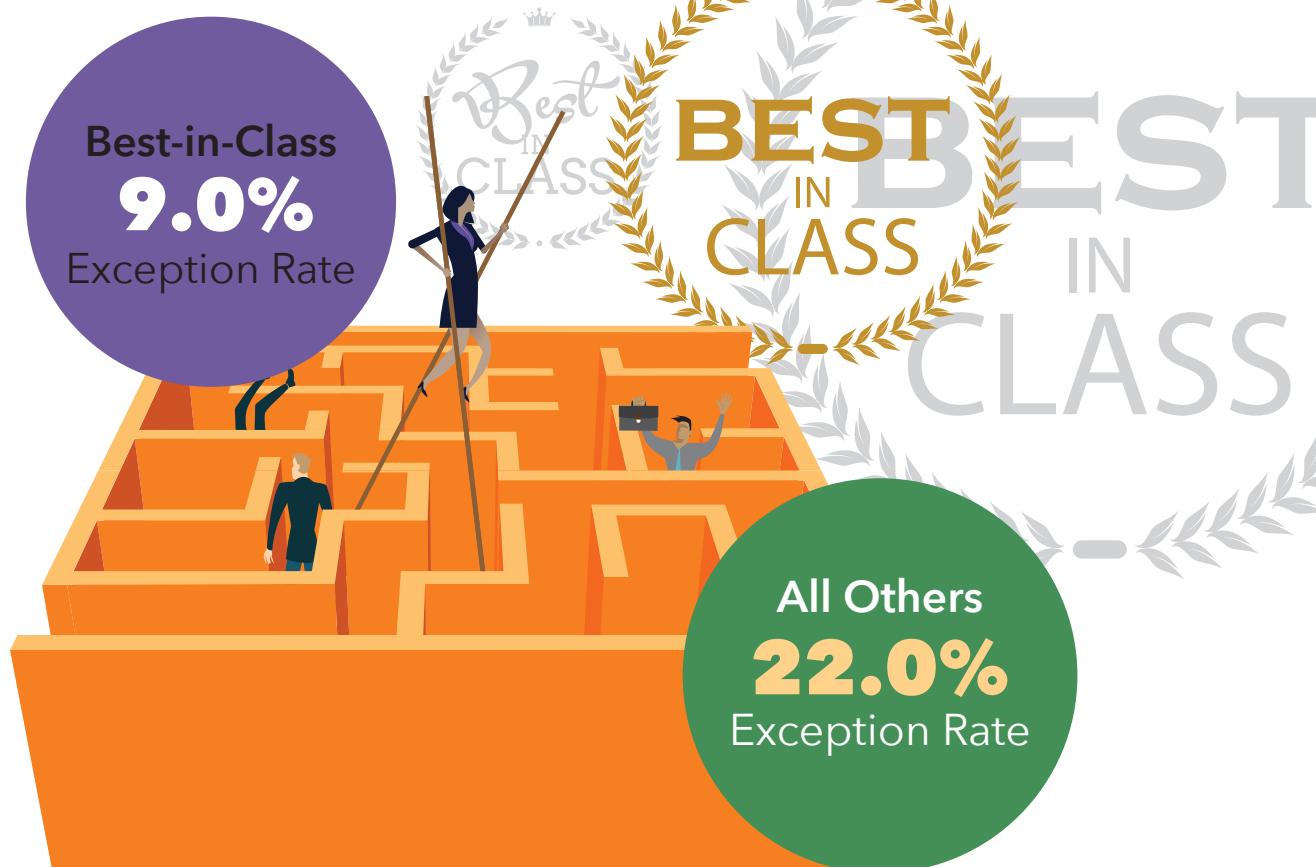
Ardent Partners defines Best-in-Class performance as the 20% of enterprises with the lowest average invoice processing costs and the shortest average invoice cycle times.

As simple and fundamental as they may be, invoice-processing costs remain a major benchmark for AP performance because the metric reflects program efficiency. Ardent Partners research has shown that Best-in-Class enterprises focus on core processes and leverage ePayables solutions at a very high rate, resulting in invoice processing costs that are 80% lower.



