



AP Automation in Action

How AI, PEPPOL and automation are transforming AP for public sector organisations in New Zealand



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Why is accounts payable (AP) automation a hot topic in public sector organisations?

Taking time-consuming manual work off employees' plates is part of the puzzle – but there's more to it than that. More agencies are searching for automation solutions to help them prepare for changing requirements around eInvoicing, payment speed and PEPPOL (Pan-European Public Procurement Online).

From January 2026, the majority of government agencies will need to be able to send and receive eInvoices and to **pay most eInvoices within five business days**. This is part of a wider push to normalise eInvoicing and digitisation in the public sector, with the goals of improving accuracy, saving time for employees and reducing the risk of fraudulent payments. It must be managed through PEPPOL – a standardised international framework for secure eInvoicing. Some agencies are also making PEPPOL adoption a requirement for their suppliers, encouraging more private businesses to take on the technology.

While many agencies have been working under these rules for years, others will need to make changes to comply. Hence, the buzz around AP automation. The right software solution makes it easier to send and pay invoices promptly, and to format invoice data to fit PEPPOL requirements. Of course, many other benefits come with automation – including time savings, reduced manual processing, fraud prevention and increased visibility across the invoicing process.

The catch? With the 2026 deadline approaching fast, some agency leaders are still hesitant about automation and PEPPOL, with concerns about implementation costs, complexity and how employees will cope with new systems.

We break down the benefits and challenges of AP automation and explore what the results look like for government organisations that have already transitioned to automated and PEPPOL-compliant invoicing.



Why AP automation?

Why turn the accounts payable process over to a software system? Invoice automation offers a range of benefits, including increased efficiency, faster billing and payment cycles, less tedious manual work for staff, simpler tracking of the payment process, and a heightened ability to detect and prevent fraud.

Despite the benefits, the majority of New Zealand businesses have room for improvement when it comes to AP automation. In a [2025 Fujifilm survey](#), 61% of respondents reported using little to no automation in their invoicing processes, and 46% reported that delays in invoice processing happened 'often or very often'.

Manual invoicing can cause delays, errors and extra costs due to rework. Digital or paper-based manual invoices are also more likely to include transcription errors or missing information, which can impact the invoicing process.

Compliance is another reason for AP automation – for government bodies and public sector organisations, at least. With new government regulations requiring prompt payments and eInvoicing capability, these functions are now a must-have for most agencies. For organisations with internal policies around payment speed, record-keeping and fraud prevention, automation can be beneficial, helping employees meet requirements without extra work.

Advances in technology may also be pushing organisations toward automation. For example, generative AI makes it easier than ever to create fraudulent invoices, which may be difficult to pick up with traditional AP processes. AP automation software often includes AI-powered fraud detection, which could help mitigate this risk.

No wonder so many organisations are looking for better ways to manage AP processes.

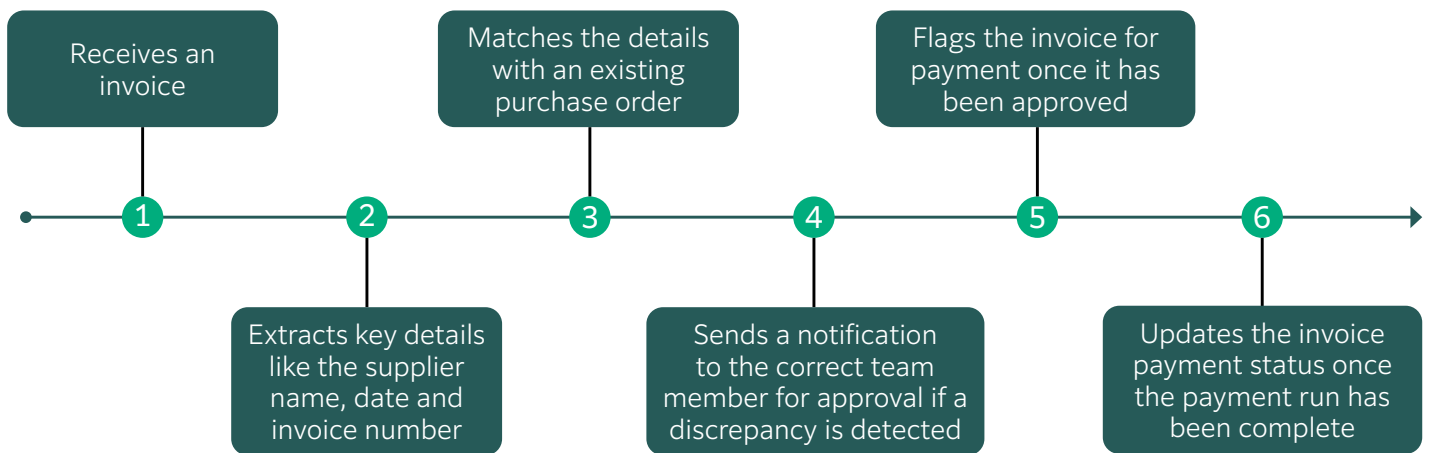
What is AP automation?

