

EBOOK

Recession-proof your **business**



Top 10 spend management
technology enablers

Introduction

The unpredictability of COVID-19 has resulted in countries having to impose trade sanctions, travel bans and country-wide lockdowns. This has caused major disruptions for businesses around the world, and the possibility of a global recession is looming.

Cloud-based digital technology automates various business functions without dependency on office-based servers; early adopters of such technology may prove to have a greater advantage over competitors once the global economic climate has stabilized. Being able to adapt and shift focus without hesitation can be challenging, but having efficient risk management tools in place to alert businesses and offer solutions in the form of spend visibility and analytics may provide some relief and the opportunity to mitigate multiple crises.

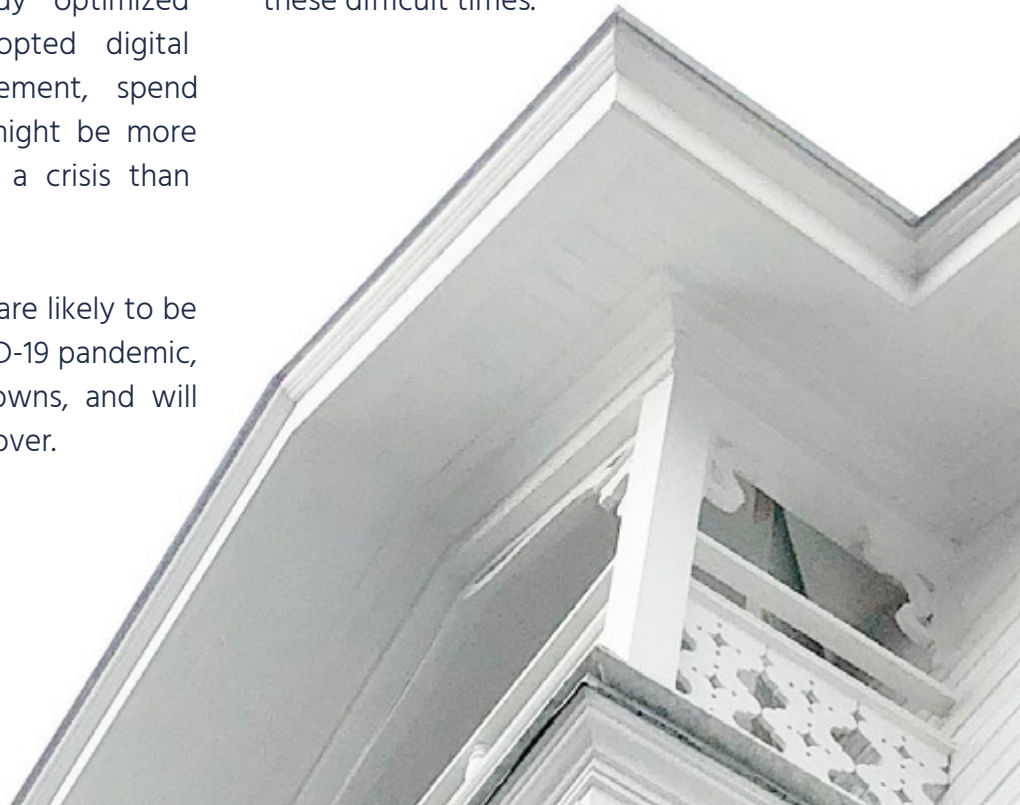
Organizations that have already optimized their business models or adopted digital technologies such as eProcurement, spend management or ERP solutions might be more prepared to mitigate risks during a crisis than those that have not.

However, businesses worldwide are likely to be negatively impacted by the COVID-19 pandemic, especially under imposed lockdowns, and will find it difficult to operate and recover.

When the ability to control revenue is reduced, cost reduction is often the only leverage that businesses can use to manage profitability, and, in some cases, survival. In light of current events, this is an ideal opportunity to accelerate your digital transformation and become spend management technology-centric.

Many businesses have accelerated projects and undertaken steps to implement and enable remote working conditions for staff working from home during self-isolation, in order to keep their businesses running under lockdown conditions. If your organization has not yet adopted a cloud-based spend management software tool, it is certainly not too late.

