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State of Spend Management Transformation

RETHINKING SPEND MANAGEMENT FOR SUSTAINABLE BUSINESS GROWTH

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Key findings

Our goal was to understand the current state of spend management processes in global enterprises and what's driving the transformation of the finance function.

We surveyed finance professionals from mid-size and large global organisations with multiple entities about their current practices when it comes to accounts payable processes, travel and expense management, and corporate card management. The finance executives surveyed come from a variety of organisations between 100 and 10'000+ employees, and are located in the DACH region, Benelux, and the UK.

Unsurprisingly, the majority of respondents indicate that their companies are presently undergoing a phase of digitalization, where data is in digital format (46.2%) or processes are partly or fully automated. A mere 7.7% of respondents have yet to embark on their digital transformation journey, citing reasons that range from budget constraints to prioritizing ERP implementations.
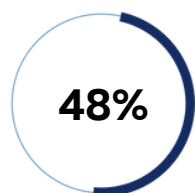
48% Companies use a mix of manual and digital solutions
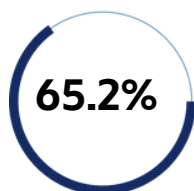
91.3% Aim to improve their operational efficiency by transforming their processes
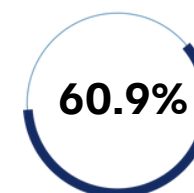
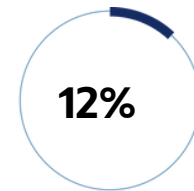**60.9%** Looking to transform their spend management for better spend control
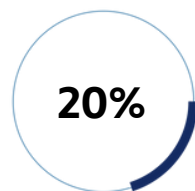
20% automated their processes, but struggle with siloed data

65.2% Looking for solutions that will improve their employee satisfaction

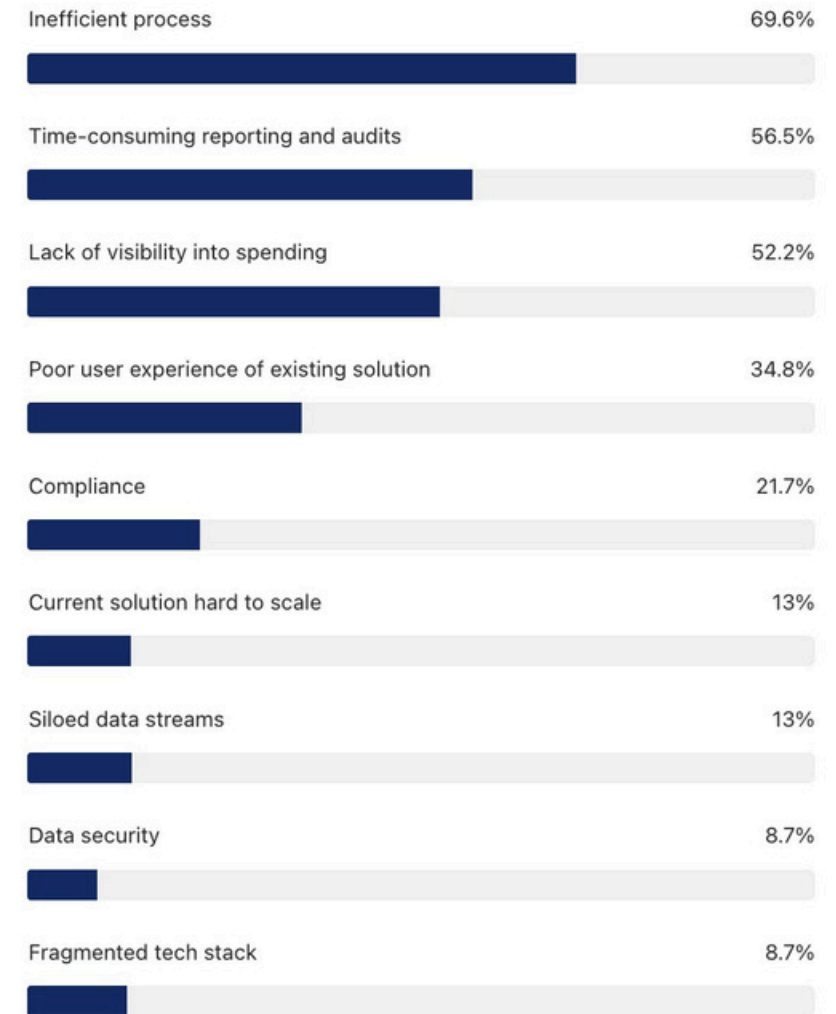**12%** Have fully transformed their spend management processes

At the other end of the spectrum, only 12% of our respondents said they have fully transformed their finance function, with CFOs and CEOs leading the initiatives.

When we examine the motivations, highly inefficient processes (69.6%), the time-consuming nature of financial processes, primarily reporting and audits (56.5%), and the lack of visibility into spending (52.2%) emerge as the main common drivers behind transformation projects.

Finally, concerning the expected results, the overwhelming majority of respondents mention operational efficiency as their primary goal (91.3%), followed by user satisfaction (65.2%), better spend control (60%), and easier reporting (52.5%).

