

# Becoming more efficient

How finance and IT are leading the way



# Introduction

Finance and IT executives are under pressure to accomplish more tasks in the same amount of time. Rising inflation, recession fears, lingering and resurfacing impacts from the COVID-19 pandemic, demands to increase sustainability, and finance and IT executives' growing importance in setting overall company strategy are forcing them to increase the efficiency with which their departments tackle every task, from setting broad strategic goals to the minor details of implementation.

To better understand what the most successful finance and IT executives are doing to lead their organizations forward, Oxford Economics and SAP Concur surveyed 1,700 finance (60% of the survey sample) and IT (40%) executives worldwide at organizations with more than 1,000 employees.

## The survey revealed these key takeaways:

- **Companies face new opportunities as finance and IT executives grow in strategic importance.** Increasing efficiency has emerged as the top functional goal for nearly half of our survey respondents. At the same time, most of these executives say their strategic importance has grown and that they are increasingly involved in leading the digital transformation throughout their organizations. As this transformation becomes more advanced, it has come to focus on the adoption of advanced automation and machine learning in the most sophisticated organizations; surveyed executives say these technologies could increase organizations' efficiency and productivity.
- **Today, basic automation and its capabilities are table stakes. To gain the biggest advantages, businesses must use more advanced, intelligent technologies such as AI and machine learning.** In search of increased efficiency, most surveyed organizations have adopted basic automation (see "key definitions" box for details), and strategies for using these technologies are maturing. Executives at organizations using emerging technologies, however—such as advanced automation, process automation software, and fraud detection software—report outsized efficiency and productivity gains.
- **Finance executives must pay attention to compliance and spending details.** Even as their stature within the C-suite grows and the scope of their position widens, finance executives still must pay attention to compliance and spending policies and violations. As regulations and the nature of work change, out-of-date policies can slow employees down and can cause greater inefficiencies. Updating policies regularly and using intelligent technologies with sophistication—tailored to the specific needs and legacy systems of an organizations—can help unlock larger, competitive efficiency gains.
- **AI Strategy Leaders show a way forward.** A select group of respondents we call "AI Strategy Leaders" are using advanced AI and automation in their functions to make efficiency gains. Executives at these organizations are more likely to say their role has grown in importance in setting overall company strategy, as well as in guiding their companies' digital transformation. What truly distinguishes this elite group is how they use advanced technologies in sophisticated ways—making sure their strategies are adaptable, updating compliance policies, and integrating spend management platforms with other systems. Learning from the best practices of this group may be crucial to increasing efficiency and reaching organizational goals going forward.

This paper will detail these key findings and show how businesses can become more efficient by giving finance and IT executives responsibility over digital transformation and organizational strategy while using intelligent technologies with skill.

Key definitions

Throughout this executive summary, we use four key terms:

- **Efficiency:** Accomplishing more work in a set period of time.
- **Productivity:** Doing higher-quality or higher-value work in a set period of time.
- **Basic automation:** Rule-based automation that lacks the intelligent features needed to analyze data and optimize processes and resources.
- **Advanced automation:** Robotic automation with intelligent technologies, such as AI and ML, that not only automate processes but also analyze historical and real-time work data, enabling programs to continuously learn and optimize processes and resources.



Survey methodology and demographics

Sample

Finance and IT executives (n=1,700)

Executive titles

CFO, CIO, CTO, and VPs of finance and technology

Sectors covered

A wide range

Company sizes

All have more than 1,000 employees.



Countries covered

Equally split between the United States, Canada, Mexico, Brazil, LAC (Peru, Colombia, Argentina, and Chile), the UK, Germany, France, Italy, Spain, Nordics, Benelux, Australia, Singapore, China, Japan, and India

Dates fielded

May and June 2022



# A moment of opportunity

Efficiency is top of mind amid an uncertain economic environment and a renewed interest in sustainability—in another recent Oxford Economics research study, fielded in February 2022, *Closing the Green Gap*, 58% of executives cited an increased need for efficiency as a top driver of sustainability initiatives.

In our study, increasing efficiency emerges as the top functional goal by far (47%) of an organization's finance and IT functions, followed by increasing market share (36%) and increasing agility (34%). Further down the list are goals such as automating processes (25%), updating compliance and spending policies (22%), and optimizing processes for remote work (9%).

