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Authors:
Robert P. Mahowald
Matthew Marden

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Business Value Highlights

505%
five-year ROI

5-month
payback period

\$15,418
average annual benefits per
1,000 invoices

34%
decrease in the time spent
on tasks related to invoice
management

Average time to pay vendors
accelerated by

51%

45%
decrease in the number of
questions from vendors to the
accounts payable department

11%
increase in LOB staff
productivity resulting from
mobile enablement

The Business Value of Concur Invoice

Executive Summary

Cloud software is redefining how businesses engage with employees, customers, and suppliers. The ability to deploy business-ready solutions that improve back-office efficiency and reduce time-to-cash is making businesses of all sizes far more competitive. In fact, companies risk being left behind if they do not modernize their business processes with cloud software. Invoice management software is a perfect example as purpose-built hosted applications help reduce accounts receivable turnover, improve company cash flow, and provide a more accurate picture of a company's finances.

This white paper analyzes the costs and benefits associated with Concur Invoice based on in-depth interviews with eight organizations that use Concur Invoice to manage and process vendor invoices. IDC's study has revealed that since implementing Concur Invoice, the surveyed organizations have made their invoice management processes more efficient and effective. With Concur Invoice, these organizations have automated and simplified accounts payable (AP) workflows, enhanced the user experience, encouraged mobility in the AP process, and improved compliance levels. IDC projects that for a five-year period, these organizations will achieve benefits worth a discounted average of \$2.75 million (\$54,647 per 1,000 invoices) and a return on investment (ROI) of 505%. Highlights of the benefits realized by these organizations include:

- » Attaining efficiencies in AP workflows, including spending 68% less time processing invoices
- » Automating the invoice management process to significantly improve compliance
 - 99% of employees using Concur Invoice are complying with their companies' procurement policies, which improved 14% over the five years
 - The number of delayed payments to vendors has decreased by 67%
- » Enhancing the user experience in handling invoices by mobilizing the invoice management process (The surveyed organizations increased their productivity by an average of 11% as a result of using Concur Invoice on their mobile devices)
- » Reducing IT staff time required to manage invoice management solutions by 29%

Situation Overview

Driving Business Agility

Modern organizations are looking at a variety of cloud-based technology solutions to lower their capital expense profile, increase employee productivity, lower costs for managing operational functions, and drive new capabilities that have a direct impact on business performance. Similar to an ecommerce firm using cloud-based compute capacity to add capacity to manage holiday orders, a project team using applications to collaborate across geographies, or mobile systems that link field-based customer payment collection directly to accounting systems, cloud technology has leveled the competitive landscape. Many smaller organizations can now effectively compete with larger enterprises without having to build, deploy, and maintain costly on premise technology systems. Company executives across the business can test-drive a wide variety of software packages and find the package that fits their specific project need.

IDC views cloud technology as a critical business priority rather than just another organizational function because the business environment is much more competitive than it was even five years ago. Furthermore, cloud-based technology has altered the charters for senior executive roles, particularly the chief financial officer (CFO).

Today's Chief Financial Officer

Today's CFO faces numerous challenges. Investors' expectations (and CEOs' demands) have never been higher. Managing a diverse workforce has never been more challenging because the cost of inefficient financial operations, along with employee turnover and lost productivity, is greater than ever in this hyper-competitive environment that rewards sustained agility. These challenges are added to the historical CFO mandates around controlling operational costs and reporting out financial results that are in line with an ever-growing set of industry compliance regulations.

With these issues in mind, forward-thinking CFOs are already engaging with IT solutions that are:

- » **Business ready:** These solutions can scale to accommodate organizations of any size and link into existing accounting and ERP systems. Oftentimes, these are secure cloud-based solutions that fit within the CIO's IT policy framework and are cost-effective and easy to deploy across the organization.
- » **Capable of providing greater business performance visibility and driving smarter decision making:** Purpose-built solutions can be more effective than manual processes when it comes to quick automation and deeper reporting on a wider set of business metrics. What used to take days or weeks can now take hours. In addition, when

¹ For more details, see www.idc.com/prodserv/3rd-platform.

utilizing a predictive solution that offers more than automation, executives are armed with the insights to identify business opportunities that never existed before.