Finance professionals in mid-size and large global organizations understand that their time can be used more productively and shouldn't be wasted on manual tasks that can be taken over by machines. At the same time, these findings indicate a renewed focus on the availability of financial data and a critical need for timely data that informs financial decisions. Although in many

organizations with traditional setups, the quality and availability of spend data aren't considered the responsibility of the finance department, we are witnessing a significant shift towards a more data-centric approach to spend management. This shift aligns with the broader trend of leveraging technology, such as AI and automation, to enhance efficiency, control, and visibility in financial operations.

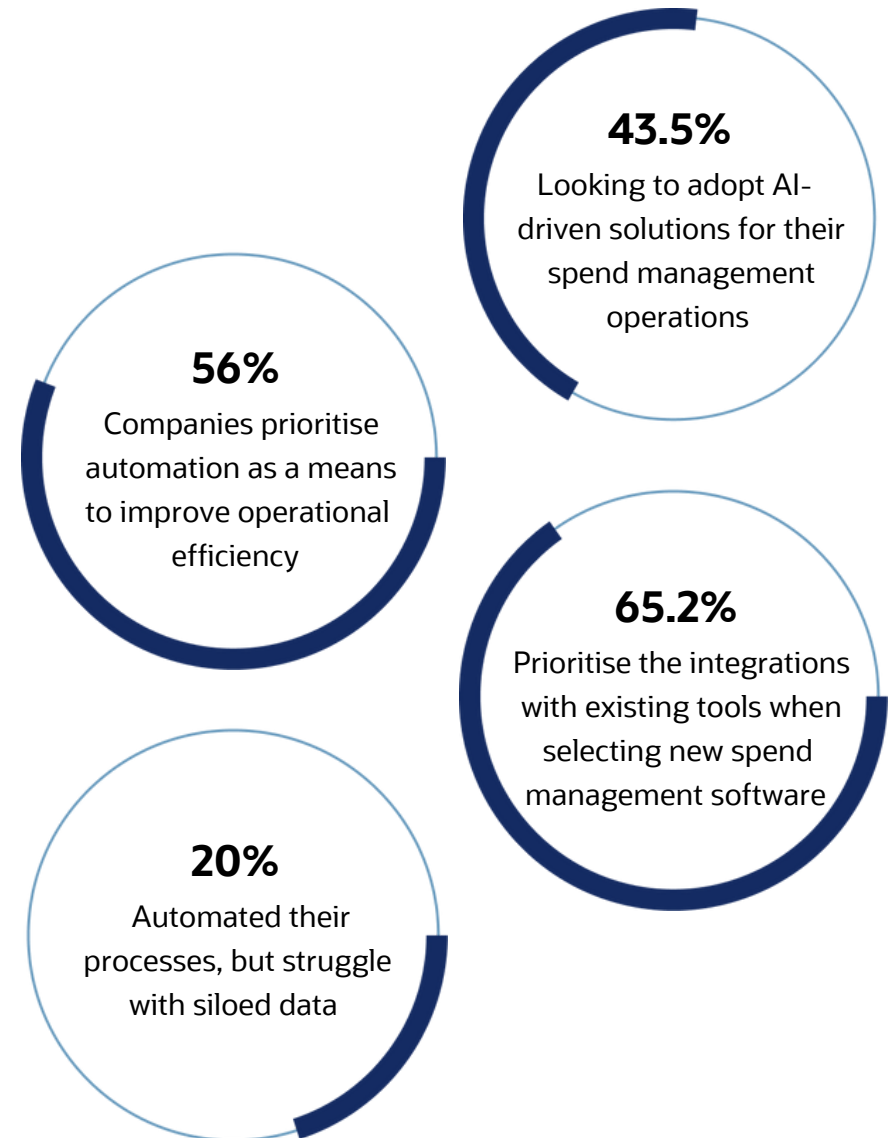| Category	Percentage
Inefficient process	69.6%
Time-consuming reporting and audits	56.5%
Lack of visibility into spending	52.2%
Poor user experience of existing solution	34.8%
Compliance	21.7%
Current solution hard to scale	13%
Siloed data streams	13%
Data security	8.7%
Fragmented tech stack	8.7%

Among survey respondents seeking solutions to transform their spend management processes, over half (56%) prioritize automation as a means to significantly enhance efficiency and minimize manual tasks. Additionally, there is notable interest in AI adoption (43.7%), underscoring the growing attraction to AI-driven solutions for improving financial processes and decision-making.

Ecosystem compatibility holds substantial importance, with 65.2% of respondents emphasizing the prioritization of integrations with existing tools when selecting new software. Additionally, the flexibility and scalability of spend management solutions significantly influence the choices of 60.9% and 26.1% of respondents, respectively. In summary, there is a discernible shift

towards user-centric tools that
facilitate process automation while offering flexibility and scalability. Organizations are actively seeking to overhaul their spend management processes to attain improved visibility and control over their expenditures. Their focus is on systems that seamlessly integrate into their existing environments, bridging fragmented data streams and streamlining disjointed processes. The ultimate outcome of this transformation should

extend beyond mere
cost savings. Companies are striving to enhance the efficiency and effectiveness of their spending management to sustain their expansion efforts, attract top talent, and propel business growth.

