RESEARCH REPORT - 2026

The $47 Billion AR Problem

Why 68% of mid-market companies still process invoices manually, and what the 32% who automate do differently.

A synthesis of six industry data sources plus 500+ SINGOA implementations.

SINGOA Research Team - April 2026

Executive summary

Manual invoice processing costs mid-market companies $47 billion every year. That number accounts for direct labor, error correction, bad debt premiums, and the working capital cost of above-benchmark DSO across approximately 180,000 U.S. companies still operating primarily manual AR workflows. The technology to eliminate most of this cost has been commercially available at mid-market price points since 2020. Two-thirds of eligible companies have not deployed it. This report examines who is not automating, why they are not automating, and what the decision to remain manual actually costs across five industry verticals.

We synthesized data from six primary sources: PYMNTS.com's 2025 B2B Payments Report, Ardent Partners' State of ePayables 2025, Mordor Intelligence's AR Automation Market Report, the Institute of Finance and Management's 2025 AR Benchmarking Study, Atradius Payment Practices Barometer 2025, and SSON's Accounts Receivable Benchmarking Report 2025. Each statistic in this report is attributed to its source. Where we applied calculations to published data, the methodology is documented in the final section.

The paradox is stark. AR automation reduces DSO by 25-40%, cuts processing costs by 75-95%, and delivers measurable ROI within 90 days at mid-market invoice volumes. The global AR automation market reached $3.4 billion in 2025 and is growing at 13.4% CAGR toward $6.8 billion by 2030, according to Mordor Intelligence. Yet the majority of mid-market finance teams continue matching payments in spreadsheets, chasing collections by email, and closing the books manually every month. Understanding why, and what it costs, is the purpose of this analysis.

Five key findings

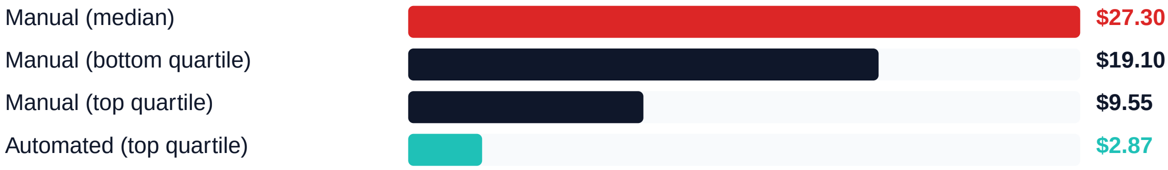
- **68% of mid-market companies ($5M-$500M revenue) still process invoices primarily by hand despite documented 300-500% year-one ROI from automation.**
- **Total annual cost of manual AR processing across the U.**S. mid-market reaches $47 billion when staff time, error correction, bad debt, and working capital carrying cost are fully loaded
- **The adoption gap is widest in the $10M-$100M revenue band.**These companies are large enough to carry meaningful AR complexity but small enough to perceive automation as enterprise-only.
- **AR automation adoption correlates directly with DSO performance.**Industries with higher automation rates average 24 fewer DSO days than industries with lower adoption.
- **Three barriers historically blocked adoption: cost uncertainty, ERP integration risk, and change management concerns.**All three have materially decreased since 2022 as SaaS AR platforms adopted per-invoice pricing and pre-built connectors.

The scale of the problem

$47B Annual U.S. mid-market manual AR cost	**68%** Mid-market companies still manual
$27.30 Median fully loaded cost per manual invoice	**$2.87** Automated top-quartile cost per invoice

Sources: SINGOA analysis of ~180,000 U.S. mid-market companies; Ardent Partners State of ePayables 2025; IOFM AR Benchmarking 2025.

