

CFO Insight Series

# How to Steer Sustainability Performance with a Financial Agenda



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## EXECUTIVE OVERVIEW

Whether you're running a small company, midsize firm, or global conglomerate, sustainability has a strong foothold in business strategies.

Nearly two-thirds (60%) of finance organizations view environmental, social, and governance (ESG) initiatives as a critical or high priority with a clear competitive advantage.<sup>1</sup>

For most businesses, investments in ESG improvement are centered around five fundamental benefits, regardless of size:<sup>2</sup>

- **Reduced costs**
- **Increased productivity**
- **Higher profitability**
- **Avoidance of financial risks and penalties**
- **Enhanced company performance, sustainability transparency, and brand value**

“But when companies – especially small and midsize companies – emphasize sustainability throughout their operations, they can drive even higher-stake competitive advantages,” observes Katie Evans, Research Director for IDC’s Worldwide Small and Medium Businesses. “They include longer-term cost savings on energy, protection from inflationary pressures, and enhanced employee retention – all while protecting their brand image and complying with government mandates. This is particularly true when sustainability goals and best practices are cascaded across suppliers and vendors in every tier.”

It's no wonder that **companies that use software as a service are 1.67 times more likely to make direct ESG investments into their finance organizations.**<sup>3</sup> Midsize and large companies spent nearly US\$3 million on software for ESG management in 2022 alone.<sup>4</sup> And 46.6% of business leaders expect to increase their organization's sustainability-related spend over the next 2 years.<sup>5</sup>

A great starting point for CFOs and finance leaders looking to connect the dots between sustainability performance and financial growth is rethinking their management of corporate travel and expense (T&E). Whether it's helping employees pick the most sustainable travel option, reducing paper from the process, or supporting advanced reporting, intelligent and cloud-based T&E solution can help dramatically improve sustainability scores.

To learn best practices that can help finance organizations steer sustainability performance, we interviewed CFOs across SAP offices worldwide. SAP protects its financial position and improves sustainability performance by focusing on three core priorities.

➔ **Learn about the 3 core focus areas**



## CORE FOCUS #1

# Measure Performance with a Trusted, Flexible Foundation

Realizing a high level of sustainability performance involves a T&E program defined by clear policies, effective practices, meaningful investments, and informed choices. Most important, data must be digitally connected across the entire spending process to measure, refine, and evolve strategies – making sustainability a foundational component of your company's financial responsibilities and ongoing growth.

However, **31% of companies struggle with implementing the right programs and policies, despite having the desire and will to become sustainable businesses.**<sup>6</sup> And one of the most profound obstacles is the inability to track spend and access timely financial data to make crucial decisions.<sup>7</sup>

Your finance organization may already have reliable and efficient processes and controls for collecting information on sustainability outcomes and aligning them with existing compliance and regulatory requirements. Now, with proper data management and advanced analytics in place, you can deepen that influence dynamically – no matter how complex your company's regulatory measures are.

“Measuring financial and non-financial KPIs is critical for turning sustainability into a leading indicator into the overall health of the business,” shared Gina McNamara, Chief Financial Officer of the Asia-Pacific region and Japan, SAP. “Finance teams can transparently communicate how well the business performs by benchmarking, measuring, and managing T&E data with a comprehensive and flexible foundation of technology, processes, data, and talent.”

For example, business travelers – as well as the organization and company – can select a flight, transportation service, hotel, and meeting venue based on informed, data-driven insight into their choices' environmental impact and cost-effectiveness.

McNamara adds, “Ultimately, the data your team collects can fuel an intelligent methodology that makes the transition to green T&E easier and faster.”

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## 26% increase

in businesses assigning sustainability accountability, compared to last year.<sup>8</sup>

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CORE FOCUS #2

## Expand Your Focus from Efficiency Gains to Business Optimization

CFOs and heads of finance are in the middle ground when meeting sustainability goals and driving business growth. They understand the value of earning the trust of their customers, partners, suppliers, and employees through in-person meetings with meaningful conversations. Yet, their teams are keenly aware that those trips must be offset with more sustainable T&E options and new alternatives across spend categories.

And finance leaders are not the only ones on board with this line of thinking. **Nearly half (49%) of business leaders say their employees are highly active participants in sustainability efforts.**<sup>9</sup> For this reason, providing access to real-time sustainability information is vital – 48% of business travelers say information, such as visual indicators of the environmental impact, is very or extremely important.<sup>10</sup>

Renaud Heyd, Chief Financial Officer of the UK and Ireland regions at SAP believes sustainability that drives business growth is all about balancing growth and opportunity with business efficiency.

“Businesses cannot reduce their environmental impact and let their people travel worldwide when they want. Trade-offs and alternatives must be considered at all times,” states Heyd. “And that balance begins with adding approvals and guidelines that help guide when and how to travel to help ensure each trip is necessary and appropriate based on business needs.”