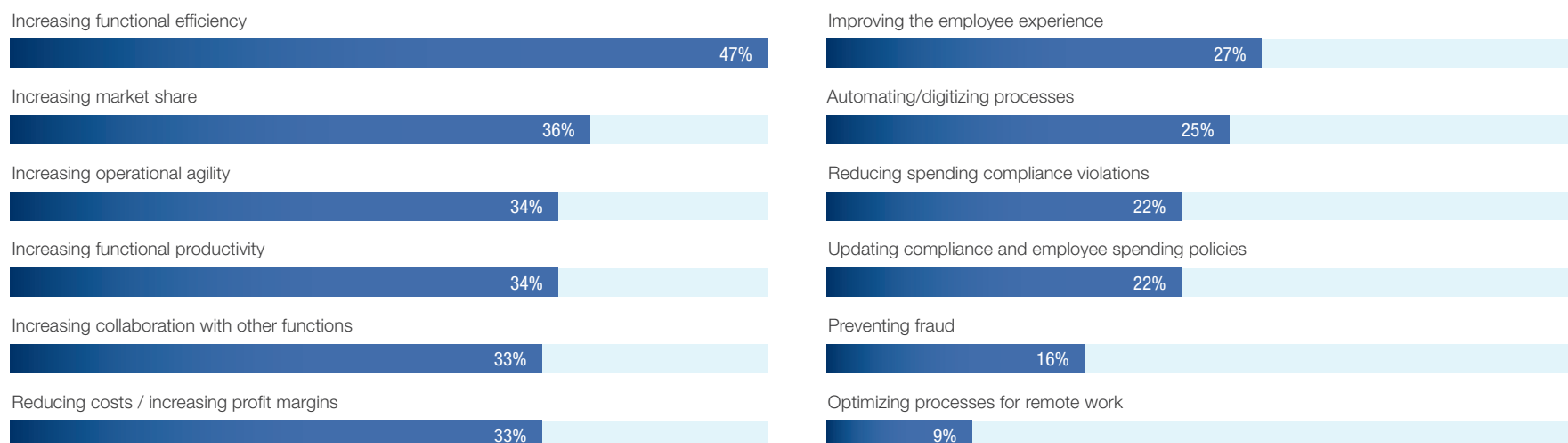
Executives should obviously not ignore the priorities less frequently chosen by survey respondents, as they actually serve efficiency and other high-priority goals. Process automation, for instance, can free up employees to focus on higher-value tasks, while optimizing processes for remote work can increase employee efficiency, as well as satisfaction.

Nearly three-quarters of executives agree that the increased use of AI and machine learning provide opportunities to increase efficiency and productivity.

Fig. 1: Increasing functional efficiency is a priority

**Q: Apart from revenue growth, what are your function's strategic priorities over the next two years?**

Select all that apply.



Key to increasing functional efficiency is the effective use of the right technology. Nearly three-quarters (70%) of executives agree that the increased use of AI and machine learning provide opportunities to increase productivity and efficiency. In fact, opportunities abound; executives say a wide range of business trends today, from updating spending policies based on new payment methods (47%) to increased remote work (41%) present opportunities to enhance productivity and efficiency, rather than threats.

Digital transformation represents another opportunity to increase functional efficiency, according to nearly

two-thirds of our finance and IT executives (63%)—about the same percentage who agree that the pace of digital transformation is speeding up (69%). And as the pace of digital transformation speeds up, so too are finance and IT executives growing in importance in setting overall company strategy.

While the term “digital transformation” has been a buzzword for some time, its definition is changing. No longer focused on adopting basic technologies like cloud, today’s digital transformation is focused on the changing workforce and use of intelligent technologies, such as AI and advanced automation. Making the most of these advanced technologies

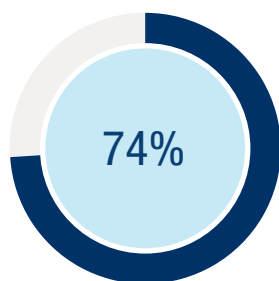
requires sophistication, as executives must meet regulatory requirements, update their own related processes and policies, and make sure employees have the right skills. Those that get it right could unlock major efficiency gains, as well as other benefits.

Increasing functional efficiency also requires changes to processes and culture—both of which challenge executives. Managing increasing amounts of data (29%) and implementing changes to company culture (28%) emerge as top challenges to meeting functional goals. So far, just 17% of executives say they have overcome their issues with managing data.

