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SAP Concur Solutions Outcomes Whitepaper

The New Normal: Setting Organization Expectations Powered by Data

Increasing Efficiency and Productivity for Financial Operations

THE BEST RUN **SAP**

Accuracy and risk mitigation have long been the primary focus of finance operations, but it's time to expand that horizon. Finance leaders can no longer afford to ignore inefficiencies around invoices and employee discretionary spend that are draining productivity in their organizations. Simply reducing a step here or automating a process there won't deliver the far-reaching optimization that organizations need to succeed today. It's no longer an issue that finance leaders can table until later. **The time for change is now.**

The New Reality

The reality is this: the way organizations manage employee discretionary spend – including invoices, travel, and expenses – will affect their cash position, credit rating, supplier relationships, as well as the accuracy of financial reports. It's a big job that makes a big impact on the organization's success.

While finding a way to do more with less has always been top-of-mind, the events of 2020 have brought this need even more into focus. A pandemic and rapid-fire, stay-at-home orders sent organizations scrambling to keep the operation going, suppliers paid, and customers, students, and patients served with a newly remote workforce.

It quickly became clear that one manual process or a seemingly small inefficiency could have a significant impact on the organization's ability to pivot and adapt.

"I think, in the past, organizations looked at the very tactical elements of T&E or AP processing. They didn't realize the downstream impact it has on their organization if there's an inefficiency, or if there is rework," said Marchelle Klippenstein, Vice President, Customer Improvement for the SAP Concur Organization.

The pandemic changed that view – particularly for organizations that didn't have a way to get invoices approved and processed without access to an office, a mail room, and a copier. For some, that lack of agility brought operations to a standstill.

"There is a reason why there is an invoice. There is a reason expense reports exist, and why different data elements and tax fields are needed," Klippenstein said. "All of those pieces and processes are critical components of how organizations operate."

Both AP and T&E have to continually optimize – eliminating inefficient processes, time zappers, and "we've always done it that way" procedures, so they will not only operate in a more streamlined way, but, fully contribute the desired business outcomes to the organization it serves.

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Start by Examining What You're Doing Today

One of the biggest ways to improve efficiency is to reduce administrative burdens on your staff.

"Look at your data to see how your employees are spending their time. Are they spending the majority of their day auditing expense reports or tracking down receipts, or answering employee questions about how to process a credit card transaction?" said Jameson Hughes, Client Sales Executive for the SAP Concur Organization. "Those are actual minutes that you can give back to them to refocus on different tasks that have a bigger impact on your company's bottom line."

At the same time, by focusing your staff's time on higher-level tasks, you improve their day-to-day work experience, which elevates job satisfaction and retention.

"Employees are the greatest asset for every organization, and typically the most expensive to replace," Klippenstein said. "Ensuring job efficiency and satisfaction through access to the right applications at the right time can have limitless positive impacts on your employees' experience, keeping them happy, productive, and focused on value-added responsibilities."

To get an idea of whether your expense and invoice programs have room for improvement, compare your performance to our **best practice benchmarks of twenty-two days to submit, two days to approve and three days to pay**.

By automating and creating efficiencies in your processes, you should be able to optimize your invoice and expense programs.

In addition to identifying where your program performance differs, dig deep to uncover why the inefficiencies are happening. Armed with that data, you can address the real issues and achieve the desired outcome more quickly.

"If your processor has to audit 30,000 expense reports a year for accuracy and adherence to policy, those reports could be audited through artificial intelligence or outside expert auditors instead," Hughes said. "That's at least 30,000 minutes – probably more – that could be put back in the process queue for the year, and you'll increase the quality of your audit."
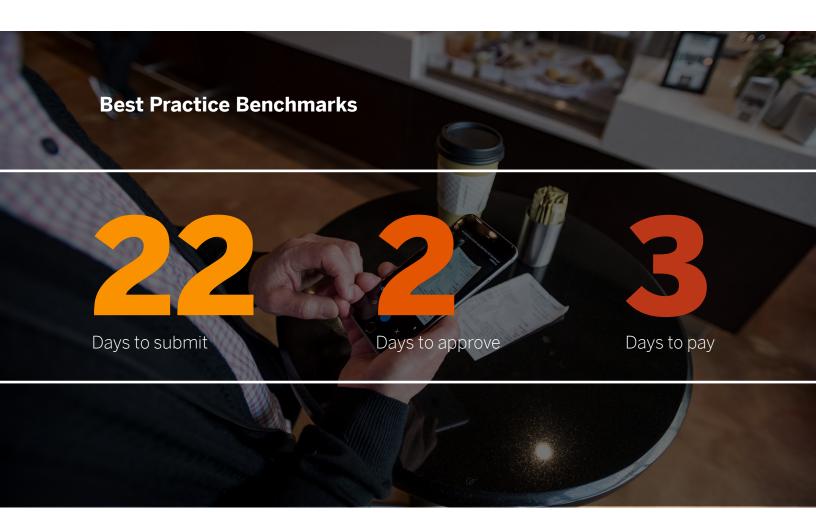
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If your team is taking 200 calls a week from employees on how to process certain expense reports, and 100 of those typically involve the same one or two questions, maybe it's time for a retraining initiative; or to develop new online tutorials on the subjects; or, consider outsourcing the help desk function.