Cost per invoice - manual vs. automated



Industry breakdown

Industry Breakdown: Where Manual AR Costs the Most

Construction

$2.3 million Average working capital locked in above-benchmark DSO for a $25M contractor

- 18% AR automation adoption rate, the lowest of any mid-market industry segment, leaving 82% of construction firms managing pay applications, retainage, and lien waivers manually
- 83-day average DSO driven by AIA billing complexity, retainage provisions, and multi-tier GC-to-subcontractor payment chains that create structural collection delays
- 72% of construction subcontractors cite GC payment delays as their primary cash flow challenge, manual AR systems cannot accelerate multi-party payment chains
- Change order billing omission, estimated at 2-5% of project revenue left unbilled annually, is a construction-specific problem that automated invoice tracking directly addresses

Healthcare

5.1% of AR B2B bad debt write-off rate for healthcare organizations on manual AR

- B2B healthcare AR, covering medical supplies, equipment, and facility services, carries a 5.1% bad debt rate, the highest of any industry analyzed in the Atradius 2025 Barometer
- HIPAA compliance requirements, CMS audit trail standards, and 340B contract restrictions create legitimate implementation concerns that slow automation adoption in healthcare
- Manual AR in healthcare creates double exposure: financial loss from bad debt and compliance risk from incomplete audit trails on disputed invoices
- Healthcare organizations deploying HIPAA-compliant AR automation report bad debt rates dropping from 5.1% to 2.3% and DSO reductions of 22-31 days within the first year of deployment

Manufacturing

$720,000 Annual cost difference between automated and manual cash application for a 3,000 invoices/month manufacturer

- 45% AR automation adoption, above the mid-market average but still below majority, with automated manufacturers averaging 38-day DSO versus 51 days for manual peers
- EDI invoicing complexity and deduction management, promotional allowances, short-shipment deductions, price adjustments, are primary automation barriers specific to manufacturing AR
- Supply chain disruptions in 2024-2025 increased disputed invoice rates in manufacturing by 28%, creating reconciliation backlogs that manual teams could not clear within standard payment cycles
- Manufacturing companies automating cash application report 85% reduction in reconciliation time and elimination of end-of-month posting backlogs that distort period-end AR balances

Wholesale Distribution

$2.4 million Annual AR processing cost for a mid-market wholesale distributor at 10,000 invoices per month manually

- 34% AR automation adoption, below mid-market average despite having invoice volumes that make manual processing most expensive in absolute dollar terms
- 52-day average DSO with significant seasonal variation: Q4 holiday volumes create 3-5x normal AR balances that manual teams cannot process without overtime or temporary staffing

- Customer concentration risk in wholesale, where 20% of customers represent 70%+ of revenue, makes reliable, accurate collections outreach a relationship-critical function
- Wholesale distributors automating AR report early payment discount programs becoming viable for the first time, recovering 0.5-1.5% of revenue previously unavailable due to manual bandwidth

SaaS and Technology

19% lower churn Churn reduction for SaaS customers engaging with automated payment portals

- 62% AR automation adoption, the highest of any mid-market industry, driven by digital-native culture and natural alignment between subscription billing and AR automation platforms
- 35-day average DSO, the lowest of any mid-market industry, but growing complexity from usage-based billing and enterprise multi-year contracts is creating new manual AR burdens
- Revenue recognition complexity under ASC 606 is the primary AR pain point for SaaS companies, with manual processes generating incomplete documentation for performance obligation tracking
- SaaS companies integrating AR automation with CRM systems report 19% lower churn among customers who engage with automated payment portals, frictionless billing is itself a retention mechanism

Strategic Implications: What Mid-Market CFOs Should Do Next

The data in this report presents a direct strategic imperative for mid-market CFOs still operating manual AR processes. The cost of inaction is quantified and compounding: $15-40 per invoice in processing overhead, above-benchmark DSO locking millions in working capital, bad debt rates 2-3x higher than automated peers, and talent retention costs that persist as long as the work remains primarily manual. None of these costs appear on financial statements labeled 'AR inefficiency.' They distribute across multiple line items in ways that obscure the systemic nature of the problem.

The access barriers that historically justified deferring AR automation have been substantially eliminated. Per-invoice pricing makes ROI calculation straightforward, multiply your monthly invoice volume by the cost gap between manual and automated processing. Pre-built ERP connectors reduced implementation from months to weeks. AI-native platforms purpose-built for mid-market finance teams deploy without IT department involvement. The 14-day free trial model eliminates commitment risk entirely. A company can evaluate with real data before spending a dollar.