AP automation is a general term for systems that digitise and automate invoicing processes. These can include straight-through processes, auto-matching of invoices against purchase orders and goods receipts to verify details, generation of new invoices, approvals, payment processing, reporting and reconciliation.

For example, an automated invoicing process could look like this.

If the organisation still accepts paper invoices or PDFs, the process may look different, with OCR (optical character recognition) being used to extract details from hard copy or PDF invoices.

Automation may include the use of AI – for example, to extract data from an invoice, identify red flags for fraud, or route an invoice approval to the correct team. AI can also help organisations gather insights from their AP processes by tracking payment times and identifying delays. It can also be used for more complex analytics – some companies employ AI to track CO2 emission data from invoices to provide environmental reporting.





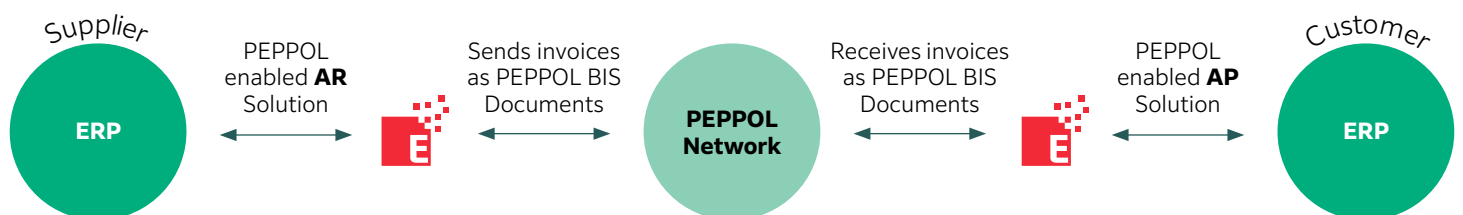
Understanding PEPPOL

PEPPOL (Pan-European Public Procurement Online) is an international standard for eInvoicing, which uses a shared, secure network to send invoices between businesses and organisations. The PEPPOL standard also includes specifications for invoicing and other documents, which allow them to be sent between organisations even if they use incompatible software systems and processes. Because it has a standardised format and dataset, it simplifies the invoicing process and reduces the risk of missed information or errors.

To use PEPPOL, both organisations need to be connected to the PEPPOL network through a certified access point. This is a gateway, usually managed by a third party. The business sending the invoice and the business receiving each need to be registered with a PEPPOL access point.

The network uses a 'four corner model', which works like this: The sender creates an invoice and uploads it to its access point, which connects to the receiver's access point, which surfaces the invoice for the receiver. This process – sender, access point, access point, receiver – sounds complex, but happens in seconds, allowing quick, secure document sharing. For organisations working with sensitive information or in fields with strict security requirements, it's invaluable.

PEPPOL originated as a European standard for cross-border transactions. It now has a wider reach, with companies and government agencies in more than 60 countries, including New Zealand, Australia, Singapore and Canada, adopting the protocol for their AP processing.



The Upsides

What happens when an organisation implements AP automation and links to the PEPPOL network after using manual processes?

