

Automating Business Processes: What's the ROI?

42
SHARES



(http://www.intuit.com.au/r/money/)

u=http://www.intuit.com.au/r/money/

business processes

POSTED IN MONEY

(HTTP://WWW.INTUIT.COM.AU/R/MONEY/)

roi%2Froi%2Froi%2F&rdp=%2Fdescription=

by Nigel Bowen

(http://www.intuit.com.au/r/author/nigel-bowen/)

9:17 am



It can be hard to quantify exactly the return on investment by automating business processes. But we all know how crucial it is for staff to respond to key customers and suppliers in a timely fashion. Or consider a business owner having an extra hour free each day to concentrate on higher value tasks than manually entering data into a computer.

Let's take a look at what the research says.

Invoice and Expense Processing Automation

Research from Aberdeen Group has found that the average cost to manually process an invoice is US\$16.33, whereas it only costs on average US\$5.65 with automation. That's a 65.4% reduction in cost.

Aberdeen Group research

(<http://www.aberdeen.com/research/11252/11252-RR-APinvoice-automation-efficiency.aspx/content.aspx>) also found that those who have strongly adopted automation for their accounts payable took 5.95 days on average to process invoices, whereas it took 17.38 days on average for businesses that didn't have much automation in place. Accounts payable automation also resulted in an on-payment rate of 90% for business with strong automation, compared to 65% on-payment rate without much automation.

Calculating the Savings

IBM researched the savings that can be made through automation, using a hypothetical mid-sized firm that currently manually processes 9600 transactions every year at a cost of US\$121,560. If the firm has a high-

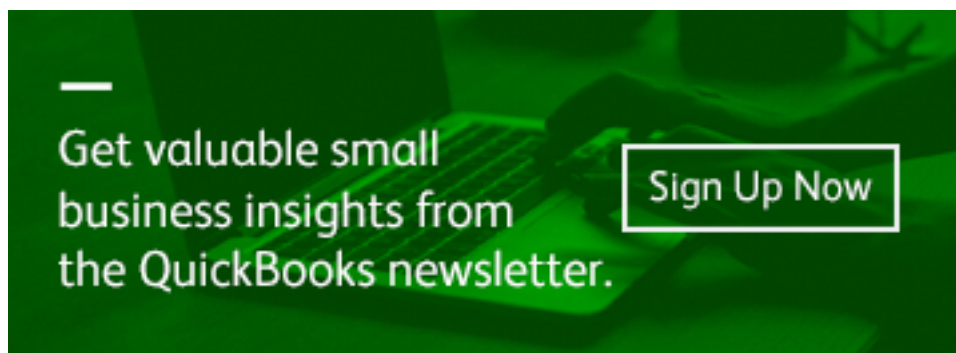
cost structure, it can save 50% (US\$60,780) by automating its processes. If it has an average cost structure, the figure is 35% (\$42,546) and even in the case of a low-cost structure the saving is 20% (\$24,312).

IBM has also developed a B2B Automation Savings Calculator

([https://www-](https://www-01.ibm.com/marketing/iwm/iwmdocs/web/cc/flash2/swg_IS_B2B/en/us/Tool.htm)

[01.ibm.com/marketing/iwm/iwmdocs/web/cc/flash2/swg_IS_B2B/en/us/Tool.htm](https://www-01.ibm.com/marketing/iwm/iwmdocs/web/cc/flash2/swg_IS_B2B/en/us/Tool.htm))to

help businesses better estimate their ROI from automation. It can also help businesses determine the best areas to focus their automation efforts.



(<http://www.intuit.com.au/r/expert-advice-straight-to-your-inbox-2/>)

Businesses That Have Seen a ROI

Research from AllM International found 55% of 486 business executives surveyed believed pursuing business process management was either an imperative or at least significant priority. Of those that had gone down the business process management path, 17% said they saw a ROI within six months and 41% said they saw a ROI within 12 months.

Of course, every business is different and results from business to business will vary. But have you ever heard of a business deciding that automation hadn't worked out and it was going back to the old-school way of doing things? No, didn't think so.

RELATED ARTICLES

HOW TO RUN YOUR BUSINESS
([HTTP://WWW.INTUIT.COM.AU/R/HOW-TO-RUN-YOUR-BUSINESS/](http://www.intuit.com.au/r/how-to-run-your-business/))

4 Ways to Skyrocket your Productivity
(<http://www.intuit.com.au/r/how->

HOW TO RUN YOUR BUSINESS
([HTTP://WWW.INTUIT.COM.AU/R/HOW-TO-RUN-YOUR-BUSINESS/](http://www.intuit.com.au/r/how-to-run-your-business/))

4 More Ways to Skyrocket Your Productivity!
(<http://www.intuit.com.au/r/>

Starting a New Business (<http://www.intuit.com.au/r/starting-a-new-business/>)

Money (<http://www.intuit.com.au/r/money/>)

Hiring & HR (<http://www.intuit.com.au/r/hiring-hr/>)

Marketing (<http://www.intuit.com.au/r/marketing/>)

How To Run Your Business (<http://www.intuit.com.au/r/how-to-run-your-business/>)

Product Updates (<http://www.intuit.com.au/r/product-updates/>)

Legal (<http://www.intuit.com.au/legal/>) **Privacy** (<http://www.intuit.com.au/about/privacy.jsp>)
Security (<http://www.intuit.com.au/about/security.jsp>)