Best-in-Class – Exception Rate

Top-performing AP teams spend less time hunting down additional information and filling in critical data gaps for invoices. This has a cascading effect on other financial measures, including and most importantly, a faster time-to-process rate, lower costs, and reduced exposure to payment risk. Invoice exceptions are the bane of most AP teams and negatively impact their operational efficiency. Best-in-Class organizations are aware of these implications and have taken steps to mitigate their impact. The result is a 59% lower invoice exception rate than that of other enterprises.



Best-in-Class – Invoice Processing Time

Best-in-Class organizations leverage the power of automation and efficiency to improve processes related to invoice receipt, approval workflow, and payment scheduling. Their ability to master the art of tactical financial operations results in an average invoice processing time that is 82% faster. This allows Best-in-Class AP groups to take advantage of more early payment discounts and frees staff to assist or support in more strategic financial activity.

All Others
17.4 Days
per invoice

**BEST
IN
CLASS**

Best-in-Class
3.1 Days
per invoice

Best-in-Class – Touchless Processing Rate

Invoices that minimize or entirely remove human intervention speed up receipt, approval, and payment processes. This enables organizations to positively impact working capital management by improving efficiencies and lowering costs. Best-in-Class enterprises have leveraged technology and automated manual processes with amazing results and report a 2.1x higher rate of “touchless” invoices as one major advantage.

Best-in-Class
49.2%
Touchless
Processing of
Invoices

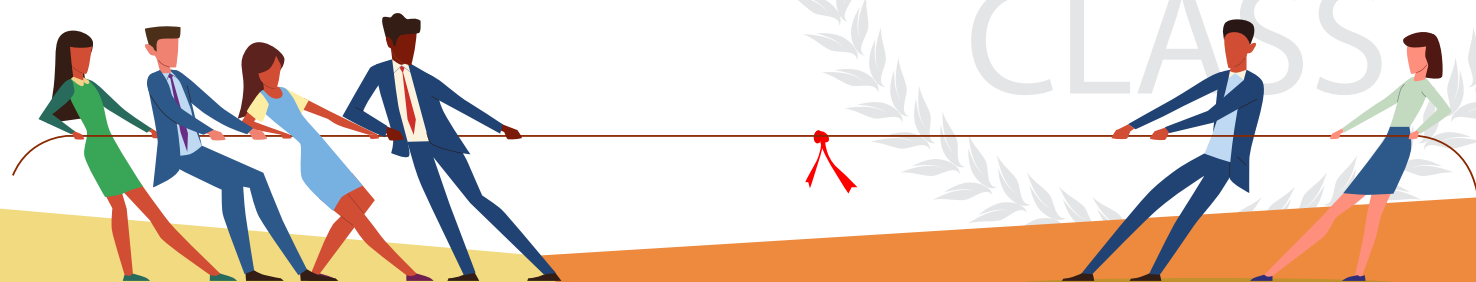
2
PROCESS

3
PAY

All Others
23.4%
Touchless
Processing of
Invoices

Best-in-Class – Time Spent Responding to Inquiries

It is important to provide suppliers with the information they require. However, organizations should analyze why suppliers contact them and investigate communication and self-service tools. Moreover, organizations should use their systems to automatically communicate key milestones and invoice and payment processing information directly to suppliers. Best-in-Class AP organizations spend 50% less time responding to inquiries. By minimizing the time AP staff spends on inquiries, AP can focus on more strategic, value-added activities.



All Others 26.9% AP Staff Time

Best-in-Class 13.4% AP Staff Time

How Strategic Is AP?

A business function cannot claim to be truly strategic if it is operating without a plan. Strategic planning serves as the compass guiding organizational success. As enterprises navigate dynamic shifts in their business, agility separates market leaders from laggards. In tougher times, alignment with business goals and objectives is paramount. One sign of an AP organization's sophistication is the development and use of a strategic plan to maximize its agility and overall impact. Despite that, the state of strategic planning within AP departments in 2025 remains varied. On the positive side, 73% of AP respondents report operating with an AP strategic plan, of which, 36% report their plan is multi-year.

