

SAP Concur/AMI White Paper

How Finance Leaders Save Money and Drive Growth with Automated Invoicing

Learn how small and medium-sized businesses save money and reduce processing with automated invoice management



◀◀ Why Read This Guide?

A quick note to business leaders

Invoice management is harder than ever. Your employees are becoming more mobile. You're working with more vendors. And you've got endless invoices to track and manage. For you, that all adds up to more hours, more effort, more expense, and more pain.

Our team at SAP Concur was curious about how your peers are working through these challenges, so we commissioned AMI-Partners to find out.

In conversations with 420 companies across five countries, AMI discovered that automating invoicing gives you a precise picture of how money is flowing through your organization. Automation is a simple way to become more efficient, lower expenses, and lift employee satisfaction.

Here are some of the study highlights:

- Automation directly impacts the bottom line. Invoice solution users are saving more than \$34,000 annually, or \$1,100 for every 100 invoices processed.
- Time savings open opportunities for growth. Invoice management users reported a 16% time reduction. This saved time is being used to analyze spending trends, find cost saving opportunities, and learn and apply new solution features – all of which support business expansion goals.
- Improved data visibility. Accounting and finance teams have better visibility into company cash flow and are more strategic about financial management. More than half (54%) of companies find that improved analytics is an important benefit of an automated solution.
- Automation is good for morale. 46% of companies using automated invoicing found that increased employee satisfaction was a key benefit of implementation.

Yes, these are complex times. But the upshot is that companies are solving invoicing problems through automation and increased visibility.

And when they do, they find more opportunities to focus on growth and improving the business.

I hope the insights in this guide help you better meet your invoicing challenges.



Best,
Christal Bemont, *Senior Vice President and General Manager of SMB*



\$34,000

Average annual savings after implementing invoicing solutions



\$11/invoice

Average savings after implementing invoicing solutions

AMI surveyed key financial decision makers in 420 small and medium-sized businesses (SMBs) with 1–999 employees across 5 countries (Australia, Canada, Japan, the United Kingdom, and the United States) and 5 industries (financial services, manufacturing, professional business services, retail, and technology solution providers) to gain insights into their practices to manage spend. The respondents included both current users and non-users of automated invoice solutions. The surveys were supplemented with in-depth interviews of firms using SAP Concur.

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Business Landscape: Key Trends **Driving** Invoice Management

Processing invoices from multiple suppliers

The typical firm (the average firm size for this study was ~260 employees) is working with 190 suppliers/vendors and processing over 156 invoices per month – or 28 invoices for each Accounts Payable employee. On average, accounting/finance staff spend 14% of their time each week processing invoices – more than five hours per accounting/finance employee per week. We will see that teams using automated solutions spend significantly less time processing invoices.

Overarching business pressures and goals abound

The top issues firms are grappling with include pressure to reduce pricing, improve productivity, support geographically dispersed workforces, and manage restricted cash flow.

64% of businesses indicate that reducing operating expenses is a strategically important goal. Over half of the firms cited that leveraging technology to reduce costs and increasing efficiency/productivity are important objectives. Inefficient finance processes can impact all facets of an organization, so firms using a manual process to manage spending may find themselves at a disadvantage when it comes to meeting business goals and overcoming general challenges.



156

Average number of invoices processed per month



190

Average number of suppliers



14%

Average percent of accounting/finance staff time spent processing invoices per week

« Traditional Methods Are Cumbersome and Inefficient

Organizations lacking the proper tools come face-to-face with a myriad of challenges. Finance decision makers rated various pain points related to manual invoice management. Businesses commonly experienced the following issues prior to automating:

Cumbersome processes

Most respondents (69%) were put off by the general inefficiency and laborious nature of manual solutions. This was at the top of the list of challenges for nearly every industry tracked.

Difficulty tracking spending trends and behaviors

The ability to track spending is a cornerstone of sound corporate accounting. Even small firms can miss cash flow issues if spending cannot be easily tracked. 60% of firms indicated that tracking was a challenge prior to automation.

Incomplete documentation (e.g., invoices)

Nothing slows down the payment process like missing paperwork. Many organizations (56%) reported this as a key challenge. Moving away from manual processes can eliminate the issue of missing documentation and the need for paper-based filing.

Other pain points included late reporting, problems with multiple data entries, and lack of visibility into payment data and cash flow.

Traditional processes for managing company spend can also create compliance issues for regulated industries.

“As a registered investment advisor, most expenses need to be coded and billed to various legal entities, and there wasn’t a structured way to track how those codes were being captured. Each invoice could have 10, 15, or 20 codes that needed to be allocated, so it was really hard to communicate that coding in an easy way to the accounting team.”