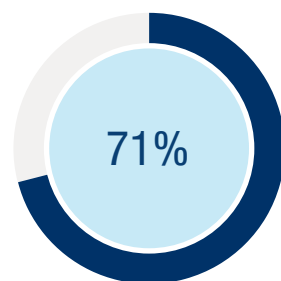
**Fig. 2: Finance and IT executives lead the way in digital transformation**

**Q: To what extent do you agree with the following statements?**

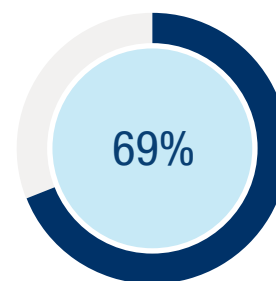
*“Strongly agree” and “Agree” responses*



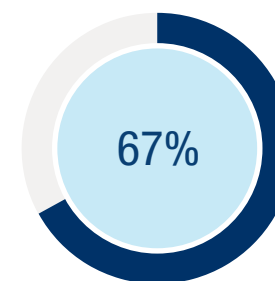
The IT and finance functions at my organization collaborate effectively.



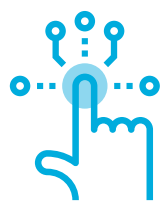
My role has grown in importance over the past year in setting overall company strategy.



The pace of digital transformation at my organization is speeding up.



In the future, my role will play an even greater part in setting overall company strategy.



# Maximizing the automation advantage

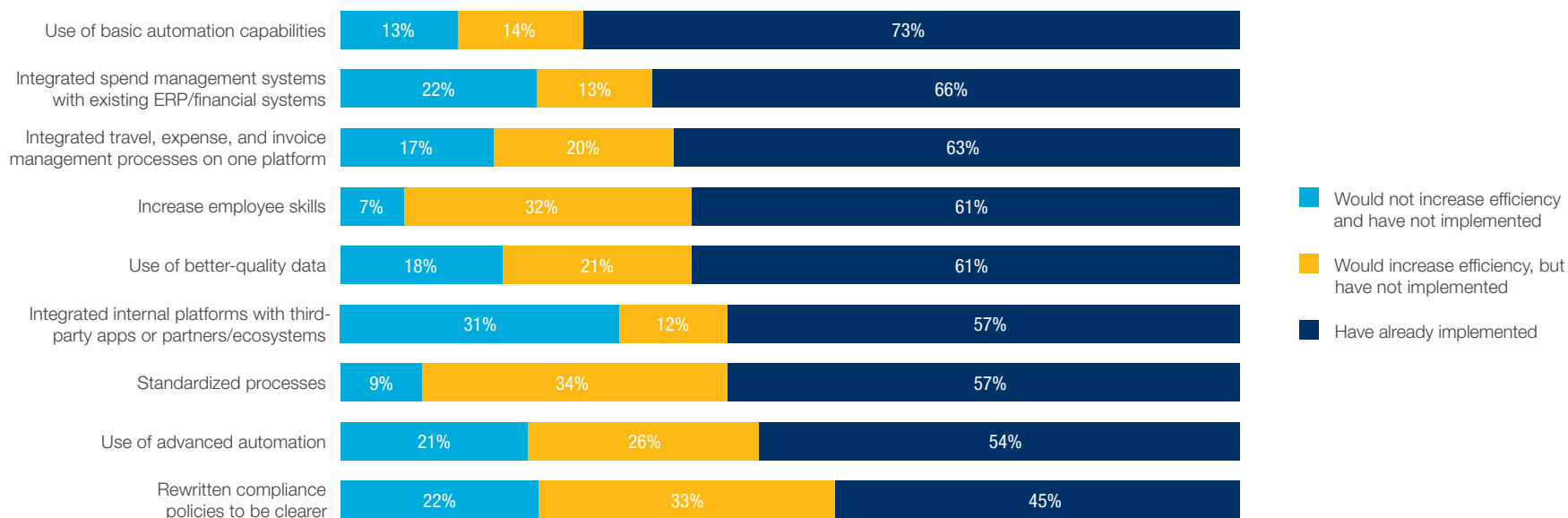
Finance and IT executives understand the opportunities AI and automation present to increase their own functional efficiency and productivity. But how do they get there?