These 10 spend management technology-enabled risk mitigators can assist your business by keeping you as operational as possible during these difficult times.



If you are looking for solutions to recession-proof your business, here are some proven strategies to optimize resources and weather the storm.

Cloud-enabled remote productivity



Embracing flexible technology shouldn't only be the result of current business restrictions, but should be seen as an opportunity to leverage available and emergent technologies to better serve business requirements and remain operational. Cloud adoption is a proven method of increasing your employees' productivity while saving on costs that are traditionally utilized for daily resources.

In a recently-conducted survey, the results indicated that approximately 79% of businesses that utilize cloud functionality have reported

savings and an improvement in productivity, with as many as 51% reporting positive growth rates over their competitors, compared to a review conducted in 2015.

With our current global crisis, there's no better time than the present to get started on optimizing your business for cloud-enabled remote productivity. These technologies are not difficult to set up and time-to-value is rapid. Here are just a few of the benefits of implementing remote, cloud-based procure-to-pay functionality for your business:

Improved flexibility & agility

Once only of importance to businesses in the software and technology industry, the ability to be agile has become vital to nearly every industry, and has even proven to be a differentiating factor over competitors.

Competing in an agile environment means that you are able to adopt a flexible approach to changing strategies in nearly every facet of business, from marketing to supply chain management and vendor research.

From an internal process perspective, being agile enough to adopt and deploy various services as and when you need them, and to easily monitor workloads, is a massive advantage to businesses that want to utilize a cloud-based approach to their activities.

Board members and CIOs alike are afforded an extra layer of confidence that each employee is acting in the best interest of the business, regardless of position and whether their performance is being monitored or not.

Employees, in turn, are made to feel like a vital part of the greater entity, and that their contributions are integral to the success of the business.

Scalability

Of equal importance to the engagement of agility and flexibility, is the response, namely scalability. The ability to scale and adapt is greatly improved via cloud or remote functionality, whereby the business is able to shift emphasis and adapt as and when the market demands. This is possible without interruption to services, performance or dependence on on-premise infrastructure.

Fluctuations in development and productivity are inevitable factors in the business cycle. Being able to identify your greatest challenges to profitability and to pinpoint areas in which the business may need to scale down are essential in order to mitigate the risks that are present in today's economic, political and social climates. With cloud services on demand, businesses are not bound to a perpetual, financially-burdensome investment that may or may not add value in the long term. Modular systems empower you to shift and expand when needed, with minimal impact on your budget.

Given our current state of global affairs, with the COVID-19 pandemic forcing businesses worldwide to streamline their workforces, scalability is an essential part of recession-proofing your business.



Cost control

Comprehensive spend management software provides in-depth intelligence and analytics to help you identify if your business is ready to commit to expenditure—whether for future business growth or for current operational reasons.

A spend management solution's cost control functionality provides the necessary insight to reduce discretionary or non-essential expenditure.

Knowing where to cut costs is imperative, especially when differentiating between strategically-critical “good” costs and non-essential “bad” costs. By utilizing a spend management tool, you are able to automate and categorize your expenditure sources and easily assess the affordability of items against their necessity. With an on-demand overview of your spend infrastructure, you can discover saving opportunities and avoid unnecessary expenditure.

A common misconception is that, in this attempt to curb expenditure during times of economic hardship, a greater workload is applied to finance departments due to the onboarding of new software applications, during a time that teams are already facing reduced capacity.

However, this belief can certainly not be substantiated, as modular spend management systems can easily integrate with your existing software systems and automate your current operations.

Lock down your spend, maintain budgets and **gain absolute financial control** **over your business**

Automation is the key to reducing the burden that financial stakeholders face when considering purchases and approvals. Cost management functionality allows you to automate your workflows, enabling your teams to:

- Shorten approval and purchasing cycles
- Greatly reduce manual or human error
- Provide a detailed audit trail and promote accountability
- Comply with organizational policy and best practice
- Streamline and standardize the expenditure process across multiple branches
- Eliminate rogue spending and any unplanned expenditure by enforcing spend processes with escalating levels of approval

Not employing business intelligence software from the inception of a business poses a risk to due diligence in ascertaining adequate cash flow, as well as a possible lack of thorough financial analysis to identify if these investment activities will actually add value. These potential gaps in cost visibility are easily rectified by utilizing spend management software.