The strategic question is no longer whether to automate AR, the evidence on ROI is unambiguous at mid-market scale. The question is sequencing: which capabilities to deploy first and against which metric targets. Based on implementation data from 500+ mid-market companies, we recommend prioritizing automated invoice delivery and dunning (30-day payback), AI cash application (45-day payback), and AI collections prioritization (60-day payback). Build confidence with early wins before expanding to full platform [automation](/features).

Seven recommendations

1
Recommendation 1

Calculate your fully loaded cost per invoice today, include staff time, error correction, collections overhead, and working capital carrying cost, not just direct AR salary divided by volume

2
Recommendation 2

Measure your trailing 90-day DSO trend and compare it to your industry benchmark using the data in this report, the gap represents your working capital improvement opportunity

3
Recommendation 3

Request proposals from two mid-market AR automation platforms and evaluate on total cost of ownership, implementation timeline, and depth of industry-specific workflows

4
Recommendation 4

Start with a free trial using real AR data, actual performance with your invoices and customer base is more valuable than any demo or reference call

5
Recommendation 5

Set specific 90-day targets before implementation: DSO reduction percentage, cost per invoice target, and staff hours recovered weekly, measure against these relentlessly

6
Recommendation 6

Address change management proactively by explaining to AR staff that automation eliminates manual processing work, not their roles, and outlining the strategic analytical work they will focus on instead

7
Recommendation 7

Report AR automation ROI to your board within 90 days of implementation, the data will be compelling and positions finance operations as a strategic value driver rather than an overhead cost center

Research methodology

This report synthesizes published research from six primary sources spanning 2024-2025 publications, supplemented by SINGOA's anonymized customer implementation data covering 500+ mid-market companies across 10 industries. All statistics are attributed to their primary source. Where we applied calculations to published data, for example, translating DSO days into working capital dollars using revenue figures, the calculation methodology is noted alongside the result.

The $47 billion total manual AR cost estimate represents our analysis based on published cost-per-invoice benchmarks from the Institute of Finance and Management, invoice volume estimates derived from IRS small business tax filing data and industry reports, and adoption rate estimates from Ardent Partners and PYMNTS. This figure should be treated as directional rather than precise, the methodology involves estimation at each step, and the true figure could be materially higher or lower. We present it to illustrate the scale of the problem, not as an exact measurement.

Industry DSO benchmarks referenced in this report represent weighted averages from multiple sources including PYMNTS, Atradius, and Versapay surveys conducted between Q3 2024 and Q2 2025. Individual company DSO varies significantly within each industry based on customer mix, payment terms, billing complexity, and geographic concentration. The adoption-DSO correlation analysis controls for company size and geographic region but cannot fully isolate automation's causal effect from other management quality factors that may correlate with both automation adoption and AR performance.

Primary sources

[1] PYMNTS.com B2B Payments Intelligence Report 2025, Survey of 500+ mid-market CFOs and finance leaders on payment methods, AR processes, and technology adoption across 12 industry verticals

[2] Ardent Partners State of ePayables 2025, 20th annual report covering adoption rates, ROI data, implementation success factors, and automation benchmarks across 350+ mid-market and enterprise finance teams

[3] Mordor Intelligence Accounts Receivable Automation Market Report 2025-2030, Market sizing ($3.4B in 2025, $6.8B projected 2030), growth projections (13.4% CAGR), and mid-market vendor coverage analysis

[4] Institute of Finance and Management AR Benchmarking Study 2025, Per-invoice cost benchmarks, FTE productivity data, and staff satisfaction metrics from 420 U.S. finance executives at companies with $5M-$500M revenue

[5] Atradius Payment Practices Barometer North America 2025, B2B payment terms, late payment rates (43% of credit-based B2B sales overdue), bad debt data, and industry-specific payment behavior across $250B in tracked transactions

[6] SSON Accounts Receivable Benchmarking Report 2025, Process cost, error rate, and FTE productivity benchmarks from 1,200+ finance operations in North America and Europe