43.5%
Looking to adopt AI-driven solutions for their spend management operations

56%
Companies prioritise automation as a means to improve operational efficiency

65.2%
Prioritise the integrations with existing tools when selecting new spend management software

20%
Automated their processes, but struggle with siloed data

Main drivers of spend management transformation

The majority of respondents indicate that their companies are currently undergoing a phase of digitalization, where data is in digital format (48%) or processes are automated, but systems and data are siloed (12%). 8% of respondents said their companies have undergone digitalization projects and streamlined their processes, but data is still used reactively.

Only 8% of respondents haven't started their digital transformation journey yet, a finding that aligns with previous industry reports. At the other end of the spectrum, only 12% of our respondents said they have fully transformed their finance function, with CFOs and CEOs leading the initiatives. But who's at the forefront of driving this change?

The trailblazers—those who have fully transformed their finance department—belong to Tech and SaaS companies (35%), Manufacturing (15%), Business services (15%), and Financial services, including Banking (10%). At the opposite end of the spectrum, Automotive, Construction, Retail, and Sports & Education are the least transformed industry sectors.

Within the leading industries, the most common path to transformation is transitioning from completely manual processes (25%) or from a mix of manual and digital solutions (45%) to a fully-integrated solution. However, switching from an unsatisfactory existing solution to an end-to-end one is also a common scenario (40%) among our respondents.
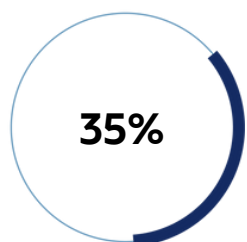
35% Tech companies lead the transformation of spend management
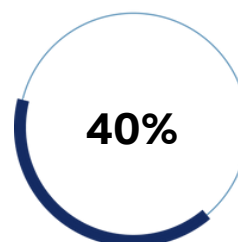
**40%** Respondents that are replacing an unsatisfactory existing solution

As for the champions of innovation, CFOs and Head of Finance and Accounting professionals are the driving force behind finance transformation projects across industries, along with CEOs and IT leaders. The same decision-makers are involved in the software buying procedures, with CFOs (60.9%) and Head of Finance being mentioned by most (56.5%) of our respondents.

