



# Keeping a digital eye on the corporate purse

Strategically deploying technology to increase visibility into spending is crucial in today's ever-changing US business climate

## Introduction

US economic expansion, which peaked in February 2020 after a record 128 months, declined precipitously due to the pandemic and resulting lockdowns, plunging the country into a recession. US GDP is estimated to contract by anywhere from 3.8% to 4.5% in 2020, suggesting that economic recovery from the global health crisis may be like the pandemic itself: unprecedented and unpredictable.

To identify key trends among global business leaders on the road to recovery, SAP Concur commissioned a survey polling 552 senior executives in 11 countries (Australia, China, India,

Japan, Singapore, Brazil, Mexico, the US, France, Germany and the UK), which was conducted in June and July 2020. The respondents were drawn from the senior leadership ranks of the finance, IT/technology, management/strategy, and operations and risk functions at companies with at least 1,000 employees. (E) BrandConnect, a commercial arm of The Economist Group, fielded the survey.

This report provides an analysis of trends identified by US respondents. It also signals how organizations can position themselves for the long term by leveraging technology to better understand and manage spending across the business.

## Focusing on smarter spending and decision-making can help cushion the blows of uncertainty

While it's a stretch to say this pandemic-fueled recession will be short-lived, economic forecasters are hopeful that the overall decline in the US will be mitigated by stronger than expected GDP growth in the second half of 2020. However, the sustainability of recovery is tempered by factors such as high rates of unemployment and modest consumer confidence.

"Big events like a pandemic have the potential to leave behind a trail of disruption," wrote Robert J. Shiller, Sterling Professor of Economics at Yale University, in *The New York Times*. "They can create social discord, reduce people's willingness to spend and take risks, destroy business momentum, and shake confidence in the value of investments."

With this type of uncertainty becoming a consistent theme of doing business, organizations are tasked with adapting to an ever-changing economic landscape. Those that take a more

holistic approach to understanding how employees are spending company money will be well positioned to effectively manage all spend flowing into the general ledger. Specifically, tools that further visibility into who is spending, as well as where and how, empower executives to make strategically sound spend decisions. Effectively managing spend not only improves the fiscal health of an organization—it better positions it to ride this rollercoaster of uncertainty.

However, for US executives responding to the survey, cost control is not a top priority. Of the 19 strategic priorities queried in the survey, cost control ranked 10th for US business leaders, and 14th globally. This is understandable given the tumultuous nature and breakneck speed of changes that executives are experiencing and to which they must respond. Yet, it potentially highlights a lost chance to identify long-term savings opportunities that can free up capital for business priorities. This is especially significant as survey respondents indicate a desire to dive into projects related to digital improvements, and to invest in emerging technologies such as cloud, artificial intelligence, and machine learning (see Figure 1).



**Big events like a pandemic have the potential to leave behind a trail of disruption."**

Robert J. Shiller, Sterling Professor of Economics, Yale University



**Figure 1: Strategic priorities for the next two to three years**

(% of US respondents; respondents were asked to select all that apply)

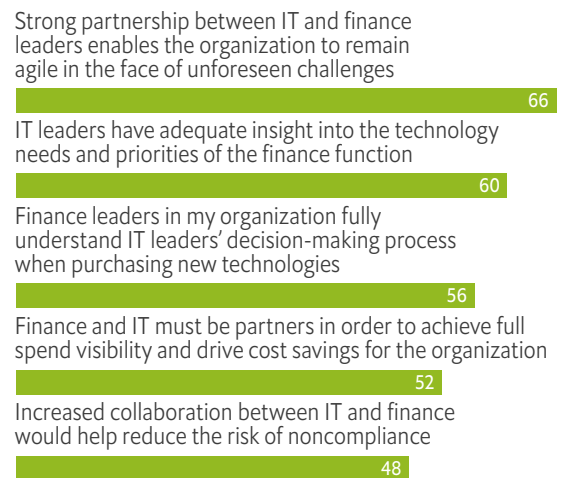


## Smart spending requires a conscious coupling of IT and finance departments

Pursuing these strategic priorities will be easier for those executives who also prioritize close management of spending. This greater control of and visibility into spend is best achieved through partnership between the IT and finance functions. US respondents to the survey overwhelmingly agree that emerging technology tools are important. The IT function is key in helping to identify, procure, and implement those tools, while the finance function is expected to deploy the analytical horsepower they deliver to drive business strategy with greater precision and insight. Although US respondents fundamentally agree on the need for collaboration, there is room for improvement (see Figure 2).