Here's a look at some key benefits:



Efficiency and speed

If a previous system involved manual invoice creation and workflows with multiple manual steps, it makes sense that automating key parts of the process would save time for employees. Automated invoicing also accelerates the payment cycle itself, meaning quicker resolution for suppliers and compliance with government requirements.

One standout example: Kāinga Ora, the government agency responsible for social housing in New Zealand, reports that 70% of its invoices start being processed on the same day they're received, following its shift to AP automation with Esker.



Accuracy and minimal errors

Automation and PEPPOL adoption usually improve invoice accuracy as well, which means fewer payment errors, fewer mismatches between invoices and purchase orders, and less rework or refunds for employees. This is the result of fewer manual inputs, which reduces the chance of transcription errors or missing information.



Visibility and tracking

Unlike paper-based or email-based invoicing, automated systems allow continuous tracking and visibility of the payment process. Organisations have a full record of every invoice, connected to every supplier, with progress updates attached. Depending on the system used, organisations may also be able to attach notes to invoices and gather feedback from suppliers at the other end of the transaction. This traceability makes it simple to identify common errors or ongoing issues, and gives organisations a clear audit trail as needed. This is a major benefit for public sector agencies that must meet government compliance standards.



Scalability and future-proofing

For organisations with few suppliers and infrequent invoices, AP automation can feel like an unnecessary step. But that ignores the possibility of future growth – not to mention the need for PEPPOL and eInvoicing compliance.

Putting an eInvoicing and PEPPOL framework into place now sets organisations up to meet the 2026 compliance deadline. Not only that, but a clear, automated AP process helps organisations ready themselves for growth and increasing complexity. For example, Health NZ implemented an AP automation process with an eye on an upcoming national rollout and increasing hospital volumes. By starting the process early, it was able to meet requirements early and avoid a rushed last-minute implementation process that may not have met its needs.



The Challenges

For agencies and government bodies dealing with budget shortages and staffing cuts, a shift to a new system can feel daunting.

Here's a look at some common roadblocks to AP automation and PEPPOL:


Complexity and disruption

For large organisations dealing with thousands of invoices every month, implementing a brand-new invoicing process may feel impossible. Legacy processes have worked for years, which can make employees and leadership reluctant to change to a new, unknown process.

Employee reluctance

Reluctance from the front-line employees who will be using automation software is another issue. If employees have been using an established system, they may resist a new platform or struggle to learn new processes.

PEPPOL uptake

One barrier to PEPPOL implementation is the fact that both buyer and supplier need to use the framework. While government agencies and public sector organisations are gaining ground, outside businesses are **slower on the PEPPOL uptake** . This may be a result of a lack of awareness – many smaller businesses seem to be unaware of the PEPPOL framework or unclear on how to use it.



Choosing the right tech

For organisations with smaller invoice volumes and simple approval requirements, ERP-based automation can work well. This means choosing a business management or ERP software platform that includes AP automation as part of a wider suite of services – or adding AP automation functionality to an existing ERP platform. This integrated approach makes it easy to link AP workflows to other internal systems and keep track of invoices without switching to a separate platform.

For organisations with higher invoice volumes or more complex processes, purpose-built AP automation software is usually a better option. Purpose-built AP technology may include AI-powered data capture and matching, dashboards for invoice tracking, tools to enforce

compliance, and customisation that lets organisations set their own standards and flexible best-practice workflows for coding and approval. These platforms deliver more effective automation and, as a result, improved ROI.

PEPPOL integration is another factor. Having a unified interface to process invoices regardless of the source (PEPPOL, EDI, email or paper) provides visibility of the end-to-end invoice process and means the AP team doesn't have to deal with multiple systems and processes based on invoice receipt method. It's important to note that while PEPPOL can capture and validate basic data, it doesn't match purchase orders or approve invoices – that needs to be managed by the organisation's AP automation solution.

In practice

It's easy to talk about the benefits and features of AP automation, but it's harder to visualise what it looks like in practice.