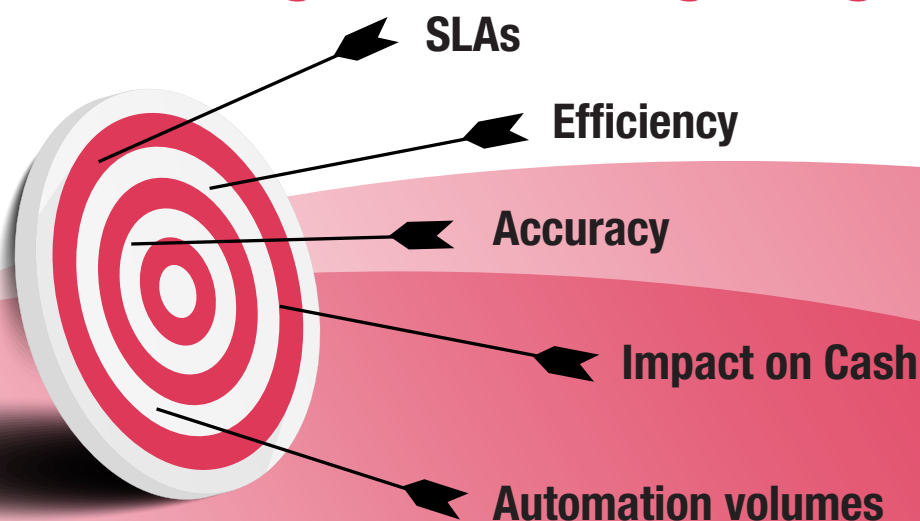
**36% of AP
Departments
Utilize a Multi-year
Strategic Plan.**



Performance Targets for the AP Department

The AP strategic plan sits at the top of the pyramid that drives decision-making throughout the department. As you move toward the bottom of the pyramid, specific performance targets are identified that align with larger objectives (e.g., reduce fraud, extend payment terms, improve invoice processing timeframes, etc.). Survey results show that for 49% of respondents, performance targets for the AP operation are set at the beginning of the year. Department service level agreements (SLAs) drive many performance targets and help teams focus on the most important metrics and aspects of the operation. The results are positive for nearly 50% of respondents, but a higher percentage of AP departments should be developing and sharing performance targets early in the year.

49% of AP Departments Set Performance Targets at the Beginning of the Year.

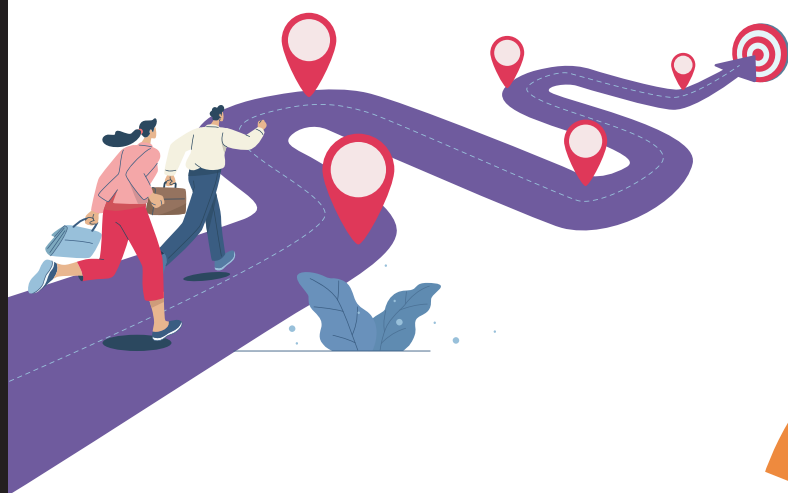


Performance Targets for AP Staff

Only 25% of AP respondents know their yearly performance targets. Most of the activities around the AP strategic plan are planning elements compared to performance targets where the rubber hits the road and execution is critical. What are team members striving toward without performance targets to guide them? And how is it known when performance targets are met or exceeded — or even addressed at all? If they are not communicated or don't exist, not only does the individual suffer but the department and enterprise do too.