Our survey found that three-quarters of organizations have already adopted basic automation capabilities to increase efficiency—just as the definition of “digital transformation” matures and finance and IT executives grow into their more important strategic roles.

However, there are many opportunities to increase efficiency further that many executives have not yet implemented (see Fig. 3). While they have their sights set on increasing efficiency by using advanced technologies, they need to do so in a sophisticated way—in a way that integrates these technologies into

**Fig. 3: Many executives see potential efficiency gains but have yet to implement**

**Q: Which of the following changes would significantly increase your function's overall efficiency? Which have you already implemented?**





the organizations' existing processes. Around a third say their companies have not yet adopted changes that would contribute to a sophisticated integration of advanced technologies into their operations, such as standardizing processes (34%), rewriting compliance policies to be clearer (33%), and increasing employee skills (32%).

As AI and automation become more advanced, so too are the strategies needed to make the best use of them. Almost half (43%) of IT executives surveyed say advanced automation and AI is already in use at their organizations. Three-quarters of those say they

have a team dedicated to its execution and that they are taking steps to ensure data accuracy.

Once organizations address the details of implementing these technologies, the key to further increasing efficiency may be in emerging technologies like process-automation software, fraud-detection software, or next-generation ERP systems. Few executives say they are using them today (only 32% are using process automation software, 37% use fraud-detection software, and 45% are using next-generation ERP), but those who are say those tools have greatly increased efficiency

or productivity. When asked to what they attribute technology-enabled productivity and efficiency gains, executives cite better collaboration with IT (53%) and having taken steps to ensure data accuracy (50%).

A select group of organizations we call AI Strategy Leaders (see sidebar) are seeing more benefits from their use of automation and AI, and they are more likely to use these advanced technologies. Executives in this elite group exemplify how to boost functional efficiency by using advanced technology with sophistication—by paying attention to the details of the technology's implementation and usage, which can make all the difference.

**Fig. 4: Collaboration and data accuracy are keys to unlocking efficiency gains**

**Q: For the technologies that have greatly increased your function's productivity/efficiency, to what do you attribute that effectiveness?**

*Select all that apply.*

More effective and closer collaboration with the IT function

53%

We have taken steps to ensure data accuracy

50%

Having employees internally who are adequately trained on the technology

49%

More effective and closer collaboration with the finance function

49%

A detailed, adaptable strategy for the use of AI and automation

42%

The technology is customized to our company's specific needs

34%

Management buy-in

32%

Integrated platforms

23%

## Sidebar | Meet the AI Strategy Leaders



We isolated a group of survey respondents who are using advanced technologies to increase efficiency in their functions, while their roles are growing in strategic importance organization-wide. This elite group of companies (n=277, approximately 16% of the sample) is defined by the following:

- They agree that their role has grown in importance in **setting overall company strategy** in the past two years and that they will play an even greater part company-wide going forward.
- They agree that they have played an important part in **leading digital transformation** at their organizations and that their involvement with digital transformation has led to increased involvement in broader strategic decisions.
- They have already **implemented advanced automation** to increase productivity and efficiency throughout their organizations.

In addition to displaying strategic and digital transformation leadership while deploying advanced technologies, this group:

- Says they are **more effective at finance-related tasks**, including capturing, processing, and paying vendor invoices (82%, vs. 62% of non-Leaders); updating spending compliance policies (74% vs. 62%); maintaining financial visibility (80% vs. 62%), and long-term strategic planning (80% vs. 63%).
- **Has no major differences compared to non-leaders** when it comes to industry, organization revenue, or number of employees.
- Is more likely than non-leaders to say its members are **prepared to meet their top organizational and functional strategic challenges**.
- **Uses advanced AI and automation with sophistication**—they are more likely to have a detailed, adaptable strategy in place for its use, customize the technology to meet their specific needs, and integrate platforms to see the greatest productivity and efficiency gains.





# Learning from the Leaders

AI Strategy Leaders are outperforming others in a number of ways: finance and IT executives at these organizations have grown in importance in setting overall company strategy and are guiding their companies through the advanced stages of digital transformation. They also have adopted advanced automation and intelligent technologies to increase functional efficiency. Crucially, they are using these technologies skillfully—that is, paying attention to the details of implementation that can greatly aid in increasing overall efficiency. Finance and IT executives at leading companies can use their experience applying intelligent technologies to enact broader organizational changes.

