



The Business Value of Intelligent Spend Management

An IDC InfoBrief, *Sponsored by SAP* | **August 2019**

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Business Leaders' Remits Are Expanding

Spend management has typically been about control and, in many ways, reactive. But business leaders find spend management priorities are expanding beyond traditional cost and savings metrics. There is a drive to deliver business value across all functions. This presents its own set of challenges.

40%

of enterprises want integration capabilities of Travel & Expense systems.

38%

of procurement teams are challenged in supplier relationship management.

34%

of enterprises want better reporting and analytics for expense systems.*

Simplify the Spend Management Journey

Spend management technology is the commonality and focal point for finance, procurement, supply chain, and IT.



For finance:

- » Ensure budgets are being directed to top priorities – even as those priorities change – so innovation can be funded while growing the core business.
- » Stay ahead of increasing and evolving regulatory and tax changes.
- » Address issues in an environment where more and more spend decision-making happens by employees with less and less oversight.



For procurement:

- » Reduce costs, save money.
- » Manage performance and delivery risks across suppliers.
- » Maintain and improve control over diverse types of spending – from direct and indirect goods to services and contingent labor.
- » Do these things while increasing productivity across the procurement process so the best purchasing decisions can be made at a faster pace.



For supply chain:

- » Maintain operational excellence and continuity of supply.
- » Orchestrate complex, multi-tier supply chains.
- » Maintain ethical supply chains.
- » Enable the organization to be more flexible and responsive, getting products to market faster – particularly in manufacturing and retail industries.
- » Strengthen supplier collaboration by replacing costly EDI and legacy supplier portals with more modern tools.



And for IT:

- » Support the core business functions with greater efficiencies.
- » Bring forward advances in technology such as AI, ML and blockchain.
- » Enable IT to direct time and talent to helping the business innovate and expand.

Spend Management Is Increasingly Complex

Today, spending is increasingly employee-driven, with employees businesswide empowered to buy what they need to get business done.

Managing spending means tackling intricate and changing regulatory requirements and employee productivity, safety, and satisfaction. It also involves managing complex and diverse risks like the stability and viability of an organization's supply chain, and the impact suppliers and vendors can have on a brand's reputation.

Spending is spread out across the company – with key spending categories often managed by different teams. Amidst all this complexity, managing spending is more critical than ever!

Spend Management Requires Intelligence to Reduce Complexity

Simplifying spend management requires intelligent workflows across all spending categories with the ability to recognize different types of spend.

Intelligent workflows guide business direction – using multiple sets of data, tying together several lines of business with intelligence to make better business decisions. Intelligence enables speed and scale.



62%

of procurement executives cite the siloed nature of spend as one of their top digital transformation challenges.*

Employees Enable the Spending, Benefit from Consumerization

The employee plays an increasingly large role in how money is spent within the organization – and they demand consumer-grade experiences that remove tedious low-value tasks and help get work done. Employee empowerment includes:



The better and easier-to-use the tool, the more employees use it.



Employees need to get to the right people, in the right place, at the right time.



Employees crave apps that meet them wherever they are, on demand.



Greater use means more data generation, better compliance, more efficiency and better outcomes.

Spend is past tense. Without the ability to model previous spend to current budget and planning requirements, employees lose the ability to quickly adjust spend to changing business priorities.



What Does Intelligent Spend Management Look Like?

Captures data every time money is spent and shines light into invisible spending.

Taps into the most powerful networks, ecosystems, and apps

- » **Collaborate, share data, and integrate processes** based on the unique nuances of direct and indirect suppliers as well as the leading travel and corporate card providers from around the world.
- » **Access third-party app providers to drive productivity and adoption**, connect systems to the apps employees are using today, giving them choice and convenience (e.g., Uber rides, Airbnb travel bookings flow itemized into expense reports).
- » **Use an ecosystem of partners to add enhancements** with built-in integration to an organization's systems, designed to address compliance or industry requirements.

Delivers an engaging employee experience

- » **Offers apps employees actually want to use**, so not only is better data delivered faster, but there's also opportunity to guide users toward making the right decisions.
- » **Tailored to each category of spending and each user's persona**, spend reports are then delivered in a smooth, consumer-like experience that drives up both adoption and control.



It starts with having the best technology tools, integrated business processes, and data as part of an integrated suite that delivers business impact and provides a seamless employee experience.