Determine where the issues are, and how much employee time you're losing to these tasks. Once you have that data, you can begin looking at a comprehensive solution to stop the bleeding – and perform a cost analysis to justify the change.

Efficiency gains equal employee experience improvement. Employee experience improvements equal time savings and time savings equal money. All positive outcomes for your organization.

Best Practice Benchmarks

22
Days to submit

2
Days to approve

3
Days to pay

Broaden Your View on Financial Productivity Beyond AP and T&E

There was a time when organizations operated in departmental siloes, each using different software and processes to get their unique jobs done. While some organizations still function that way, it is no longer the norm.

"There's more connectivity in business today than ever before, and data brings that connection to the table," Klippenstein said. "Just thinking about finance, tax, human resources, and security – all of these different cross-functional roles use a similar data set to drive their decisions. **The data contributes to the success of everyone, just in different contexts** because of their core responsibilities and the outcomes they are responsible for."

So, if one department wants to make a process change, bring in a new system for a specific reason, or make some system adjustments, it can't do so in a vacuum. Since operations are so interconnected, you must look at the upstream and downstream processes impacted by the change. Inefficiencies emerge when the system touchpoints aren't considered.

At the same time, you must consider the impact of that change on the end users. If finance alters a process that saves its staff five minutes per expense report but adds ten minutes to the time every employee spends submitting that report, the organization loses. If a new invoice approval policy speeds processing time on the back-end, but is so cumbersome for the approver that invoices are submitted too late for early payment discounts, that small productivity gain in processing negatively impacts the business' overall profitability. There is a delicate balance to be achieved between financial gain, adequate controls, and employee experience.

"It's no longer just a T&E process, or just an invoice process," Klippenstein said. "It's part of a broader collective driving outcomes."

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Mindset Shift: Move from a Cost Center to Profit Center

In years past, AP and T&E were considered overhead – the departments that pay the organization's bills and expense reports, then log those payments to the appropriate budget. However, nothing could be further from the truth.

Effective employee discretionary spend management plays a vital role in securing an organization's fiscal stability, ensuring the financial resources spent contribute to profitability – and are not wasted on finance charges, missed discount opportunities, and erroneous bills. With the right data, finance leaders can also become company advocates, reducing expenditures by negotiating delivery terms and discounted pricing with vendors.

All of that is nearly impossible to do if your AP and T&E areas are saddled with manual, paper-based processes.

According to Billentis Market Report for e-invoicing, **Seventy percent of all invoice processing globally is still paper-based.** [1] Those cumbersome processes not only make the employee spend management inefficient, but also hamper the AP department's ability to add strategic value to the organization.

By implementing cloud-based invoice management software, organizations can **decrease the time spent on tasks related to invoice management by around thirty-four percent.** [2] Facilitating mobile electronic approvals **increase line-of-business staff productivity by eleven percent**. [3] At the same time, these tools enable the organization to **pay vendors fifty-one percent faster, and reduce late vendor payments by sixty-seven percent** [4] – all while gaining access to the comprehensive data needed to negotiate terms and pricing with suppliers.

EFFICIENCY BENEFITS OF CLOUD-BASED INVOICE MANAGEMENT SOFTWARE

11%
increase in staff productivity. [3]

34%
decrease in time spent on invoice management. [2]

So, it's not just about making one functional area more efficient so it can accomplish more in less time. It's about positioning AP to fully contribute to the overall success of the organization.

Evaluate Your System Configurations to Optimize Efficiency and Productivity

If you've been on your current travel, expense, and invoice solution for a while, take some time to look at your current system set up. A few adjustments could make a big difference.