Here's what happened at Kāinga Ora and Health NZ, both organisations that have gone through the AP automation process recently:



Engagement and communication at Kāinga Ora

For Kāinga Ora, switching to AP automation started with human engagement. Before it could even think about implementing new software, the team needed buy-in from the CFO, financial services manager and other team members. They secured funding and chose Esker, implemented by Fujifilm, as their new AP automation platform, as it fit their needs and integrated with their existing business management platform.

Once the implementation process kicked off, the team focused on clear communication of new processes, education for staff members, a user engagement group to gather feedback and monthly reporting on compliance. This helped them keep track of issues during implementation and gave staff a way to report problems. Ongoing training and support gave staff confidence in the new AP process. Finally, rigorous monitoring and tracking through Esker reporting tools and dashboard helped the team identify bottlenecks and refine workflows.

“We’ve got a platform where we can actually focus on enhancing and improving the time to pay. And it just opens up the world of invoice processing from being a bit of a black box, to a tool that provides you visibility on exactly where things are and allows you to manage the end-to-end process much better than we were ever able to do before.”

Lindsay Horton
Manager of Financial Systems
Kāinga Ora



The result: Kāinga Ora now puts 70% of invoices into the AP process on the same day, and completes payment for 20%. The volume of manual data entry and checking is significantly reduced, saving time and energy for staff members. The leadership team has real-time visibility of invoices across the AP process, and suppliers get better service thanks to streamlined processing and quicker invoice turnaround. Perhaps most importantly, Kāinga Ora is now positioned to meet the 2026 PEPPOL and eInvoicing standard – six months ahead of schedule.

Health New Zealand Te Whatu Ora

Challenge and change at Health NZ

For Health NZ Te Whatu Ora, changing invoice processes was no small feat. The organisation, which manages all of New Zealand's health services, works with twenty former DHBs (District Health Boards), which meant it needed to unify 20 sets of policies, workflows and approval hierarchies before it could start the AP automation process. Other challenges included reluctance from employees accustomed to older processes and manual data entry.

After selecting Esker as its automation platform, Health NZ went through an extensive scoping process to refine existing processes and centralise invoice processing for the entire organisation. It used the Esker dashboard to monitor progress over a phased implementation process, and carried out rigorous testing – including edge cases and different supplier types – to minimise the risk of errors.

“Visibility of invoices. It’s all in there. You can see where they are instead of being on someone’s desk. You can track your invoices. So that’s a big gain for us.”