Departments such as HR, Operations, or Travel Management (8.7%) are looped in for their expertise in both medium-sized and large global enterprises. In global companies with multiple subsidiaries, roles such as Chief Operating Officer (13%) and Head of Digital Transformation (8.7%) are also involved in software buying decisions.
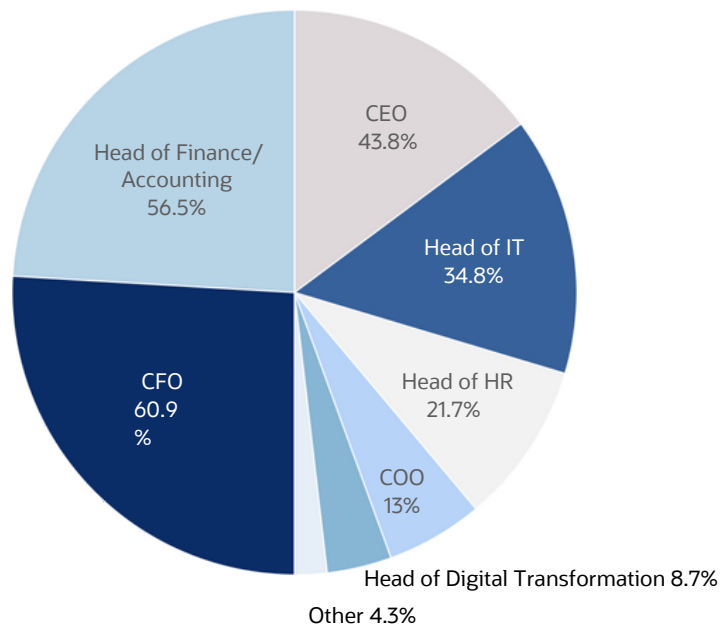
So, what are the drivers behind the transformation of spend management? Why are companies adapting or not adapting their processes to future-proof their operations?
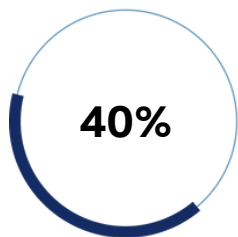
Our data shows that overall, across industries and company sizes, the biggest drivers for change are inefficient processes (69.6%), time-consuming reporting and audits (56.5%), lack of visibility into spending (52.2%), and the poor user experience of existing solutions (34.8%).
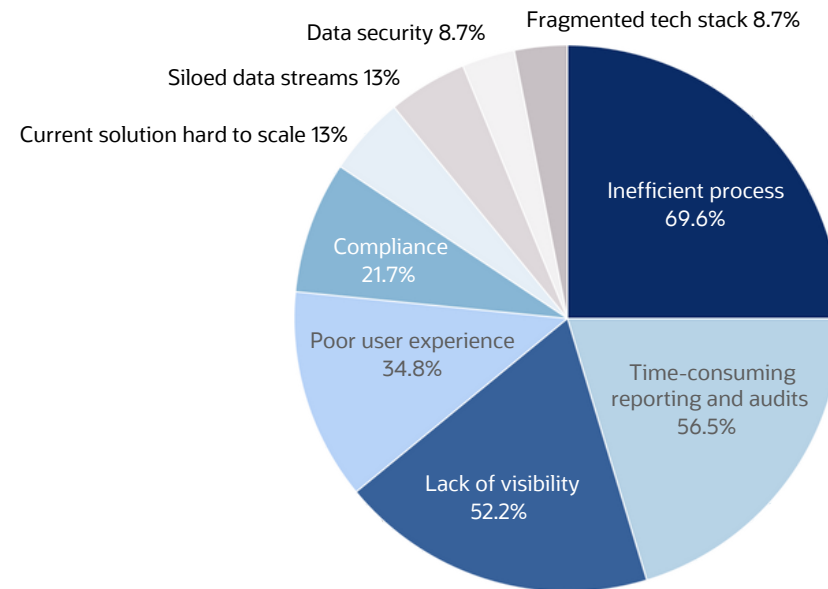
In large global enterprises, most projects are initiated due to inefficiency (37.5%), poor usability or scalability of existing solutions (25%), lack of visibility (19%), and fragmented IT landscape and siloed data streams (12.5%).
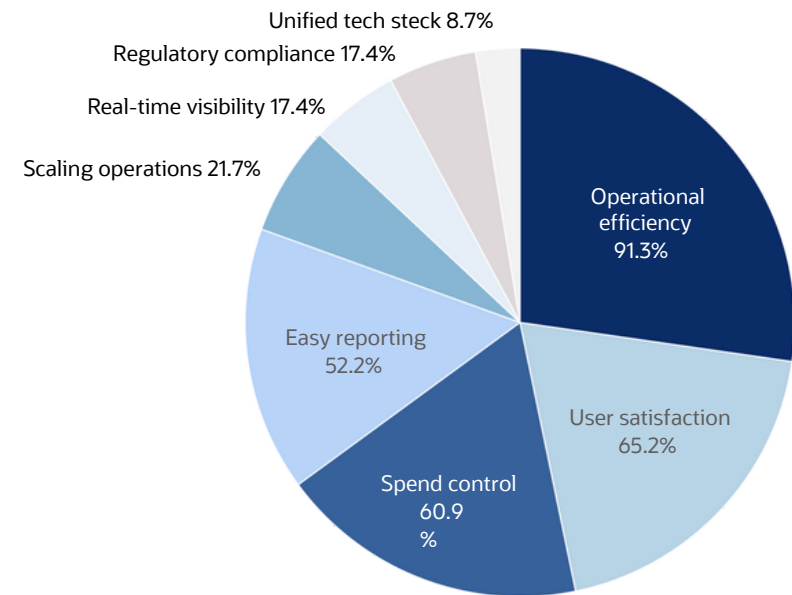
On the other hand, in mid-size companies, the most significant drivers for the transformation of spend management are inefficient processes (59%), lack of visibility into spending patterns (18%), poor usability and scalability of the current solution (9%), and compliance (9%). Compliance matters the most for companies in the Manufacturing (40%) and Business services (24%) sectors. The siloed nature of financial data is mostly mentioned by Tech/SaaS and Manufacturing companies, while the scalability of existing processes is a top driver for change, primarily among Tech/SaaS companies. Regarding companies

that haven't yet started their transformation
journey, the main reasons mentioned are the satisfactory performance

of existing solutions (24%), the prioritization of ERP projects (16%), and the lack of expertise with such projects (8%). These reasons remain consistent across company sizes and industries.

Finally, when we examine the desired outcomes of spend management transformation projects, operational efficiency is leading the way (91.3%), followed by user satisfaction (65.2%), better spend control (60.9%), and easier financial reporting (52.2%).

40% Achieving regulatory compliance is a key driver in Manufacturing companies

Unified tech steck 8.7%
Regulatory compliance 17.4%
Real-time visibility 17.4%
Scaling operations 21.7%
Operational efficiency 91.3%
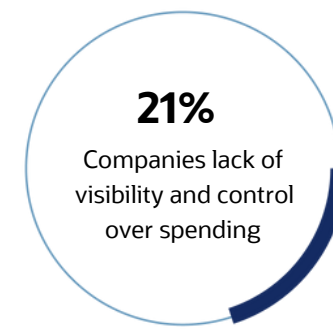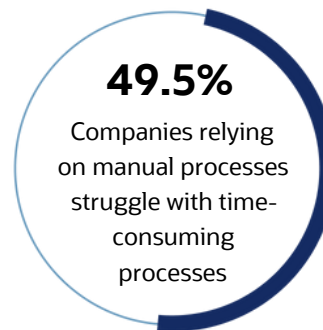User satisfaction 65.2%
Spend control 60.9%
Easy reporting 52.2%

Efficiency: Finance processes, still heavily manual

Operational efficiency is the primary expected outcome for companies undergoing finance transformation projects. Across various industries and company sizes, manual processes remain prevalent, incurring both time and financial costs for organizations.