"When we consult with accounts that have used the same [SAP] Concur system for a number of years, it's not unusual to see 'configuration bloat' – contradictory rules or guidelines in the tool, set up by multiple administrators throughout the years," Hughes said. "Those configurations make it much more difficult than it needs to be to process expense transactions or perform other parts of their job."

It's also important to check the audit rules to ensure they do as much as possible to help end users correctly categorize their invoices and expenses. **Considering the fact that a full twenty-four percent of exceptions stem from the mis-categorization of expense types**[5], stopping this issue at the source could made a significant difference in how your AP staff spends their time.

Also review your invoice and expense report configurations to ensure they automatically disallow submissions if the request is missing paperwork, receipts, or specific data that would cause that submission to be bounced back. The more you can set your system up to reduce the "back and forth" of incomplete and non-compliant submissions, the more efficient your back-office will become.

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Best Practices for Easing the Pain

After assessing your current performance and adjusting your system configurations to eliminate bloat, consider implementing any of these best practices you don't already have in place.

INTEGRATE CREDIT CARD AND PURCHASING CARD FEEDS

The more touches you eliminate, the more efficient your operation will be. Integrate your credit card and purchasing card feeds so that data automatically flows into your spend management system. This integration will not only save time, but ensure your financial data is accurate and up-to-date for improved financial management.

AUTOMATE RECEIPT AND INVOICE CAPTURE AND CATEGORIZATION

The more you automate, the more you reduce the opportunity for error and exceptions – while improving the experience for users, managers, and finance staff alike. Adding cloud-based, mobile solutions that simplify expense and invoice submissions and approvals improve visibility and increase productivity throughout the organization.

AUTOMATE PAYMENTS AND REIMBURSEMENTS TO SUPPLIERS AND EMPLOYEES

Automated, electronic payments save paper, time, and get your suppliers and employees paid more quickly. Your organization reduces the chance for late fees, maximizes the opportunity for early-pay discounts, and improves vendor relationships and employee satisfaction. Everyone wins.

MONITOR, TWEAK, AND IMPROVE

Finally, monitor your progress for continual improvement as you go. Establish your own KPIs, based on your goals, which could include:

- **Time on task**
- **Number of touches**
- **Number of exceptions**
- **Exceptions by exception type**
- **Time to submit**
- **Time to approve**
- **Time to pay**
- **Days payable outstanding**

Compare where you were to where you are and want to be. Listen to staff and user feedback. Then, continue to improve from there.

"Efficiency is not an end game – there's no finish line you reach and then you're done," Klippenstein said. "It's a continuum; as soon as you plateau, you continue to level up by doing something different – a process is going to change, or you're going to bring in a new technology to support the next improvement."

More Efficient Employee Spend Management, More Successful Organization

In the past, AP was regarded as a functional area that paid the bills, charged with maintaining the status quo. But, organizations are beginning to recognize just how much impact more effective employee spend management has on their overall success.

"Organizations are starting to realize the business impact and financial impact that can be made by modifying and automating their employee spend management processes," Hughes said.

It's also a bellwether for what's going on in the rest of the organization.

"If you've got inefficiencies in T&E and AP, it's very likely that you've got similar issues and inefficiencies in other part of your business," Hughes said. "So, if you want to overhaul financial performance and internal operations, T&E is a great place to measure how you're doing programmatically, and then take those insights and apply them to other parts of your business."

Organizations that take steps to actively improve invoice and employee spend processes will reduce costs, decrease errors, and speed throughput. This will, in turn, increase agility and provide the visibility to better govern how each dollar is spent.

That's a strategic advantage.

For more information on how SAP® Concur ®solutions can help improve efficiency, productivity, and streamline your employee spend processes **visit us online** or **contact your account team**.

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 highly-rated SAP Concur mobile app guides employees through business trips, charges are directly populated into expense reports, and invoice approvals are automated. By integrating near real-time data and using AI to analyze transactions, businesses can see what they're spending and avoid possible blind spots in the budget. SAP Concur solutions help eliminate yesterday's tedious tasks, make today's work easier, and support businesses to run at their best. Learn more at **concur.com** or the SAP Concur **blog**.

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SOURCES:

[1] Payments Journal

[2,3,4]IDC Research, The Business Value of Concur Invoice, 2019

[5] SAP Concur Internal Data, 2019

Learn more at concur.com

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