**Figure 2: Finance and IT partnership**

(% of US respondents answering "strongly agree")



## Expense management systems are engines for greater strategic insight into spending

Even before the pandemic, corporate spending was already challenging to track and manage, being deeply distributed across the employees of an organization and taking a variety of forms, from cash, to digital payments, to purchasing cards. Now, there's even greater complexity as remote work creates new types of expense categories, such as computer equipment, training, and internet connectivity.

SAP Concur tracks global spending of its clients, segmenting it into 53 distinct categories such as airfare, car rental, lodging, internet, and training. SAP Concur data show that while total spend by clients dropped in the second quarter of 2020 (in part because of decreases in airfare and lodging), categories such as fees/dues and internet/telecom grew incrementally during the same time period. More noteworthy is the category

labeled "other," which rose by 17% in the second quarter and is continuing to grow. This catch-all category is essentially a black box of spending, and its growth signifies that the visibility organizations have over spend has worsened as a result of the pandemic. Companies can respond by updating their expense categories to reflect work-from-home or employee-safety line items, as well as by educating employees on appropriately categorizing expenses.

As the above data indicate, it is more challenging and important now than ever to create order and ensure oversight into spending. US executives responding to the survey are relying on their expense management solutions to deliver business outcomes that support spend management amid this complexity in three key ways: by increasing efficiency and productivity, delivering greater visibility into spending, and hardwiring processes that ensure adherence to spend policies (see Figure 3).

**Figure 3: The most important business outcomes US executives expect from an automated T&E solution:**

(% indicates frequency of selection for the business outcomes in each category; business outcomes in each category are listed in order from most to least frequently selected)

Efficiency & Productivity 86%	Visibility 86%	Process & Policy 68%
Increased business process efficiencies	Smarter, data-based decisions	Integrated systems to ensure company-wide consistency and compliance
Reduced operational costs	Improved visibility into company spending	Reduced financial loss from fraud, noncompliant spending, or regulatory fines
Improved employee experience	More accurate and timely reporting	Increased tax efficiencies
Greater business agility	Increased visibility to fulfill duty of care and ensure employee safety	
Freeing up time of staff to focus on more strategic tasks		

Eighty-six percent of US executives in the survey say maintaining organizational agility is the only way to navigate uncertainty. At present, US executives are largely pleased with the ability of their current system to contribute to this kind of business agility, with 87% rating its performance as “excellent” or “very good” on this front (see Figure 4). They are also pleased with performance on delivering tax efficiencies and the ability to ensure consistency and compliance, but there is some room for improvement when it comes to freeing staff to focus on more strategic tasks. Intelligent technology that can help with checking charges against an organization’s policies and procedures, for example, can help make managing spending more efficient—not only for employees, but also those responsible for ensuring effective spending.

**Figure 4: US executives’ rating of the performance of their organizations’ T&E solutions in realizing desired business outcomes**  
(% of US executives responding “excellent” or “very good”)



## Conclusion

Ninety-four percent of US executives surveyed say the global pandemic will forever change how businesses operate. Ninety percent also agree that it has forced their organizations to completely rethink their approach to travel and expense management. A reassessment of current practices is indeed required to gain sure financial footing in this ever-changing business landscape. Focusing on the ability of an organization's expense management system to deliver visibility into spending, to support the processes and

policies that ensure that spending is aligned with company goals, and to enhance employee efficiency and productivity are three lenses through which to evaluate whether smarter spending is truly happening. Further benefits can accrue from the deployment of digital tools that advance these three pillars, enabling organizations to best position themselves and their employees for the road ahead.

Visit [SAP Concur](#) to learn how organizations can better control costs, drive compliance and gain better spend visibility during the pandemic.

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## Sources

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## About SAP Concur

SAP® Concur® is the world's leading brand for integrated travel, expense, and invoice management solutions, driven by a relentless pursuit to simplify and automate these everyday processes. The top-rated SAP Concur mobile app guides employees through every trip, charges are effortlessly populated into expense reports, and invoice approvals are automated.

By integrating near real-time data and using AI to audit 100% of transactions, businesses can see exactly what they're spending without worrying about blind spots in the budget. SAP Concur solutions eliminate yesterday's tedious tasks, make today's work easier, and help businesses run at their best every day. Learn more at [concur.com](https://concur.com) or the SAP Concur [blog](#).

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