For example, in-app messaging and alerts can help business travelers make the most sustainable choices as they compare different options for flights, energy-efficient hotel accommodations, and eco-friendly rental cars. You can even help them offset their emissions and expenses by introducing various forms of green transportation, such as buses, e-scooters, and high-speed rail.

Even the digitalization of expense report submissions can have an outsized influence on sustainability performance and business growth. Replacing that paper with faster, more reliable electronic receipts allows the business to capture transaction details directly from suppliers and pay invoices and reimburse employees with greater speed, security, and accuracy.

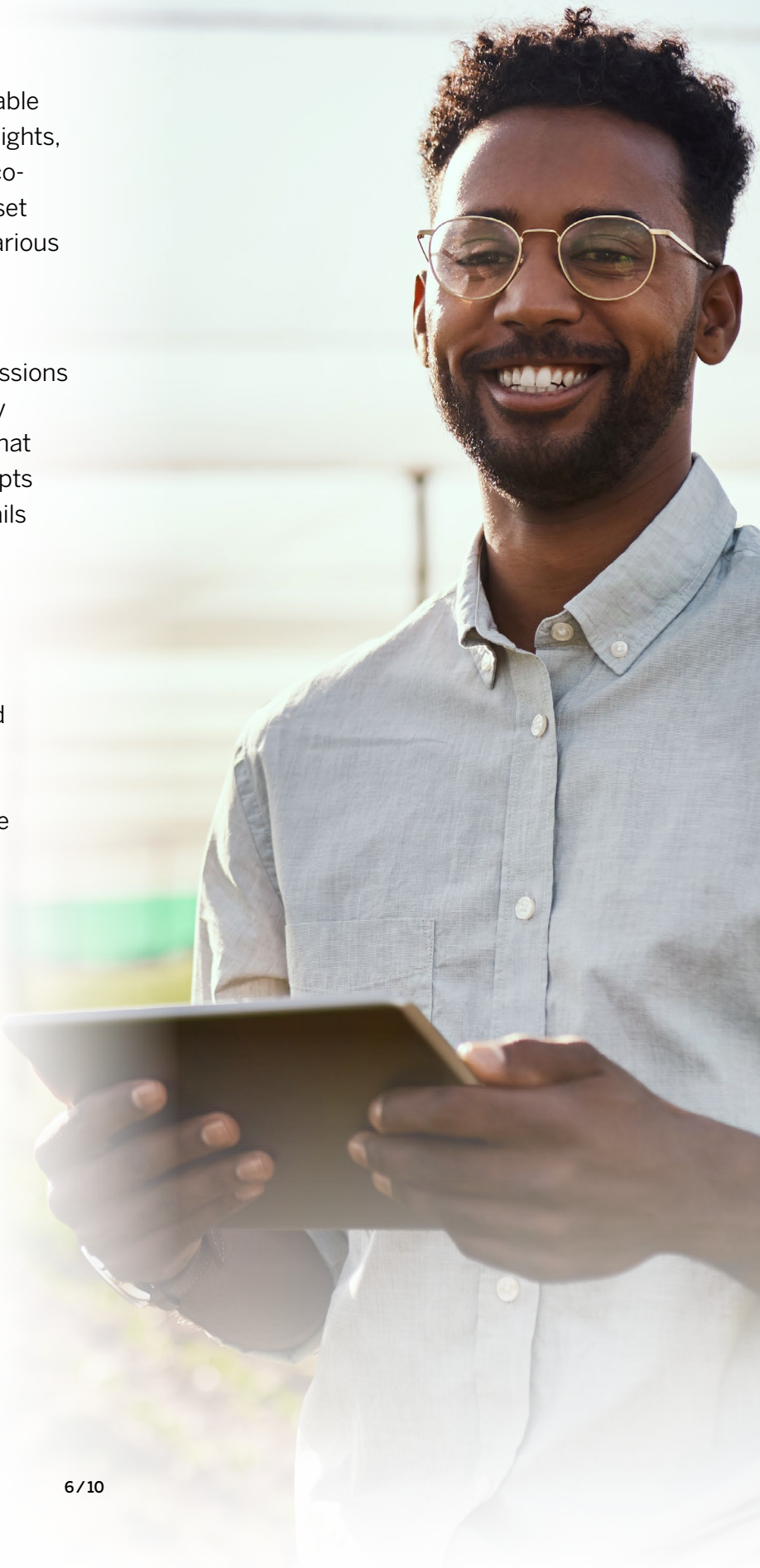
With these changes, sustainability can become a mindset that defines the business culture and how people view their business contributions. As a result, employees of all roles and skills will be ready, eager, and knowledgeable to make the best decisions for the business and the planet.