- » **User-friendly:** As more financial performance rests with reducing accounts receivable turnover and achieving greater efficiency in cash flow management, businesses need to ensure that finance and accounting staff, as well as their employees, are able to quickly and accurately execute a modern, mobile invoicing process. Offering employees modern cloud-based solutions they can use anywhere and anytime leads to higher financial performance and user satisfaction, which are key to maintaining an up-to-date view on an organization's fiscal health.

Invoice Management Overview

Invoice management is directly linked to an organization's fiscal health because it directly involves collecting money owed to the company by its debtors. Many times, organizations that start with a manual invoicing process continue to support this method—even as company size and complexity grow—often to the point where workarounds, such as using Excel templates for invoices and physical reconciliation, are no longer efficient. Further problems arise when organizations start to reconcile invoices from remote offices in other countries or regions or require general ledger reconciliation that can feed into compliance documentation.

Early invoice management systems were focused on AP automation, essentially back-office processes designed to eliminate paper — applying matching rules with OCR and supporting the accounts payable department. The user experience was not important, and engaging the business was not part of the plan. More modern systems began to engage business leaders and rank-and-file users with the assumption that there was significant non-PO spend not under management, and improving the process cannot be accomplished with a shared services center disconnected from the business.

Manual intervention has been absolutely necessary to look at out-of-policy exceptions and to determine whether the invoice is “okay to pay.” To get that engagement, modern invoice management systems need to have a clear focus on the interface and employee engagement with the system. For the large amount of spend that is not preauthorized is not based on a contract, and requires some business input to be resolved; the best systems engage employees and spend managers in the process of AP automation. The results are better visibility and insight into non-PO spend, P-Card spend, and corporate card spend and the ability to “meet employees where they are” — at the level of spend under management, which is comfortable to the company based on its risk profile and preference. The best systems offer that level of flexibility and capture that level of detail and can do so in any industry or company size segment.

The Business Value of Concur Invoice

Study Demographics

IDC interviewed eight customers about their use of Concur Invoice. The organizations interviewed vary in size and represent various industries — education, hospitality, insurance, legal, nonprofit, and technology. Four of the surveyed organizations are based in the United States, and the remaining four are based in Hong Kong, Australia, the United Kingdom, and Canada. By size, the interviewed organizations ranged from a small academic institution with 45 employees to a large, multinational firm with 230,000 employees. The surveyed organizations had an average of 31,459 employees, and the median number of employees for these organizations was 290. The number of Concur Invoice users ranged from 5 to 4,000, with an average of 782 users. Study participants process an average of 50,269 invoices with Concur and have been using Concur Invoice for two and a half years on average. Further details regarding the firmographics of the surveyed organizations are highlighted in Table 1.

TABLE 1

Firmographics of Interviewed Organizations			
Firmographics	Average	Median	Range
Number of employees	31,459	290	45–230,000
Annual revenue	\$28.76B	\$2.75B	\$18.3M–157B
Number of IT staff	1,045	19	3–8,000
Number of Concur Invoice users	782	53	5–4,000
Number of invoices processed per year with Concur Invoice	50,269	26,000	11,700–195,000
Deployed Concur Invoice since (months)	30	15	7–89
Regions	Australia, Asia, Europe, and North America		
Industries	Education, hospitality, insurance, legal, nonprofit, and technology		