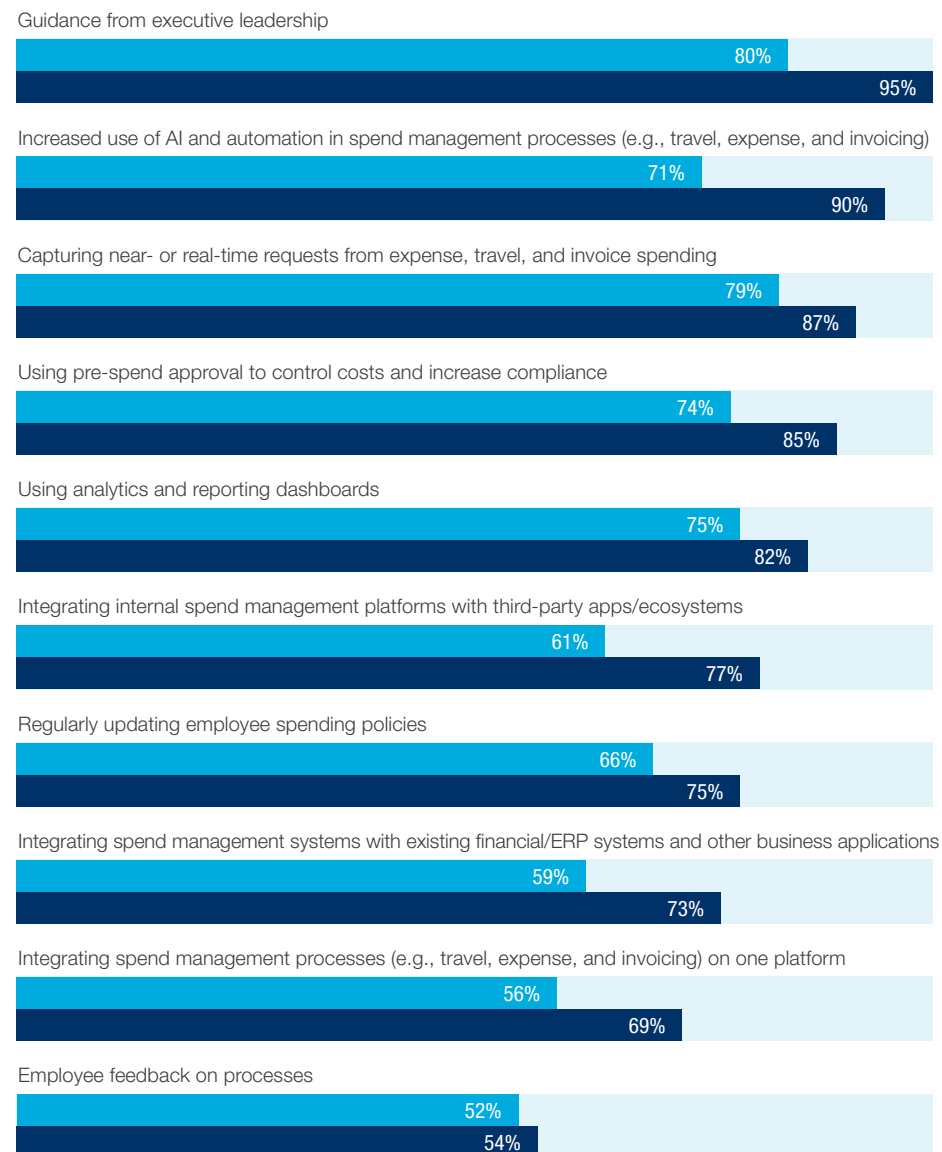
Other organizations must pay close attention to the details of implementation, especially when it comes to updating spending and compliance policies, which, for example, can strip away any efficiency gains from automation if employees still must manually check violations (see Fig. 5).

Fig. 5: Leaders use technology skillfully to overcome challenges

Q: How helpful are the following in overcoming challenges to meeting your function's goals?

"Extremely helpful" and "Somewhat helpful" responses

Non-Leader Leader



Such tedious manual processes could be a result of outdated policies and procedures, another crucial aspect of using these tools with sophistication. When it comes to keeping their employees in compliance, finance executives see many challenges, especially regarding outdated policies, the proliferation of remote work, and manual processes that introduce errors.