The majority of respondents (52.2%) indicated that they currently employ a combination of manual and digital processes, with 48% relying on Excel for tasks such as expense reporting and transaction matching. Only 30.4% of respondents have a dedicated Expense management solution in place, while 17.4% utilize Invoice processing software. Another 4.3% have a dedicated procurement tool covering AP processes, and 13% rely on in-house developed tools.

While the presence of mixed approaches involving partially digitalized processes is expected, what stands out is the continued widespread use of manual steps across industries. This practice hinders the complete realization of finance transformation's potential, even in companies where digital data is readily available.

For companies still dependent on manual procedures, finance professionals encounter several significant challenges, including inefficient processes (31.5%), lack of visibility and control over spending (21%), time-consuming reporting and audits (18%), and the need to maintain compliance (13%). These challenges underscore the importance of addressing manual inefficiencies and embracing digital solutions in finance transformation efforts.

57%
Organisations use a mix of manual and digital processes for managing their spend

49.5%
Companies relying on manual processes struggle with time-consuming processes

21%
Companies lack of visibility and control over spending

In comparison, companies that have already undergone financial transformation mention poorly executed implementation (38.1%), poor integrations between tools (28.5%), lack of adoption (21%), lack of skills within their team (23.8%), and lack of guidance from the vendor (15%) as their main challenges post-implementation.

This underscores the importance of selecting a vendor with expertise in leading both smaller-scale and global projects with complex implementation requirements, as well as offering support and training post-implementation.
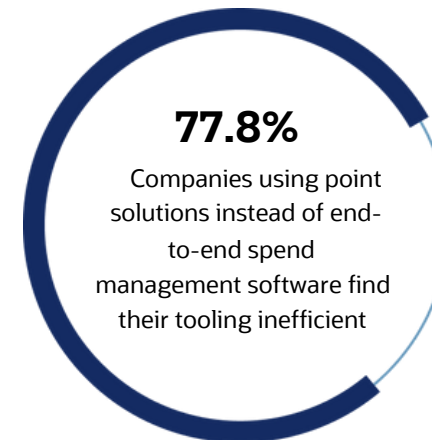Regarding company size, the root cause of process inefficiency varies based on the organization's size. Mid-size companies experiencing rapid growth still rely on a mix of manual and digital solutions or solely on manual processes. In contrast, larger organizations typically have a

solution in place, but it no longer serves their needs, leading to workarounds and inefficient processes.

Among respondents who cited process inefficiency as a primary reason for transformation, 31.25% belong to large global organizations with entities in multiple countries, while the rest are part of local organizations with entities in only one country.
In conclusion, improving the efficiency of finance processes can save companies time and money by freeing up time for finance teams to focus on value-adding initiatives. However, replacing manual processes with digital ones is not sufficient to ensure the true transformation of the finance function and drive business growth. To achieve these goals,

real-time, end-to-end visibility into spend data
and effective spend control mechanisms are also imperative.

38.1%
Companies with existing solutions in place, process inefficiencies result from poorly implemented solutions

77.8%
Companies using point solutions instead of end-to-end spend management software find their tooling inefficient

Visibility and control: Lack of real-time data hinders decision making

The lack of comprehensive spend visibility presents a significant challenge for companies looking to transition from a reactive financial management approach to a more proactive one. It's not just about monitoring where money is going; it's about gaining insights that can drive strategic decisions. This is where the need for visibility in finance becomes apparent.

Access to real-time, end-to-end data provides the clarity needed to identify cost-saving opportunities and strategically allocate resources where they matter most. Without this crucial insight, businesses remain reactive, continuously playing catch-up with financial challenges as they arise, rather than proactively shaping their financial future. Our

data reveals that nearly half of organizations (48%) grapple with a lack of data visibility and siloed data streams (16%), even though their data is available in digital format. Global companies with multiple subsidiaries across countries are more likely to prioritize goals related to data visibility during finance transformation projects (58.3%).

Tech/SaaS (25%) and Manufacturing (34%) companies express the highest concerns regarding their data availability, with less emphasis

on company size. Both large and medium-sized organizations aim to streamline their data flows and enhance data visibility through their finance process transformations.

Among companies stating that they lack visibility into spend data, 41.6% have a dedicated point solution in place, either an Invoice processing or an Expense management solution, while 25% rely solely on manual processes.

Regarding the finance roles most focused on improving their data quality and availability, CFOs and VPs of Finance (41.6%) are leading the way, followed by Accounting professionals (16%).