Source: IDC, 2016

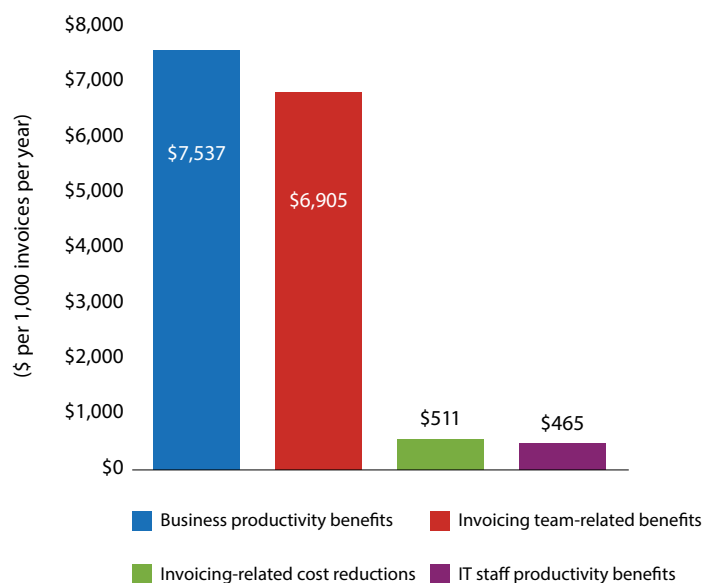
Financial Benefit Analysis

The surveyed organizations implemented Concur Invoice because they needed an efficient, automated, and faster way to submit, review, and process invoices. The organizations described making their invoice management processes more effective and efficient with Concur, thereby achieving substantial value in their investment. IDC projects that in-total, the surveyed organizations will achieve benefits equivalent to \$775,041 (\$15,418 per 1,000 invoices) per year over a five-year period in the following two categories:

- » **Business productivity benefits:** The surveyed organizations have benefited from an increase in user productivity, staff efficiencies for teams involved in processing invoices, and cost reductions stemming from enhanced compliance. IDC projects that on average, annual business benefits will equate to \$751,682 per organization or \$14,953 for every 1,000 invoices processed. The first three columns in Figure 1 highlight the categories of business benefits that are attained by the surveyed organizations.
- » **IT staff productivity benefits:** Concur Invoice has brought efficiencies to IT departments at the surveyed organizations by reducing the time required to manage invoice management technology. On average, IT staff productivity gains are equivalent to \$23,359 per organization or \$465 for every 1,000 invoices processed.

FIGURE 1

Average Annual Benefits per 1,000 Invoices



Source: IDC, 2016

Business Benefits of Concur Invoice

Organizations using Concur Invoice reported achieving substantial business value by streamlining their invoice management processes. Based on the interviews with these organizations, IDC projects that they will achieve annual business benefits worth \$751,682 per organization or \$14,953 for every 1,000 invoices processed by:

- » **Improving business user productivity:** Thanks to automation, ease of use, and availability on mobile devices, various groups of employees are saving substantial time by using Concur Invoice to submit and review invoices. On average, these productivity benefits are equivalent to \$378,887 per organization or \$7,537 for every 1,000 invoices processed.
- » **Requiring less time to manage and process invoices:** Concur Invoice enables staff responsible for handling and processing invoices to be more efficient. The benefit includes a decline in the time spent on invoice-related data entry, processing vendor payments, reviewing invoices, and conducting audits. In total, benefits attained by staff involved in the invoice management cycle are equivalent to \$347,100 per organization or \$6,905 for every 1,000 invoices processed.
- » **Reducing costs associated with the processing of invoices:** By deploying Concur Invoice, the surveyed organizations have reduced costs associated with the AP process by enhancing compliance, avoiding penalties for late payments, and attaining discounts from vendors by making early payments. These benefits are equivalent to \$25,695 per organization or \$511 for every 1,000 invoices processed.