Use cloud technology to enforce your crisis management strategy through its risk mitigating functionality.



Vendor management -

Use data to negotiate



For an added tier of confidence, your spend management software should allow for data reports that clearly depict the relationships between you and your vendors.

By leveraging this data, you will be able to negotiate more favorable terms with your selected vendors, manage supplier take-on, or consolidate vendors to limit the numbers you purchase from. In addition, your data and analytics reports can assist you to identify supplier relationships that are no longer beneficial to your business, providing you with insights to make sound business decisions.

While not an easy process (relationships fostered from years of trade are often difficult to sever), focusing on your vendors and consolidating your spend from across multiple vendors to a carefully-selected few, can benefit your business in the long run.

Improved **purchasing power**

When reducing the number of vendors your business deals with, you free up more spend to use with remaining vendors. The result is that you will be in a position of increased purchasing power, enabling you to place higher order volumes and negotiate better pricing terms with vendors.

Vendor **relationship**

An improved focus on your relationship with these vendors is another benefit of vendor consolidation. By consolidating your spending and channeling to one or two suppliers, you have the leverage to negotiate and improve the likelihood of receiving pricing concessions. If you're willing to commit to a specified volume over a given time period, you could qualify for greater discounts, without having to make bulk purchases. When you have the capacity to spend more of your budget across fewer vendors, your business becomes more valued in the eyes of these vendors. Factors like free delivery or *priority supply contribute to better business returns and increased savings.

*In the case of the COVID-19 outbreak, most retailers are struggling to get their orders filled. Being on a vendor's priority list and receiving your order before the competition (who may not even receive their consignment due to shortages) does, results in more business coming your way, and therefore greater profitability.

Maintain budgets and curb overspending

Rogue spending is one of the main contributors to cost mismanagement. Many businesses find it difficult to maintain control over budgets to minimize the risks of overspending. Deploying a spend management solution that contains robust business intelligence tools enables you to track, analyze and project spend through reporting tools, user permissions and real-time notifications that provide you with an overview of activity throughout your business. In response to a crisis, a re-prioritization of your budget will be vital. In an effort to maintain the defined budgets, providing managers with budget insight at decision points will empower them to make informed decisions.

With visibility over every aspect of business function and expenditure, you are in a better position to control and contain any rogue spending, while establishing streamlined processes at the same time. With teams working remotely, providing real-time budgetary insight ensures that all staff are empowered to make responsible spending decisions, and managers have the peace of mind that financial control will prevail. With visibility into available and committed spend, approval limits and spending policies enforced, configured budget limits cannot be breached.

Approval workflows

Approval workflows built into the spend management technology can aid in eliminating rogue spending. All requisitions or claims are reviewed, analyzed and approved before incurring any costs. Your approval workflows should contain escalation levels according to various parameters, such as request value or user roles. By increasing oversight on spending, accountability and positive changes in spending behavior will follow. Review purchasing authority and who should have the responsibility to approve spend. Enforce spending policies and detect wasteful spending activities to ensure that you can continue to fund essential business expenditure.



Improving visibility - The key to identifying **cost and risk** **reduction opportunities**

With these enhanced levels of control, overspending is far less likely to occur, and new opportunities are available for you to cut costs. A case study from the [Houston Chronicle online](#) points out that "... if each department orders its own paper products, it is less likely to get bulk-rate discounts or to share resources across departments. If one employee buys all office products, he will be able to buy in bulk and to ask departments to share overstocked products to reduce the need for purchasing more supplies."

This simple example can be applied to most business expenses, where the consistent monitoring and control of spend can positively affect your profits. Being able to examine this data and make data-driven decisions through your flexible and mobile solution enables you to be agile enough to release spend at the most crucial times, without creating a bottleneck in the workflow

Relying on your spend management tools for visibility over trends in cost can help you to make smarter purchasing decisions. By tapping into powerful business intelligence, you are able to act preemptively, identifying when and where to assign budget and to reduce risk. This end-to-end visibility of spend and processes is not only the key to reducing risk; it promotes user adoption, which ultimately determines the success or failure of your technology investment.