41.6%
Companies with a point solution in place lack visibility into spend data
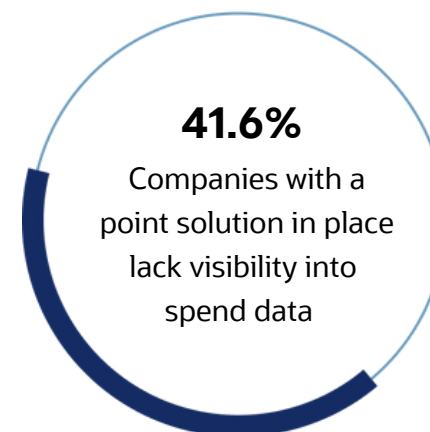
Although the absence of data visibility is expected in companies that rely on manual processes, it is surprising to see that 37.5% of companies that have undergone finance transformation projects still struggle with poor data quality and fragmented data streams.

Among all surveyed companies, 12% mentioned that their processes are digitalized and automated, but their financial data remains siloed, while 8% said they use data reactively despite streamlining their processes. Additionally, 48% of all respondents expressed their desire to simplify financial reporting by streamlining their processes, including the data flows supporting them.
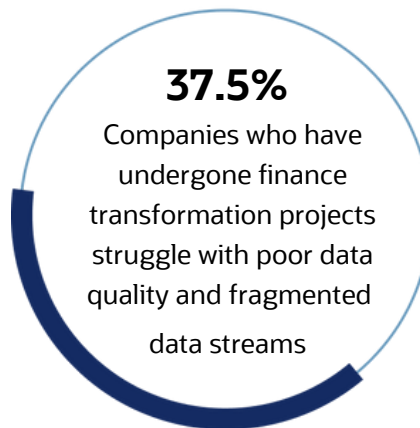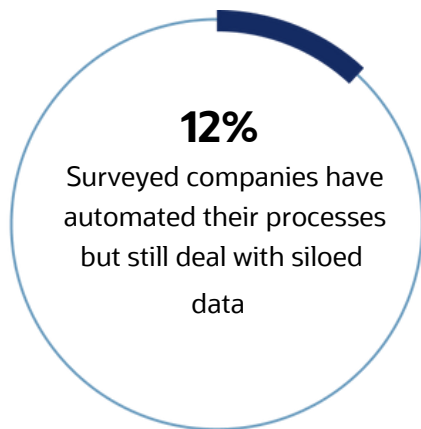These insights emphasize the importance of organizations having a clear view of their end-to-end processes, including the data architecture supporting them, before embarking on finance transformation projects. Simultaneously, these insights underscore the need for properly integrated systems to enable real-time data visibility.

In successful transformations, processes are fully optimized, and data provides a comprehensive picture of an organization's finances in real time.

Shifting the focus to spend control: 56% of surveyed companies stated that they aim to achieve better spend control through finance transformation, and 16% aim to improve regulatory compliance by implementing more effective control mechanisms.
Among all companies that mentioned spend control as one of their goals, 73% fall into the mid-size category, with only 14% having over 5,000 employees. Consequently, it can be concluded that it's not

necessarily the lack of
control, but the absence of end-to-end visibility into their spending that hampers an organization's ability to be more proactive in their finance department and identify growth opportunities more effectively.

12%
Surveyed companies have automated their processes but still deal with siloed data

37.5%
Companies who have undergone finance transformation projects struggle with poor data quality and fragmented data streams

56%
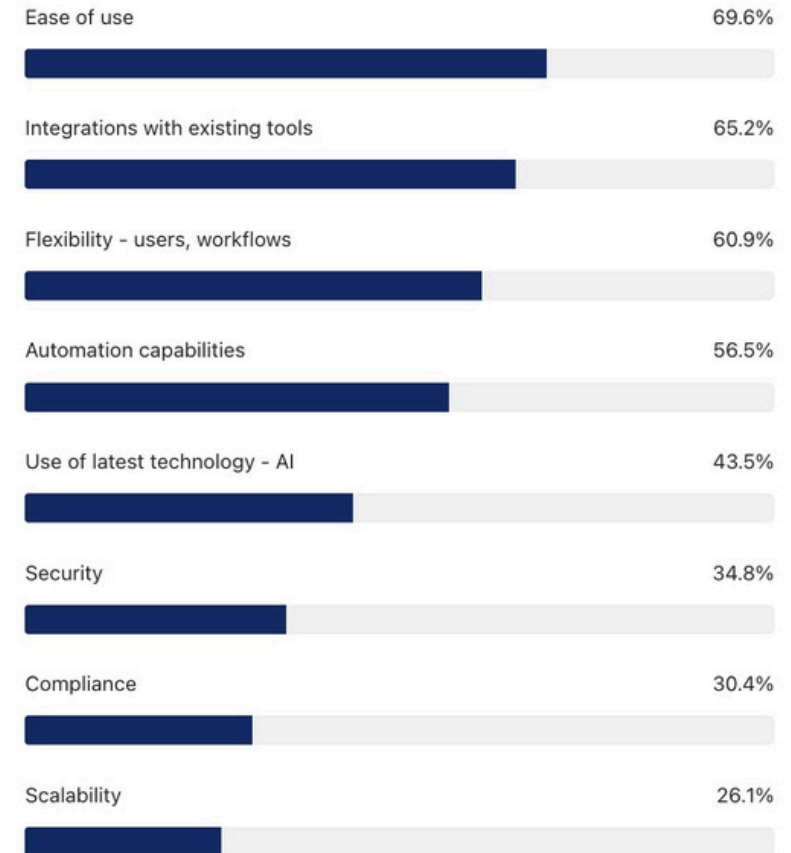Surveyed companies aim to achieve better spend control through finance transformation