Enhancing the End-User Experience

Concur Invoice has had a significant impact on the productivity of line-of-business employees who are involved in some stage of the invoice management cycle. The most substantial impact of Concur Invoice has been to give these individuals the ability to submit, review, approve, and process invoices on mobile devices:

- » **Enabling mobility has improved the productivity and enhanced the experience for managers who are responsible for approving invoices:** *“It gives the approvers better visibility because they can see what’s coming through as they get order notifications and reminders. It definitely saves time on approvals. I would say their productivity from using Concur on mobile devices has increased by 10 to 20%.”*
- » **Employees can submit and monitor invoices while on the road:** *“Most of our employees travel a lot, so it’s easier for them to submit all of their invoices and expense*

claims through the Concur mobile app. Previously, they used to send all of the invoices through emails, and they had to repeatedly check on the status of the invoice. Now, they can just log in to Concur and see what the status of the invoice is and whether it's pending approval or has been paid."

» **Employee satisfaction has improved:** *"It has definitely saved employees time because otherwise they would be sitting in a taxi doing nothing. They used to have to submit invoices when they were back in the office and are now more productive with their time. They are able to have more visibility, and visibility is the first step in managing costs. Also, staff morale has gone up. We can retain people because we have better systems and processes."*

In total, mobile enablement of the invoice management process has led to an 11% increase in productivity, resulting in 214 hours of additional productive employee time every year for every 1,000 invoices processed. Further details highlighting the benefits of mobile enablement are provided in Table 2.

TABLE 2

Impact of Mobility on Staff Productivity	
Key Metrics Analyzed	
Number of users impacted	53
Productivity increase	11%
Hours gained per 1,000 invoices per year	214
FTE impact	5.7
Annual benefits per organization	\$373,935
Annual benefits per 1,000 invoices	\$7,439

Source: IDC, 2016

Reducing the Time Required to Process Invoices

Through automation, ease of use, and lowering the risk of error, Concur Invoice has enabled substantial time savings for staff responsible for supporting the invoice management cycle. Staff within the surveyed organizations are spending an average of 34% less time on tasks related to the invoice management cycle such as invoice-related data entry, managing

vendor payments, performing audits, and invoice processing. Further details highlighting the impact of Concur Invoice on invoice-related tasks are provided in Table 3.

TABLE 3

Impact of Concur Invoice on Invoice-Related Tasks					
Key Metrics Analyzed	Before Concur Invoice (Hours per 1,000 Invoices per Year)	With Concur Invoice (Hours per 1,000 Invoices per Year)	Difference	Change (%)	Value per 1,000 Invoices per Year (\$)
Invoice-related data entry	43	30	13	30	441
Managing vendor payments	289	185	104	36	3,602
Invoice processing	101	32	69	68	2,397
Invoice audit	150	136	14	9	465
Total impact	582	384	194	34	6,905

Source: IDC, 2016

The efficiencies in conducting day-to-day invoice management-related tasks have reduced the time required to process an invoice. The total processing time per invoice has dropped by 53%, and staff time required to process one invoice has decreased by 64%. Table 4 highlights the impact of Concur Invoice on the efficiency of invoice processing.

TABLE 4

Impact of Concur Invoice on the Efficiency of Invoice Processing				
Key Metrics Analyzed	Before Concur Invoice	With Concur Invoice	Difference	Change (%)
Total processing time per invoice (days)	8	4	4	53
Staff time required per invoice processed (minutes)	12	4	8	64

Source: IDC, 2016

The surveyed organizations have achieved time savings because Concur Invoice has:

» **Increased accountant productivity:** "Concur has improved our accounting

organization's productivity during the month-end period because it enables thousands of accountants across the globe to analyze their monthly spend and enables greater accuracy in our accruals."

- » **Empowered the business user to complete formalities before submitting invoices:** *"The person who is obtaining the service is now responsible for submitting the invoice into Concur, so finance can process the payment once he or she ensures the charge is accurate. Finance then confirms that the invoice is accurate and follows company policy before authorizing the payment."*
- » **Reduced the number of queries from vendors to the AP department:** *"We've seen calls from vendors drop. This has created more value-added time for our customer service staff to take on more jobs — probably a 50% drop in the number of questions coming in and a 75% drop in the time spent compared with looking for the physical paperwork."*
- » **Streamlined the approval process:** *"We had a problem because we had a manual authorization process and had to send invoices to the CFO for authorization. If there was any doubt, we had to go back to the supplier and then correct it and go through the process again. Now, the whole thing is in one place, so we just need to get the invoice into Concur, and it will go through the appropriate authorization levels."*