**25% of AP Professionals
Know Their Yearly
Performance Targets.**

**75% of All AP Professionals
Work Without Clear
Individual Objectives**



CFOs Increasingly Focus on AP

When developing an AP strategic plan, 37% of AP leaders say the chief financial officer (CFO) or other finance leaders review and approve their annual plans. This is another sign that AP is viewed more strategically in the enterprise than before. It is encouraging to see that so many CFOs spend time thinking about the goals and objectives of AP and possibly its broader reach outside of finance. While nearly 40% is a positive number, there is room for substantial progress going forward. Aligning AP's objectives with overall finance goals can gain the CFO's attention and help expand AP's impact.

37% of CFOs Review and Approve of AP's Annual Plan.



Appendix

About the Author



Andrew Bartolini, Founder & Chief Research Officer, Ardent Partners

With 26 years in the industry and 16 years leading the charge at Ardent Partners, Andrew Bartolini is a globally recognized expert in sourcing, procurement, supply management, and accounts payable. As the Chief Research Officer at Ardent Partners, Andrew oversees all research and client programs, including the annual State of the Market and Metrics that Matter

eBook Series', Technology Advisor Reports, Ardent's monthly webinar series, as well as its in-person and virtual CPO Rising Summits. Andrew is also the publisher of CPO Rising, the news and research site for Chief Procurement Officers and other procurement leaders (www.cporising.com).

Advisor to corporate executives and leading solution providers alike, Andrew is a sought-after presenter, having lectured and presented more than 650 times in ten different countries. Over the past decade, Andrew has benchmarked thousands of enterprises across all facets of their sourcing, procurement, supply management, and accounts payable operation, and his research is currently part of the Supply Chain/Management curriculum at several U.S. universities. He actively covers the technology marketplace as well as trends in sourcing, procurement, supply management, and accounts payable, and has been published or quoted in leading business publications including *The Wall Street Journal*, *Business Week*, *Investor's Business Daily*, *Forbes*, and *Fortune*, as well as the major trade publications focused on accounts payable and supply management.

Prior to becoming an industry analyst, Andrew developed, packaged, deployed, and used supply management solutions on behalf of enterprises in the Global 2000 while working for several prominent spend management solution providers. Additionally, his experience in strategic sourcing (where he managed sourcing projects totaling more than \$500 million in aggregate client spend), business process transformation, and software implementation provides a "real-world" context for his research and writing.

Andrew's post-MBA work started in management consulting and investment banking where he structured, managed, and advised on large capital market transactions. Andrew began his professional career running a homeless family shelter in Los Angeles. He welcomes your comments at abartolini@ardentpartners.com or 617.752.1620.

Demographics and Methodology

Report Demographics

The research in this report is drawn from 212 respondents representing the following demographics:

Job Function: 43% AP; 12% Finance/Accounting; 16% P2P; 15% Procurement; 12% IT; 2% Treasury

Job Role: 36% VP-level or higher; 29% director-level; 21% manager-level; 14% staff-level

Company Revenue: 53% Large (revenue > \$1 billion); 31% Mid-market (revenue \$250 million - \$1 billion); 16% Small (revenue < \$250 million)

Region: 59% North America; 30% EMEA; 11% APAC

Industry: More than 24 distinct industries, and no industry represents more than 15% of the overall survey respondents

Research Methodology

Ardent Partners follows a rigorous research process developed over years spent researching the accounts payable market. The research in this report represents the web-based survey responses of 212 AP and finance leaders captured between March and May 2024, and includes direct interviews with several survey respondents. These 212 participants shared their strategies and intentions, as well as their operational and performance results to help us define Best-in-Class AP performance and understand what levers the leading groups pull to obtain their advantage. This primary research effort was also informed by the experience and analysis of the report author and the entire Ardent Partners research team.

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