What are the forces holding back procure-to-pay professionals? What are the consequences for business? Who is most affected, and why? We surveyed 422 P2P professionals around the world to get answers to these and other questions. As part of this study, we now have a new benchmark—the Tungsten Network’s Friction Index, which will measure changes in P2P friction over the coming year.

Removing P2P friction is the most important issue for over a third of businesses surveyed.

The baseline for the Friction Index was established in 2017 after surveying 422 procure-to-pay professionals (both online and in person). Each respondent was asked 7 multiple-choice questions assessing areas like process, costs, visibility, exceptions, cycle times and the overall priority of removing friction from the P2P process. Each answer was assigned a point value (the higher the perceived friction, the higher the score) and these were totaled and averaged. The average score became the baseline against which individual companies, segments and any subsequent respondent can be indexed.

Based on survey results, P2P friction appears to be correlated with the size of a company, with more friction reported at larger businesses than medium or small ones.

One reason may be that larger businesses are more likely to work with international suppliers. Working with more foreign suppliers may mean dealing with additional tariff and compliance issues. In the absence of automation, such demands add to the burden on AP departments.

Of those who identified it as a top priority, 71% were large companies (over 1,000 employees).

The research continues at FrictionFinder.com, where you can assess your P2P friction and receive specific guidance to help you work frictionlessly.

ABOUT THE FRICTION INDEX

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The STATE OF P2P FRICTION

RESULTS FROM TUNGSTEN NETWORK’S GLOBAL STUDY

2017


REMOVING P2P FRICTION IS THE MOST IMPORTANT ISSUE FOR OVER A THIRD OF BUSINESSES SURVEYED.


THREE HIGH-PRIORITY AREAS WERE IDENTIFIED AS THE TOP PRIORITIES:

1. High proportion of paper invoices received
2. Too many non-PO based invoices
3. High volume of supplier enquiries regarding invoice or payment status

A GLOBAL PROBLEM

COMPANIES AROUND THE WORLD EXPERIENCE P2P FRICTION AT ALMOST THE SAME RATE, WITH US BUSINESSES REPORTING SLIGHTLY MORE FRICTION THAN THE UK AND THE REST OF THE WORLD.

Not Moving in the Right Direction

Only 31% of respondents feel their company is in a better place today relative to 6 months ago in dealing with potential causes of friction in the procure-to-pay process.

A TOP PRIORITY

Removing P2P friction is the most important issue for over a third of businesses surveyed.

THE TOP 5 CAUSES OF FRICTION

Manual, paper-based processes are responsible for 125 hours wasted on P2P issues per week, per business.

The Tungsten Network Friction Index will measure changes in P2P friction over the coming year.

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The STATE OF P2P FRICTION

| # respondents affected | %
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>High proportion of paper invoices received</td>
<td>208</td>
</tr>
<tr>
<td>Too many non-PO based invoices</td>
<td>202</td>
</tr>
<tr>
<td>High volume of supplier enquiries regarding invoice or payment status</td>
<td>181</td>
</tr>
<tr>
<td>Lack of automated exceptions</td>
<td>181</td>
</tr>
<tr>
<td>Lack of automated approval</td>
<td>181</td>
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</tbody>
</table>

69% NOT MOVING IN THE RIGHT DIRECTION

Only 31% of respondents feel their company is in a better place today relative to 6 months ago in dealing with potential causes of friction in the procure-to-pay process.

36% OF THOSE WHO IDENTIFIED IT AS A TOP PRIORITY, 71% WERE LARGE COMPANIES (OVER 1,000 EMPLOYEES).

71% OF THOSE WHO IDENTIFIED IT AS A TOP PRIORITY, 71% WERE LARGE COMPANIES (OVER 1,000 EMPLOYEES).

BIGGER BUSINESSES FEEL MORE FRICTION

Based on survey results, P2P friction appears to be correlated with the size of a company, with more friction reported at larger businesses than medium or small ones.

One reason may be that larger businesses are more likely to work with international suppliers. Working with more foreign suppliers may mean dealing with additional tariff and compliance issues. In the absence of automation, such demands add to the burden on AP departments.

The top 5 causes of friction are:

1. High proportion of paper invoices received
2. Too many non-PO based invoices
3. High volume of supplier enquiries regarding invoice or payment status
4. Lack of automated exceptions
5. Lack of automated approval

A GLOBAL PROBLEM

Companies around the world experience P2P friction at almost the same rate, with US businesses reporting slightly more friction than the UK and the rest of the world.

$171,340 per year in US
$171,340 per year in UK

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WHY FRICTION MATTERS

69% NOT MOVING IN THE RIGHT DIRECTION

69% NOT MOVING IN THE RIGHT DIRECTION

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69% NOT MOVING IN THE RIGHT DIRECTION

69% NOT MOVING IN THE RIGHT DIRECTION

FRICITION EXPENSIVE

$88,725 per year in UK

$171,340 per year in US

FRICITION WASTES TIME

125 hours wasted on P2P issues per week, per business.