Reducing Costs Associated with Invoice Processing by Improving Compliance

The surveyed organizations have reduced costs that they previously incurred because of lack of compliance and late payments to vendors. Since deploying Concur Invoice, the surveyed organizations have been able to avoid penalties and interest fees on late payments. Vendors are receiving payments 51% faster, and the number of delayed payments have been reduced by 67%. In addition, with Concur Invoice automating the invoice management process, these organizations have been able to minimize the risk of human error and have facilitated greater compliance of company policies. On average, the organizations have witnessed a 32% increase in the percentage of employees following their procurement policies (see Table 5). As one organization highlighted:

"There definitely is a change since implementing Concur Invoice. From a fraud standpoint, we don't have to rely on a squiggled signature on a piece of paper. This way, we know that the right person is approving the invoice. Concur has enabled 100% compliance because it ensures that the right person is providing the signature for approvals."

TABLE 5

Impact of Concur Invoice on Compliance and Time Required to Pay Vendors

Key Metrics Analyzed	Before Concur Invoice	With Concur Invoice	Change (%)
Percentage of employees following policies regarding external spending on vendors	75	99	32
Average time to pay vendors (days)	12	6	51
Number of delayed payments per year	8	3	67

Source: IDC, 2016

The surveyed organizations attributed the increase in compliance to the following factors:

- » **Improving the accuracy of transactions by automating the invoice management process:** *“The approval process has been tightened, and we now have 100% compliance. Fraud has been reduced. In addition, it has become easier to bring new vendors on board since we can input the information electronically. This ensures that we’re paying the right vendors.”*
- » **Reducing coding errors:** *“Before Concur, we had a 10% general ledger coding error rate, and that results in people having to do journal entries after the transaction to correct the error. We’ve reduced these errors by over 90% because we’re not relying on humans to know and remember all the codes. With Concur Invoice, they automatically populate.”*
- » **Facilitating timely payment to vendors:** *“Concur Invoice has helped us with compliance because we now pay vendors on time and based on their payment terms. With Concur, managers know that there are certain bills that need to be paid right away and can prioritize when it comes to approval.”*

Fewer errors associated with the invoice management process and timely payment to vendors have reduced the number of questions from vendors to the AP department (see Table 6).

TABLE 6

Optimizing the Vendor Payment Process	
	Improvement (%)
Reduction in the number of questions from vendors to the AP department	45
Reduction in time responding to questions from vendors	55

Source: IDC, 2016

IT Staff Productivity Benefits of Concur Invoice

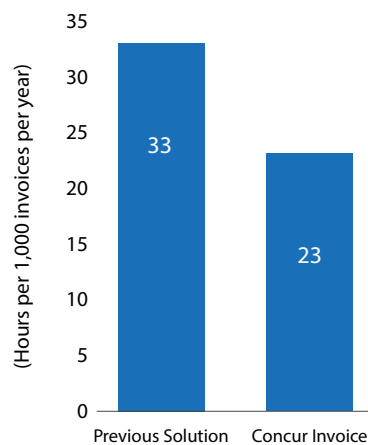
Apart from the business benefits attained by the surveyed organizations, Concur Invoice has had an impact on the IT staff time required to administer invoice management technology. Moving to a cloud-based invoice management solution has resulted in significant time savings for the IT departments of the surveyed organizations. For example, one organization noted how it no longer requires IT staff to administer its invoice management solution:

“We don’t involve the IT staff in the Concur process. After we implemented Concur, we don’t need any IT support. It’s very user-friendly, and it’s an online tool, so there’s no need for IT support.”

Compared with their previous invoice management solutions, organizations require 29% less IT staff time to administer Concur Invoice (see Figure 2).