– Director of management operations,
small financial services firm

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Why some organizations are skeptical of automated solutions – and why they shouldn't be

Despite all the challenges faced by firms using a manual process, the decision to automate is not always cut-and-dried. Organizations accustomed to doing business a certain way may find it burdensome to introduce a new process, particularly if the business is succeeding. Because of misperceptions, and in some cases a fear of the unknown, firms may feel that it's easier to leave existing processes in place rather than risk introducing a potentially costly and complex solution. A subset of the firms surveyed for this study were no different.

Firms still relying on manual processes to manage spending indicated that the key inhibitor to automating is a perceived lack of IT expertise needed for implementation. Also ranking high on the list of barriers is the general feeling that an automated solution would not benefit the company. Retailers using manual processes were more likely than other industries to state that the cost of automated invoicing is too high to justify implementation.

Non-users that are hesitant to make the leap to an automation solution generally feel that they lack the capability, bandwidth, or resources necessary to roll out an invoice solution. However, implementing an automated system does not have to be an overwhelming ordeal for SMBs. It can be a straightforward process that requires only basic IT support, depending on the size and complexity of the organization. Even with larger firms, good solution providers will offer hands-on, continuous support from start to finish.

One key decision maker highlighted the simplicity of switching to SAP Concur, as well as the continued ease of use:

"New hires are loaded in the system, I can train them pretty easily, and they can go out and do their jobs." reported the travel and expense manager of a large technology solution provider.

While it is important that firms be aware of the costs of automation, hesitant firms should not underestimate the potential long-term savings a well-guided solution can generate. In addition to cost savings, there are a variety of benefits that are tougher to quantify but can have a significant impact on the overall business.

"Our old process was very manual. Stuff being lost. Payments not processed on time. About seven people had to touch a piece of paper to process one payment. Lots of time involved to approve expense reports. All the challenges that you face before you try to automate."

– **Fleet manager, large manufacturing construction firm**

Automated Solutions **Increase** Spend Visibility, Employee Satisfaction, and Savings

SMBs are increasingly embracing the cloud, and this trend is reflected in the way firms are adopting invoice solutions.

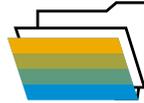
Mobile access is an important feature of automated solutions. 58% of invoice solution users indicated that employees access the application on mobile devices (tablets/smartphones). This trend will grow as the workforce continues to decentralize.

There is no denying the advantages of implementing an automated invoicing solution – the benefits to users are numerous and impactful. Automation helps firms overcome challenges and achieve positive business outcomes in a variety of ways.

Better data visibility

Users of automated solutions are better able to track cash flow through the organization over time, thus facilitating decisions directly impacting bottom lines. Even as the number of reports grows, companies have more time to analyze data because less time is spent on processing.

Top pain points **before** automation



69%

Cumbersome manual processes

(e.g., filing, spreadsheets)



60%

Difficulty tracking spending trends and behaviors



56%

Incomplete documentation

(e.g., missing invoices)

“We are now able to better understand the total return on investment of working with a client, which helps us to manage workflow and gives us the ability to be more selective on the projects we work on.”

– **Director of company operations, small financial services firm**

◀◀ continued ...

Improved compliance

Automation alerts finance/accounting managers to compliance issues so they're better prepared for audits.

Scalability

The time saving realized by adding an automated solution enables organizations to grow while maintaining the size of their accounting teams. A key decision maker within a large technology firm lauded the benefits of scalability afforded by SAP Concur: "As we continued to grow, the system just absorbed new employees. The accounting team has remained stable as the company has grown over the last three years."

"Using the system now allows us to pick up on lack of knowledge of certain policies. Now we have a better understanding of what is acceptable and what's not."

– Fleet manager, large manufacturing/construction firm

Time and cost savings

Among the most prominent benefits of invoice solutions are the time and cost savings. Companies implementing invoice management solutions saw an average of 16% time savings for accounting/finance teams. This translates to about 40 hours per week for a team of five. The average annual savings was nearly \$34,000. Firms using Concur Invoice indicated that they are saving over \$39,000 annually. This is just the tip of the iceberg, as the director of management operations for a small financial services firm described:

"I have saved over 500 hours/year of my own time ... we're talking north of \$70,000 per year, and that doesn't include anyone else. Because we outsource accounting, there is a very tangible cost to adding employees ... we are easily saving another \$40,000–\$60,000 a year on administrative costs."

"When preparing for an audit, you have the peace of mind and comfort level that you'll find the documents that you need and not have to worry that there is a handful that are not filed or misfiled. No more egg on my face when dealing with auditors."

