

A brief history of Accounts Payable



Invoicing is a common function in any business today, but did you know the payment process can be traced back to the Stone Age? Follow along our timeline to see how AP has evolved over the centuries.

The Stone Age

a VERY long time ago to 3,000 B.C.

- Stone tools and berries are exchanged amongst cavemen



The Bronze Age

3,000 to 1,300 B.C.

- Sales records are transcribed into clay tablets using hieroglyphics
- Tools like the Salamis tablet or the abacus allow for more complex calculations



The Iron & Middle Ages

200 B.C. to 1500 A.D.

- Traveling long distances for trade necessitated making verbal contracts
- and later written contracts when papermaking becomes widespread

A gift, your highness



19th and Early 20th Century

- World wars bring about Morse Code and the telegraph which accelerates business communications
- Burroughs Moon-Hopkins Typewriter Bookkeeping Machine is used as a proof journal for AP to type and calculate numbers
- Unregulated postal zones begin with people mailing their infant children
- Western Union introduces money transfers, reducing backlogged checks caused by the postal service



The Age of Bureaucracy

1950s - 60s

- Telephones make communication easier, but AP correspondence still relies on the mail
- The first EDI (Electronic Data Interchange) system was developed to help automate the sending and receiving of POs and invoices
- Implementation is lackluster due to conflicting firm practices and maintaining compliance with legal contracts



1970s - 80s

- "Just-in-time" manufacturing becomes a large enterprise practice made possible by streamlined purchasing and payment processes
- SWIFT is formed so credit systems can advance internationally
- IBM introduces the PC and shortly after offices have computers

Hello Computer ...Hello?



1990s - Early 2000s

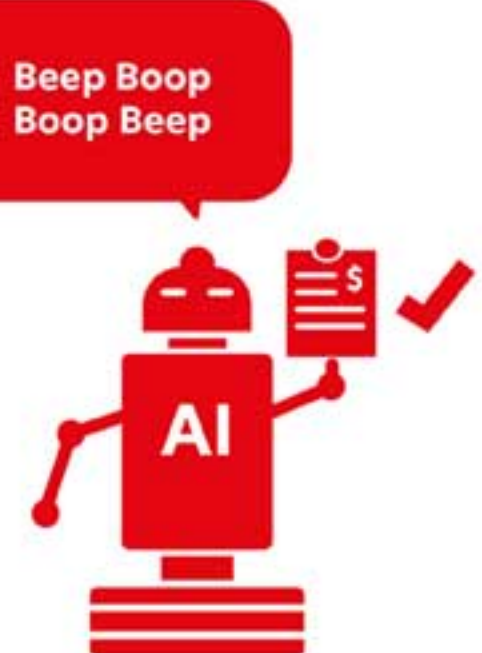
- Dedicated ERPs and P2P tools that allow you to issue POs, buy materials, and manage inbound goods become available
- Paper can't be tossed yet because transactions are still not 100% reliably captured digitally across businesses
- Invoices aren't processed and approved quickly causing late payments and missed rebate costs to incur
- Organizations look to move AP to a central location within the corporate office
- Medius is founded by two entrepreneurs in Sweden, who developed tools to integrate ERPs with AP software

I'm trying to find that invoice from 1978!



Present

- AP systems are built with AI that predicts what to buy, how to code purchases into systems and who's the invoice approver
- e-Procurement and invoice-automation solutions automatically review, approve and route invoices to an AP system and re-route those requiring manual correction
- The Covid era showed us that our offices are our computers, and the future of AP is digitization with no reason for filing rooms or piles of paper on our desks
- Eventually invoices will be processed and paid with little to no human intervention



Medius has been a leading provider of spend management solutions for the last 20 years. Are you ready to automate your AP processes? Contact us to learn how.