Your supply chain is one of the areas where visibility is critical to stakeholders involved in the procurement process of your business. Over time, your supply chain will grow and possibly incur more complex business costs. Visibility in this area is not only essential for keeping costs under control, but imperative for managing risk throughout your business. Visibility enables both the business and its supply arm to adjust timeously, in order to:

- Decrease risk
- Respond quickly with immediate actions
- Detect and understand the effects of unsettling events (such as the current global pandemic) in their early stages.



Communication

Visibility may refer to different sets of functions or methodologies from one organization to the next. Regardless of your exact definition, it almost always refers to the transparency of your business and its processes. Your level of transparency needs to be predefined and rolled out to all relevant stakeholders, as it infers your level of communication throughout the supply chain and other business processes.

Trust

When you have clarity on what visibility means to your organization, you can roll out processes and checkpoints for all staff, suppliers and stakeholders to follow. Establishing clear lines of communication makes a business that employs efficient spend management software stand apart from its competitors.

Your software tools should allow for specific user permissions at various points in your supply processes, to ensure that your data is completely protected and that every precaution is made to safeguard your information. Within the spend management solution, only authorized users are allowed access to certain levels of information shared throughout your processes. This enables predetermined levels of transparency in your organization.

Analyzing spend

In order to assess where costs need to be reduced, you need to understand how your business spends money. Advanced spend analytics provide the data necessary to reduce discretionary or non-essential expenditure.

The process of analyzing spend entails collecting, maintaining, collating and categorizing spend data, with the aim of reducing your organization's procurement costs. The advanced analytics in a spend management solution will give you insight into all levels of spend, allowing you to leverage your data and place your organization in a more stable financial position during challenging times.

Analyzing spend aids in improving business efficiency, streamlines the monitoring and controlling of your workflows, and helps you regulate compliance. Like transparency and visibility, spend management encompasses a variety of actions across your procurement process. It involves purchase requisitioning, supplier management, expense claim and travel management, approval management, purchase order generation, invoice approval, budget visibility, and equally important, spend analysis.

Being able to analyze your spend is vital to the operational success of your business. There are several ways in which you can implement a reliable spend management process:



Identify your sources of **expenditure**

The sources of your expenditure may be comprised of utilities, rent, office supplies, licenses, marketing costs, insurance and even onboarding or training costs. As businesses differ in terms of their expense requirements, your spend management process is unique and may differ vastly from that of your competitors. Identifying your business costs can be a laborious task. If you make use of spend management software, you are easily able to categorize your expenditure sources. This provides you with a more extensive overview of your spend infrastructure, and the ability to discover both gaps in procedure as well as cost saving opportunities.

Analyze and **strategize**

To implement a truly successful spend management process, you will need to analyze the data collected, develop strategies for next steps, and then use these results and strategies to make financial forecasts. Analyzing your categorized spend data serves to highlight your recurring spend activities. Your teams will be able to use this data to set up benchmarking guidelines, calculate levels of ROI and derive cost-benefit analyses.

Based on these results, your teams can strategize, plan and project next steps for individual departments as well as on an organizational level. Your spend data should enable meaningful actions and well-informed decisions. With spend management software in place, collecting and categorizing spend data is greatly simplified and you'll benefit from actionable insights.

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Policy **compliance**

Once you have identified the areas in which your organization spends the most, you will need to implement spend policies across your business. This enables all employees to adhere to the spending rules at every level. Set up parameters to facilitate costs like travel expenses, for example, to provide employees with a clear understanding of which of their expenses will be reimbursed and which will not.

Automate the enforcement of your policies

Try to remain compliant throughout, by ensuring that your expense report rules are part of an Accountable Plan as defined by IRS standards.

Set up an Accountable Plan that:

- Allows for business-related expense only
- Is restricted to expenses that are submitted within a specified time period
- Allows employees to justify expenses by uploading relevant documents

Your spend management software should enforce your policies. Notifications to relevant stakeholders by means of automated alerts will promote compliance when requests or expenses violate or deviate from your spend management policies. Stakeholders may then either reject the request or claim, or request further information to verify the expenditure.

Risk management

Risk management in an organization is focused on identifying potential threats to profitability or financial stability, and strategies on how to deal with them. The planning and deployment of contingency plans to deal with risks is crucial for a business.