– Accounts payable manager, large technology solution provider

A 45-employee firm estimated **saving over \$110,000 per year** with SAP Concur.

Key Considerations for Your Future Invoice Solution

All organizations will encounter their fair share of hurdles when rolling out a new process. Even the most strategically sound execution will not be perfect, and some roadblocks may arise. The most common pain points for automated invoice solution users are employee training and employee adaptation to the new solution. These issues are often the result of a high degree of comfort with the status quo.

However, users of automated solutions typically find that the benefits far outweigh the costs. Moreover, many automation challenges can be mitigated by implementing a solution that provides a seamless user experience. Simplicity and an intuitive user interface can go a long way in fostering user buy-in and making the transition to automation smoother.

Brand selection criteria

Selecting the right solution and the right mix of features can make all the difference in your experience with an automated solution. More than a third (35%) of firms planning to implement

an invoicing solution are considering SAP Concur. This was the top invoice management brand among firms considering future automation.

Firms indicated that their solution considerations are largely based on brand leadership as well as price. This is true across all sizes, industries, and countries. Customization to business processes is also very important among financial, professional services, and technology firms. In general, firms are turning to IT professionals and industry experts when making decisions. They also look at what their competitors are doing.

These considerations are important for all firms when deciding on an invoice solution. However, the decision to implement a new process is heavily dependent on the unique needs of the company.

Top selection criteria when considering a solution



◀◀ continued ...

Final recommendations

The time is ripe for firms to implement an automated invoicing solution. In today's rapidly changing business landscape, firms that don't take steps to update their invoicing processes will miss out on opportunities for growth and will struggle to compete. Managing operating expenses is an integral part of ensuring a company's success and is undoubtedly an impacting factor on a company's bottom line.

This guide has shown that automated solutions help firms expand operations while managing the size of their accounting/finance teams. Adopting an invoicing solution is a process that can be easily managed and can result in compounded advantages. The key to maximizing benefits is to integrate solutions, which allows for better visibility and more actionable decision making.

When considering an automated invoice solution, key decision makers should focus on the following features:

Broad integration capabilities

A well-planned integration of an invoice management solution can improve efficiency, bring down costs, and boost employee satisfaction in the long term.

The solution should align with a broader range of line of business solutions while providing a straightforward integration for invoicing. You will want to ensure that the solution integrates with your corporate card and can communicate with existing accounting/financial, ERP, and CRM solutions. Full integration is the pinnacle of a successful automated invoice solution.

Accessible in the cloud and on mobile devices

As the workforce becomes increasingly decentralized, this need will become ever more crucial. Allowing for key personnel to sign off on invoices while on the road saves time.

Strong customer support

A firm that places a premium on the customer relationship will continuously seek to improve its products and services. Firms that have faced challenges with their automated solutions continue to express satisfaction when an effort is made to resolve issues. One respondent summarized the SAP Concur customer experience thusly: "I've seen in practice a truth in what they say: 'their customers drive their road map.' Their customer service really is excellent."

Considering SAP Concur?

To learn more, contact us directly at

www.sap.com/contactsap

Appendix

This guide was developed by AMI-Partners, a leading market advisory firm focused on SMB and enterprise technology solutions. The results are based on a comprehensive online survey of 420 organizations across 5 countries (Australia, Canada, Japan, the United Kingdom, and the United States). The companies surveyed were distributed by size as follows: 36% small business (1–99 employees), 43% medium businesses (100–499 employees), and 21% nationals (large mid-sized firms with 500–999 employees). The study focused evenly between

5 key industries (financial services, manufacturing, professional business services, retail, and technology solution providers) to uncover the unique challenges and pain points therein. The survey respondents consisted of both users (79%) and non-users (21%) of automated solutions to compare experiences and understand which factors prevent firms from automating. In addition to the online survey, AMI conducted in-depth interviews with key financial decision makers in charge of their companies' invoice management to supplement the survey findings.

Employee size		
	Sample – N	Proportion
1–99 employees	151	36%
100–499 employees	180	43%
500–599 employees	89	21%
Total	420	100%

Verticals		
	Sample – N	Proportion
Manufacturing	90	21%
Retail	90	21%
Financial services	84	20%
Professional business services	80	19%
Technology solutions providers	76	18%
Total	420	100%

Countries		
	Sample – N	Proportion
U.S.	227	54%
Canada	51	12%
UK	48	11%
Australia	47	11%
Japan	47	11%
Total	420	100%

N-values ¹ by software category type		
	Sample – N	Proportion
Currently use expense management software	236	56%
Currently use invoice management software	162	39%
Currently use travel management software	101	24%

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