User experience: A shift towards user- centric finance tools

When examining the objectives that organizations aim to achieve through finance transformation projects, it's evident that operational efficiency is the predominant goal, as mentioned by the majority of our survey respondents.

A significant 69.6% of those surveyed emphasized the importance of enhancing operational efficiency as a top priority. This trend aligns with the broader industry shift towards prioritizing user-centric tools and solutions.
In today's business landscape, organizations increasingly recognize the significance of not only optimizing processes but also enhancing the overall employee experience. This is reflected in the second most commonly mentioned value, which is increased employee satisfaction (65.2%). It highlights a growing awareness that a happy and satisfied workforce contributes to improved productivity and results.
The contrast between these goals and legacy finance software becomes apparent. Traditional finance software has long been criticized for its complexity and lack of user-friendliness.

Ease of use	69.6%
Integrations with existing tools	65.2%
Flexibility - users, workflows	60.9%
Automation capabilities	56.5%
Use of latest technology - AI	43.5%
Security	34.8%
Compliance	30.4%
Scalability	26.1%

This historical issue continues to drive demand for modern solutions that emphasize intuitive interfaces and seamless user experiences. In fact, it's no surprise that 34.8% of respondents indicated that their current finance solution falls short in delivering a satisfactory user experience.

When it comes to selecting a finance tool, our survey results reveal several key criteria that finance professionals prioritize:

•**Ease of use (69.6%):** The overwhelming majority of respondents prioritize the ease of use as their primary criterion when choosing a finance tool. This underscores the demand for software that simplifies financial processes and is accessible to users of varying technical backgrounds.

•**Integrations with existing tools (65.2%):** Integration capabilities are another critical consideration, as seamless connectivity with existing systems can streamline workflows and enhance data accuracy.

•**Solutions' flexibility (users, workflows) (60.9%):** Flexibility is vital in adapting to unique organizational needs, accommodating different users, and supporting customized workflows.

•**Use of latest technologies (43.7%):** Artificial intelligence, in particular, is recognized as an important feature, highlighting the growing interest in AI-driven solutions to improve financial processes and decision-making.

•**Automation Capabilities (56.5%):** Automation, which can significantly boost efficiency and reduce manual work, is also a priority for over half of the survey respondents.

Ease of use is of paramount importance to Tech/SaaS companies and is mentioned most frequently among their vendor selection criteria, particularly by rapidly growing companies. Among respondents who cited this criterion, 57.8% belong to the mid-size segment, 21% are part of large global enterprises, and 21.2% belong to corporations with more than 5,000 employees.

34.8%
Respondents indicated that their current finance solution falls short in delivering a satisfactory user experience

IT landscape: Fragmented tech stacks prevent scalability

Scalability matters when it comes to spend management software. 13% of respondents have identified scalability issues as a key motivator for reevaluating their current spend management solutions.

Among those looking to address scalability concerns, one-third of respondents already have dedicated expense management software in place. However, the majority, a significant 66%, rely on a mix of manual processes and Excel spreadsheets for expense tracking, transaction matching, and reporting. This mixture of manual and semi-automated methods often leads to inefficiencies, errors, and challenges in maintaining control and visibility over spend management. 20% of

surveyed professionals have highlighted scaling their operations as a primary objective within their broader finance transformation initiatives. This reflects a growing awareness of the need for agile and scalable financial solutions to support their organizations' growth and changing demands.

Furthermore, when finance professionals are in the market for financial software, scalability plays a significant role in their decision-making process. Approximately 26.1% of respondents mentioned scalability as one of their primary criteria when evaluating and purchasing financial software. Once again, this underscores the demand for solutions that can seamlessly grow alongside the organization.

20%
Surveyed professionals have highlighted scaling their operations as a primary objective within their broader finance transformation initiatives