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**89%**

of business travelers from companies with fewer than 1,000 employees would decline a trip for safety, personal, or environmental reasons<sup>11</sup>

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## CORE FOCUS #3

# Find Value in Every Step of the Sustainability Journey

Amid the economic and market uncertainty in recent years, most companies have neglected green strategies in favor of short-term stability. But scaling back ESG-related funding has only led to incoherent sustainability strategies and difficulty proving the ROI of sustainable practices – all of which are getting in the way of business growth.

This circumstance is especially true as budgets tighten and scrutiny over spending increases. Your finance organization must advance its technologies and processes to preserve capital strategically enough to prioritize sustainable, cost-effective T&E choices.

However, Dr. Carl-Christian von Weyhe, Chief Financial Officer of the Middle and Eastern European region at SAP, forewarns that such a decision can lead to lost competitive edge that are likely unrecoverable. **“Finance leaders that consistently invest no matter the economic condition ultimately gain the biggest rewards down the line,”** he notes. “Yet, a wait-and-see approach to ESG advancement can force companies to leave behind significant growth opportunities when market conditions improve.”

The shortfalls can be significant. **Nearly two-thirds (61%) of finance leaders lack near-real time visibility into their employee spend data.**<sup>12</sup> Even more concerning, 53% of companies need help to effectively scale their existing T&E technology investments to meet changing demands, leading to significant negative consequences for themselves.<sup>13</sup> All these operational efficiencies can impede the ability to adapt to an ever-expanding number of payment methods, partners or vendors, and spend categories.

Growth opportunities such as new market entry, product innovation, growing consumer base, and competitive value can be captured when you invest in sustainability tools and capabilities consistently and measurably over the long term. “In return, your team can continuously evolve business partnerships and supplier networks that are eco-friendly and ESF-focused as business needs and market dynamics change,” suggests von Weyhe.

And as your company progresses, you can support a sustainability strategy that’s a pivotal factor in every decision weighing revenue growth opportunities and environmental impacts.

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**By reducing energy prices, sustainability can play a critical role in combating the impact of economic challenges, such as high inflation.**

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# Become a Sustainable Business with Near Real-Time Intelligence and Insight

Climate change, nature loss, resource depletion, and other environmental issues now sit directly in the path of business success. But these days, sustainability performance is more than navigating ecological obstacles and minimizing operational impacts. It's also about investing in the best interests of all people and our planet, as well as ongoing bottom- and top-line growth.

According to Brian Vance, Chief Operating Officer and Vice President of Market Assessment and Planning at SAP Concur:

“There are substantial mid- and long-term costs when not running a company **intelligently and sustainability** – especially given resource limitations. CFOs have to make decisions that add value to the brand and the environment in which the business operates.”

Finance teams can gain a distinct advantage in steering their business toward better sustainability performance while controlling operational and capital expenditures. The first step is establishing discipline around T&E management around fundamental capabilities:

- **Simplify confusing processes to gain moments of clarity**
- **Transform regulatory shifts into opportunities of certainty**
- **Make spending decisions with data-driven accuracy**
- **Face operational disruption with efficiency gains confidently**

As a result, every employee can make more sustainable choices while spending compliantly, minimizing costs, mitigating risk, and driving revenue growth.





## Learn More

If you are making – and are planning on keeping – your promise of sustainability, you don't have to do it alone. We are all in this together.

Learn how SAP Concur and our partners can support you in [building tangible sustainability in your business](#).

Ready for more CFO Insights?

- [“In Another Year of Uncertainty, CFOs Become Paragons of Business Resiliency”](#)
- [“How to Navigate Inflation and Other Signs of Economic Change”](#)

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- 4-5** IDC, ESG Spending Trends by Regional, Vertical, and Business Size, Doc # US50557823, April 2023.

- 6** [“The Fast Way for Your Business to Become Sustainable,”](#) SAP Concur, 2022.
- 8** [“Does Your Business Have a Talent for Sustainability?”,](#) SAP Insights, 2022.
- 9** [“Closing The Green Gap,”](#) Oxford Economics and SAP, 2022.
- 10** [“Global Business Traveler Report,”](#) SAP Concur, 2022.
- 11** [“Global Small and Medium Sized Businesses Report,”](#) Wakefield Research, sponsored by SAP Concur, 2022.

## ABOUT SAP CONCUR

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

Driven by a relentless pursuit to simplify and automate everyday processes, the solutions guide employees through business trips, move authorized charges directly into expense reports, and automate invoice approvals. By integrating near real-time data and using AI to analyze transactions, businesses can see what they're spending, improve compliance, and avoid possible blind spots in the budget.

SAP Concur is imagining a world where travel and expenses practically manage themselves, helping businesses run at their best every day.

Learn more at [concur.com](https://concur.com) or at the SAP Concur [blog](#)