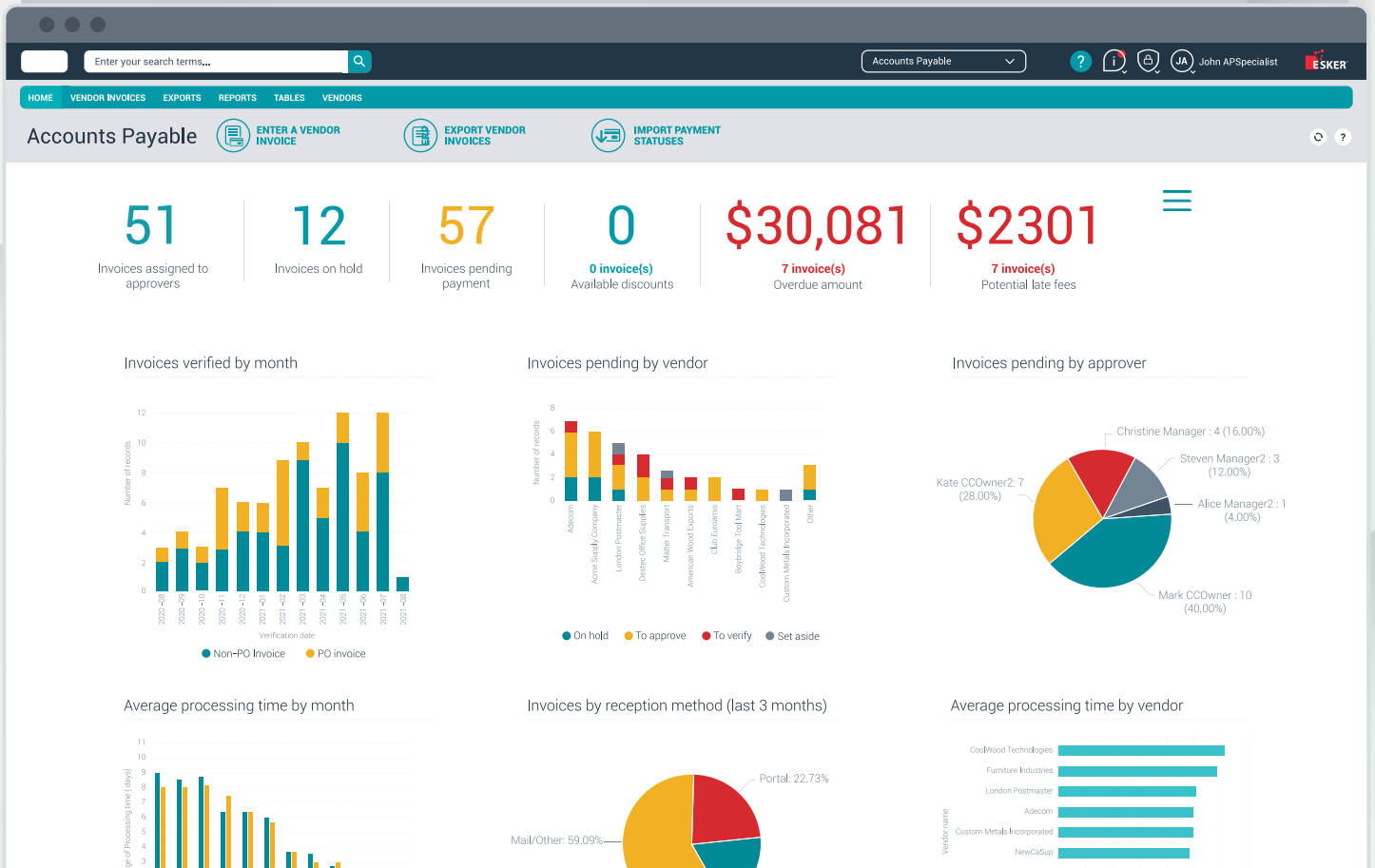
Mel Patrimonio

Group Manager, Transactional Services
Health New Zealand.



12 months on from implementation, the organisation now has a streamlined, functional AP system that helps it process 150,000 invoices a month efficiently. It has significantly reduced data entry errors – particularly in large invoices – and eliminated the need for manual invoice uploads. The organisation has full visibility across the invoice process and can communicate with suppliers from within the Esker platform. For a huge organisation dealing with a high volume of invoices and other complexities, it has been a game-changer. And it’s also well ahead of the 2026 PEPPOL deadline.

An example of the Esker dashboard as viewed by the Health NZ team



The future

New Zealand public service organisations and government agencies are slowly and steadily making the move to AP automation and PEPPOL. As 2026 approaches, more will be making the switch, looking for platforms that offer streamlined automation, custom functionality, time savings and visibility. They'll also be searching for ways to integrate PEPPOL into their AP processes to meet government requirements and handle eInvoices through a secure platform.

While it seems like a big ask, AP automation and PEPPOL adoption don't have to be stressful. With Esker and Fujifilm, New Zealand organisations get the benefits of a global platform with local, on-the-ground support. Esker is a leading AP automation platform and a certified PEPPOL access point, with AI-powered automation and easy cloud access. It's the ideal partner for organisations looking for faster AP processing, improved visibility and a simple path to PEPPOL compliance.

Want to find out more about AP automation and PEPPOL in New Zealand?

[Watch the webinar >](#)

About the author



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With 20 years of industry experience, Irene is passionate about helping Kiwis work smarter, delivering innovative solutions to solve complex business challenges.

Now celebrating her 10th year at Fujifilm, she leads the Process Automation team, recognised for its expertise and commitment to customer success.

Irene and her team specialise in streamlining business processes through platforms like Microsoft, Esker, Tungsten and DocuSign, driving efficiency and transformation across diverse industries.

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