This is less of a problem for leading organizations: Four in 10 say that the threat from policy and compliance violations are not growing at their organizations (vs. 31% of non-Leaders), and 52% of Leaders say that their organizations had no increase in non-compliant spending over the past year. Those Leaders that did have an increase in non-compliant spending are more likely than non-Leaders to attribute it to a lack of employee knowledge (51%, vs. 38% of non-Leaders), while non-Leaders are more likely to attribute non-compliant

spending increases to outdated policies and inefficient processes.

This is not to say that Leaders have it all figured out: When it comes to keeping their employees in compliance, Leaders and non-Leaders cite the proliferation of remote work as the top challenges (Fig. 6). Non-Leaders are significantly more likely than Leaders to say that manual processes that introduce error are a challenge (41%, vs. 33% of Leaders). And when it comes to increasing efficiency, disparate legacy systems present the biggest challenges for both Leaders and non-Leaders—but non-Leaders are more likely than Leaders to be challenged by a lack of overall strategy, a lack of automation in general, a lack of employee skills, and an increased need for human oversight of AI.

AI Strategy Leaders also are significantly more likely to say a wide range of specific actions have been

helpful in overcoming the challenges they face to meeting functional goals, especially using AI and automation in spend management processes (90%, vs. 71% of non-Leaders), integrating spend management processes with existing business applications, and integrating different spend management processes on one platform.

When it comes to meeting their goal of increasing efficiency, Leaders have taken a comprehensive approach: They have clear, adaptable strategies for the use of intelligent technologies, while also dealing with the day-to-day implementation issues, from integrating systems with existing applications to updating policies to reduce the need for manual oversight. As finance and IT leaders grow in importance at their organizations, they will need to maintain this balancing act in order to meet their goals.

**Fig. 6: Manual processes present challenges to non-Leaders**

**Q: To what extent do the following pose a challenge when it comes to keeping your employees in compliance?**

*"Extremely challenging" and "Very challenging" responses*

■ Non-Leader ■ Leader

The proliferation of remote work



Outdated or unclear policies



Tax policy changes specifically involving employee location changes



Tax policy changes generally



Tax policy changes specifically involving VAT/GST reclaim

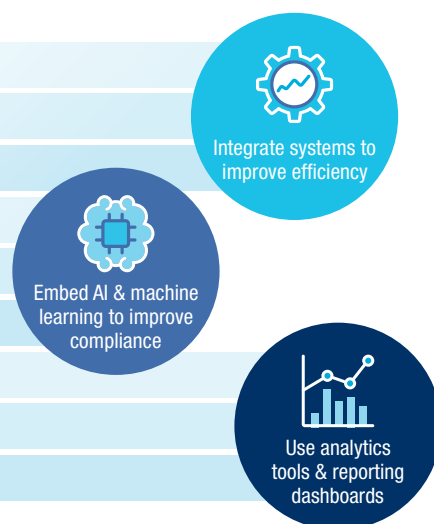


Manual processes that introduce errors



# Conclusion

The finance and IT executives at leading organizations are paving the way for others to increase functional efficiency in their organizations and increase their own stature throughout their organizations—across all industries and company sizes. The role of these executives as advanced digital transformation and strategy decision-makers at their organizations is growing in complexity: Executives must implement advanced technologies with sophistication, making sure that compliance and spend-management policies are updated and future-ready. To join the ranks of our AI Strategy Leaders and increase their companies' efficiency, we recommend executives take these steps to get the most out of intelligent technologies:



- **Integrate systems to improve efficiency.** Connecting travel, expense, and invoice solutions all in one system can create a single smooth, digitized process for employee spend management. Integrating employee spend management with ERP systems and third-party applications can capture more transactions and improve data accuracy, further increasing efficiency.
- **Embed AI and machine learning into existing process to improve compliance.** The need for manual oversight of automated processes can undercut promised efficiency gains. Advanced, intelligent technologies can identify suspicious spending activity before payment, address out-of-policy spending, detect fraud and repetitive errors—reducing the need for manual oversight. These technologies can build on the lessons they have learned, further optimizing spend management and making policy updates easier.
- **Use analytics tools and reporting dashboards to provide custom insights.** Intelligent use of data can provide the accurate, relevant, and valuable insights to help make more strategic and confident spend decisions.

## Assess your organization's technology maturity

To find out the maturity of your organization's use of travel and expense management technologies, [click here for a quick assessment](#).



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THE BEST RUN



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