SAP Concur ☑️

Managing Tail Spend
Why It's Worth the Effort — And How AP Automation Can Ease the Burden

In the past, most companies regarded tail spend as something that wasn't worth the effort to try to manage. But today's savviest companies know this is a missed opportunity for savings — with a sound tail spend management strategy, and the right tools to execute that strategy, a procurement department can become a key strategic advantage.

6.88x
ROI of procurement teams that successfully manage their organization's indirect spending.[1]

5-15%
percentage of total spend companies could save with more rigorous procurement oversight.[2]

80%
of procurement professionals believe they need to do more to take advantage of the latest digital tools.[3]

What is tail spend?
The amount of money a company spends on purchases that make up about 80% of transactions but only 20% of spend volume.

Tail Spend Management by the Numbers

Many companies don't manage tail spend with the same tenacity they have for their core spend — which means they're leaving money on the table. Let's explore the procurement leakage landscape of a hypothetical company to see just how much money they might be missing out on*:
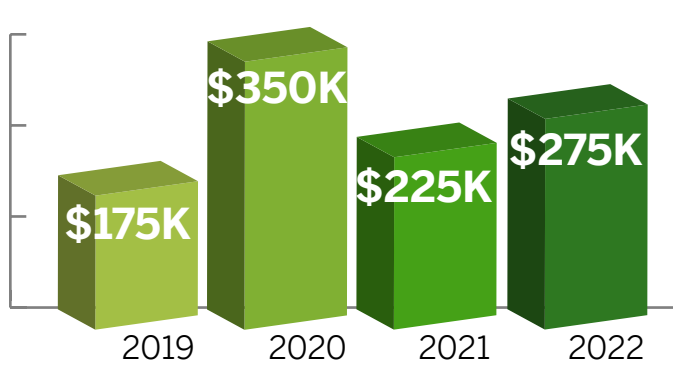
Total Non-Travel Category Spend

$2.5M in **non-T&E spend** = **30%** of **total spend**

$2.1M (84%) of non-T&E spend is in **cash**

Fraud Alert!
Cash spend poses a major liability

A potential for BIG savings
An organization that has $8 million in total spend could save between $400,000 and $1.2 million a year with better tail spend visibility and oversight.

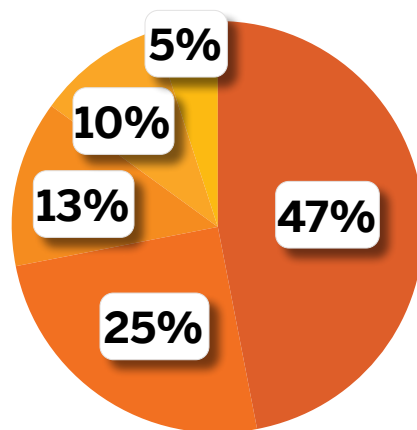### The risks of not having a purchasing strategy
- **Competitive supplier bidding is lost** as employees are given authority to use any vendor
- Potential for **duplicate payments**
- **Overspending and missed discounts** for inconsistent vendor relations

*This example uses hypothetical data, inspired by SAP® Concur® customer data

Office Supply Spend

$175K — 2019
$350K — 2020
$225K — 2021
$275K — 2022

Office supply spend increased **57%** since 2019

Fraud Alert!
Employees receive cash back for returned items

Non-T&E Vendor Sourcing

5%
10%
13%
25%
47%

Each piece of the pie represents spend with a high risk vendor

$315K in **miscellaneous**

An increase in miscellaneous expenses is a telltale sign employees aren't sure how to expense purchases.

# Managing Tail Spend with Concur Invoice

For years, businesses ignored tail spend as a potential for cost savings. It was simply too complex and deemed not worth the time and effort. But with the right tools, you can more easily manage indirect business spending. With the increased visibility and ease of automation of Concur Invoice, tail spend can shift from the weak link of spend management to the next big opportunity for your business.
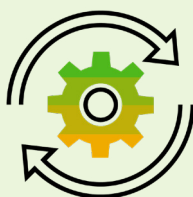
Benefit 1
Increase efficiency and productivity
Leveraging the power of AP automation, increase the efficiency of invoice processing and free up your employees to focus their time and talents on more meaningful tasks.
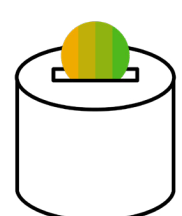
Benefit 2
Increase strategic savings
You can't control spend you can't see. Gain visibility into all categories of spend and get a clearer picture of spend trends so you can capitalize on more opportunities to save money.

Benefit 3
Increase compliance and reduce risk
Improved data and visibility on the backend increase your capability and confidence in managing indirect spend and reduce the risk of non-compliant spending.

To learn more about how SAP Concur solutions can help your company manage tail spend, visit our website, or contact your **Customer Success Partner**.

SAP Concur is the world's leading brand for travel, expense, and invoice management solutions.

Sources:
1. Gartner, Procurement Diagnostic Suite Survey, 2019
2. McKinsey & Company, Long Tail, Big Savings: Digital Unlocks Hidden Value in Procurement, 2018
3. Bain & Company, Digital Procurement: The Benefits Go Far Beyond Efficiency, 2018

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