What Does Intelligent Spend Management Look Like?

Intelligent spend management underpins enterprisewide strategy and strategic thinking.

Adapts to global as standard

- » **To be ready for rapid expansion**, solutions need to be flexible enough to grow with an organization, and capable of operating on a global scale.
- » **Managing complex regulations**, tax changes, business cultures, and accounting policy/requirements standards are critical if companies are going to be confident about growing rapidly.

Integrates into existing systems

- » **By integrating with existing ERP systems**, organizations can create a common set of spending data – a central place to unify, clarify, and harmonize the data.
- » **Integrated and seamless with work streams** such as travel to reimburse, source to pay, and total workforce management.

*By 2022, 50% of organizations will invest in new intelligent applications with capabilities to facilitate enterprisewide end-to-end workflows, removing white space between existing applications.**

Intelligent Spend Management Helps the Business Transform

Intelligent spend management is delivered by best-in-class solutions across all categories of spend to make better business decisions. This tightly aligns spending to organizational priorities and policies and helps companies quickly adapt to changing market conditions.

Scalable, actionable, and agile. Intelligent spend management provides a unified, holistic view of spend so the organization can formulate the correct action plan. Organizations can match contingent labor with indirect and supply chain requirements, reducing time to value while enhancing productivity.

Digitizes, suggests, and predicts. Intelligent spend management digitizes the spend management workflows for the entire enterprise. It provides the user alternatives and suggestions based on policies and compliance.

One version of truth, and visibility. Intelligent spend management is a single version of spend, bringing visibility across the enterprise. Predictive forecasting of spend types tied to business planning can assist capital and operating expense planning and budgeting.

Cash flow, profitability, and cost savings. Intelligent spend management provides for the optimization of the supply base, employee T&E, and working capital, along with improvements in operational planning, budgeting, and cost management enhancing profitability, inventory, and cash flows.



Intelligent spend management is a single version of spend, bringing visibility across the enterprise.

Where the Rubber Meets the Road – Businesses Use Intelligent Spend Management for:

Auditing: Companies often only audit a fraction of their invoices and expense reports with manual cross-checking of purchase orders, invoices, and contracts.

Category management: Categories can be managed by type, supplier, terms, contract, and policies.

Compliance: Employees are guided to follow organization policies including spend types, monetary limits, monetary transaction types, terms and conditions, category rules including travel, expenses, supplies, and services, etc.

Contract management: Terms and conditions, volume agreements, rebates, and cost savings can be understood in real time.

Removing duplicate payments: Companies may receive multiple invoices via different channels resulting in duplicate payments.

Sourcing: Spend and supplier visibility, guided actions, and sourcing events are enabled intelligently.

Supplier relationship management: Organizations have the visibility into how much business is transacted with suppliers and start to make tradeoffs on when to move to alternative sources of supplies.

Validating supplier contracts: The ability to ensure that contract terms as negotiated by the procurement team are honored by the vendor.

Is It Time to Move to Intelligent Spend Management?

Key questions to ask for assessing spend pain points:



Finance

- How do we get more control of our spend?
- How do we stay compliant to our business rules with our different types of spend?
- How much spend do we have in travel?
- Does the T&E spend match appropriately to new markets and geographies we are now in?



Procurement

- How do we manage all of the enterprise spend by category and supplier?
- How do we get the visibility down to the granular level such as terms, contracts, SOWs?



Supply Chain

- How do we understand where we have issues with suppliers?
- Where do we get the information to understand where we can start to make trade-offs with alternative sources of supply?
- How do we find the suppliers for the inventory we need to satisfy demand?



IT

- How do we know we have captured all of our spend?
- How can our business work together better by finding the right information to match production spend and timing to facilities spend and timing?

Intelligent spend management enables the business to empower a more proactive, predictive, engaged, and collaborative workforce meeting the needs of the entire business.

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Mickey North Rizza is program vice president for IDC's Enterprise Applications and Digital Commerce research practice. She leads a team of analysts responsible for IDC's coverage of the next generation of enterprise applications including ERP, financial applications, procurement, supply chain automation, project and portfolio management, enterprise asset management, services resource planning (SRP), and related project-based solutions software and the digital commerce business network.



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- Comprehensive policy and supplier management
- Best-in-class control of each spend category
- A unified view of spending.

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