Spend management software has an important role to play in creating these contingency plans.

The business intelligence bundled in solutions allows you to make informed decisions and identify potential vulnerabilities in your workflow. Risk analysis functionality can include quantifying the potential risk in a requisition based on a number of key factors, such as identifying transactions that fall outside of the norms of an organization's spending behavior.

Risk management could include:

- Implementing quoting policies that ensure purchasing at the lowest price.
- Managing the risk associated with high value capital expenditure items by applying more stringent approval routing workflows.
- Eliminating overspending by enforcing 3-way matching procedures.
- Promoting accountability through user-based requisitioning.
- Configuring spending policies that trigger alerts and notifications when compliance is breached.
- Having visibility of available and committed spend at decision points.
- Implementing additional tiers to an approval structure for more control.

Spend management technology provides the framework for these risk management parameters, giving business owners peace of mind that with the ease of analysis, control and visibility, risk is managed effectively.



Manage travel & expenses

Managing travel and expense claims can be tedious and challenging. If left unchecked, these can contribute greatly to unnecessary expenditure, and potentially lead to poor relationships between employees and their line managers. Another notable risk factor in this expenditure category is fraud, whether intentional or accidental.

One of the greatest risks to be aware of is when insincere employees try to take advantage of lacking or inadequate expense management processes. Relying on your business' cloud-based spend management software allows for policy reminders in real time, via automatic notifications alerting the relevant stakeholders whenever a violation or breach of limit occurs.

With mobile document uploads to verify expenses, automated solutions can save businesses time and money by eliminating time consuming paper-based expense processes.

This enables finance teams to easily review and pay expenses, streamlining and extending control over employee generated expenditure.

The majority of comprehensive and robust spend management software tools can also handle multiple currencies when incurring international travel expenses. Fully-automated expense management features allow for accurate currency conversions, making it easier to manage one of the more challenging areas of expense management.

Remote **capability**

Taking advantage of your spend management software's procure-to-pay automation, risk management and expense compliance tools means that your business is protected and ready for any eventuality, and is agile enough to shift focus if necessary.

One of the most important implications of the global COVID-19 pandemic is the focus on facilitating remote working capability for your staff, as well as implementing automation for as many aspects of your business as possible.

With remote optimization your **business is better equipped to:**

- Increase profitability and improve organizational efficiency.
- Ensure that vital business purchasing can be carried out from any location, while adhering to policies and spend approval structures.
- Maintain budgets and guide the purchasing decisions of remote employees
- Maintain complete visibility of all spending activities across users, departments, cost centers, suppliers and projects.
- Access real-time spending data on demand.
- Analyze and report on spend with the required granularity to make informed decisions and take decisive action.
- Maintain data security by safeguarding data through state-of-the-art encryption.
- Enable rapid deployments without the need for on-site projects or contact with implementation teams—a feature which, right now, is imperative for businesses trying to remain functional.



In conclusion



Future proof your business by deploying a complete cloud spend management solution that provides vital mobility, visibility, agility, analysis and control.

The decisions you make today could be the defining factors between you and your competitors tomorrow. If you've been delaying the digital transformation process, now is the time to accelerate it, to take advantage of the key features you will need to prosper under the current economic and operational pressure.

Take action that will enable the best business outcomes today, and when life as we know it returns. Adopt a proactive rather than reactive spend management strategy to ensure you're always prepared and have the systems in place to maintain business operations and protect working capital.

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With over 20 years of domain experience, having developed on-premise spend management solutions and subsequently building a true cloud iteration from the ground up in response to technology advancements and market needs, Fraxion solutions have weathered the likes of the 2008 recession and global health crises over the years.

We have assisted diverse, cross-industry businesses worldwide to implement and integrate digital solutions for complete operating spend control. Following a merger in 2019, bringing together two award-winning spend management leaders-eRequester and Fraxion - we now operate as one, offering a wealth of experience and excellence in solutions that enable comprehensive spend management capabilities.

Contact us to discuss your business requirements. Fraxion's powerful all-in-one spend management solutions streamline and control Purchasing, Expense and Travel, Strategic Procurement and enable Spend Analysis.