FIGURE 2

IT Staff Time Required to Administer Concur Invoice



Source: IDC, 2016

ROI Analysis

IDC uses a three-step methodology for conducting ROI analysis:

- » **Gather quantitative benefit information during the interviews using a before-and-after assessment.** In this study, the benefits analyzed are centered on the increase in user productivity, efficiencies gained in the AP process, value of enabling greater compliance, and IT staff productivity.
- » **Create a complete investment (five-year total cost analysis) profile based on the interviews.** Investments go beyond just the solution's hardware and software. IT departments spent staff time installing and configuring the new solution, removing old equipment and/or software, and then maintaining the new solution. Ancillary costs directly related to the solution, such as user input to planning; outsourced installation, configuration, or maintenance; and IT staff or user training, are also included in the analysis.
- » **Calculate the ROI and payback period.** IDC conducts a depreciated cash flow analysis of the benefits and investments over a five-year period.

Because the full benefits of the solution are not available during the deployment period, IDC prorates the benefits on a monthly basis and subtracts the appropriate amount for the deployment time from the first-year savings.

IDC uses a discounted cash flow methodology to calculate the ROI and payback period. ROI is the ratio of the net present value (NPV) of the net benefits and the discounted investment. Payback period is the point at which cumulative benefits equal the initial investment. IDC uses a standard 12% discount factor – which allows for risk and the missed opportunity cost that could have been realized using that capital.

IDC's five-year ROI analysis shows that the organizations surveyed in this study will spend \$454,187 deploying and maintaining Concur over five years and can expect to achieve \$2.75 million in benefits for an NPV of \$2.29 million. This would result in a five-year ROI of 505% and a payback period of five months (see Table 7).

TABLE 7

Five-Year ROI Analysis		
Five-Year ROI Analysis	Average per Organization	Average per 1,000 Invoices
Benefit (discounted)	\$2,747,064	\$54,647
Investment (discounted)	\$454,187	\$9,035
Net present value (NPV)	\$2,292,877	\$45,612
Return on investment (ROI)	505%	505%
Payback period	5 months	5 months
Discount factor	12%	12%

Source: IDC, 2016

Challenges/Opportunities

During any market transformation, there will be clear challenges and opportunities. For Concur, challenges could come from point product start-up software providers that can offer simple invoice forms and basic automation. These application vendors, often offering consumerized user experiences, can drive simple functions and constant updates that may seem to be the same as what Concur offers.

Other challenges could come from maintaining an organizational mindset that paper- or Excel-based invoice management is “good enough,” even as finance staff are tasked with spending more time reconciling a larger pool of invoices against the general ledger. That said, Concur offers an end-to-end ecosystem of first-party and third-party capabilities an organization can engage with as it grows.

Concur offers seamless integration into cloud-based accounting and existing ERP solutions in the client environment. Concur has developed a set of predictive capabilities that can be utilized on a cost-effective basis to proactively manage a workforce-wide portfolio that includes invoicing and expense-related functions, such as expense reporting.

Conclusion

Automating invoicing not only helps businesses gain efficiency and productivity, but also provides big-picture data visibility and increased employee satisfaction for more effective

operations and a better bottom line. For CFOs, the ability to gain insight into accurate accruals and spending fits with the modern mandate to manage an agile, modern, and cloud-based back office.

Concur Invoice helps businesses avoid costly reconciliation and delays in financial reporting, in addition to providing them insight into how employees are spending money, so they can more accurately forecast and manage cash flow. Being proactive to get an automated accounts payable solution in place helps financial leaders get an accurate view of the company's fiscal picture to help inform better business decisions.

In total, Concur empowers organizations to improve the invoice management process by delivering intuitive end-user experiences, enabling mobility, enhancing compliance, increasing productivity of business users and employees within the AP department, and decreasing reliance on IT staff.

IDC Global Headquarters

5 Speen Street
Framingham, MA 01701
USA
508.872.8200
Twitter: @IDC
idc-insights-community.com
www.idc.com

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