26.1%
Respondents mentioned scalability as one of their primary criteria when evaluating and purchasing financial software
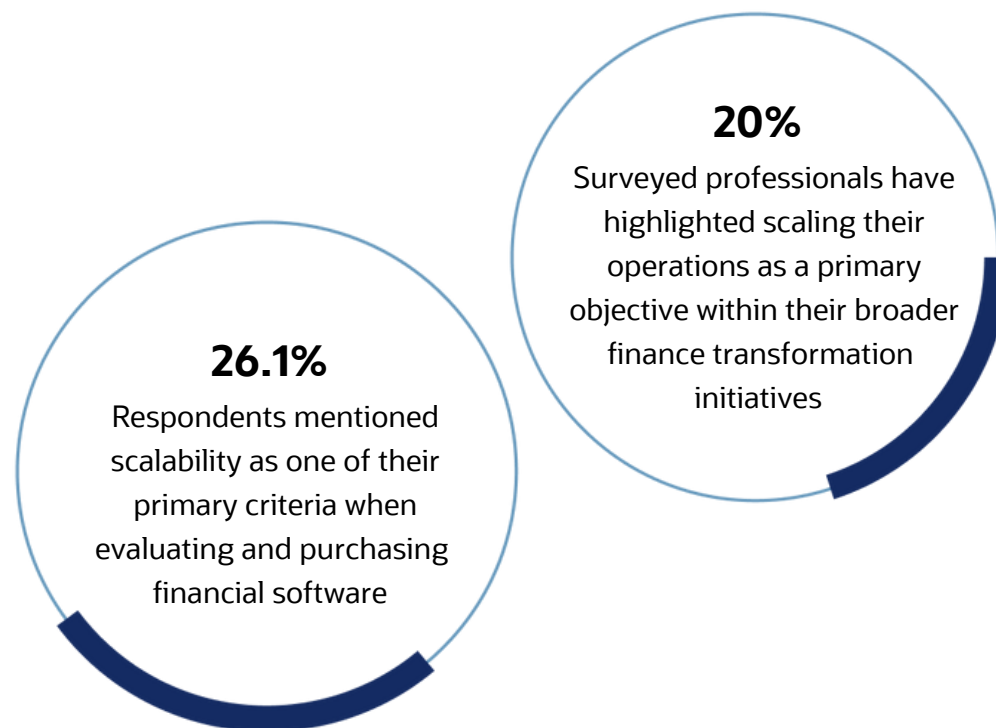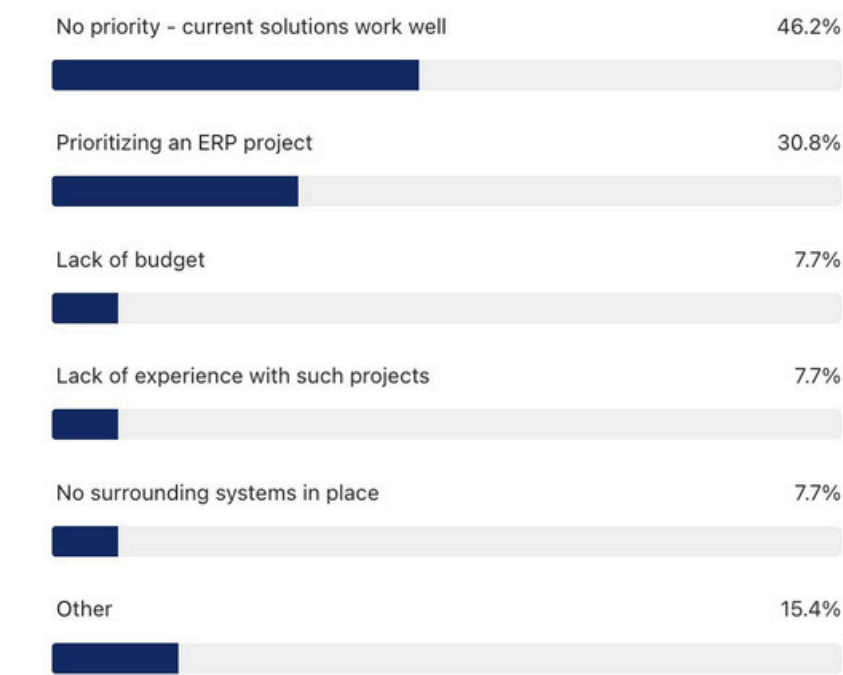
It's worth noting that 8% of the surveyed finance professionals cited fragmented tech stacks as a major reason for initiating transformations in their spend management processes. The presence of disjointed and incompatible systems can severely hinder efficiency, automation, and the ability to scale operations efficiently.

In conclusion, the importance of scalability in spend management software cannot be overstated, as evidenced by the challenges faced by finance professionals in dealing with fragmented tech stacks and the clear demand for scalable solutions.
Regarding the reasons for not transforming their spend management processes, 46.2% mention that the current solution still functions effectively, making such an initiative a lower priority. Additionally, 30.8% state that they are prioritizing an ERP implementation, while 7.7% of respondents indicate a lack of budget or expertise within their teams, respectively.
Another 7.7% of respondents express concerns about the inadequacy of the surrounding IT landscape, which they believe could hinder the success of such initiatives. Additionally, 7.6% cite a lack of time as a limiting factor.

No priority - current solutions work well	46.2%
Prioritizing an ERP project	30.8%
Lack of budget	7.7%
Lack of experience with such projects	7.7%
No surrounding systems in place	7.7%
Other	15.4%

Conclusion

This report offers a glimpse into the current state of spend management transformation, highlighting the trends, challenges, and opportunities that shape its future.

Across countries, companies are transitioning to a new way of managing their finances, and this transition requires careful consideration and planning to ensure it leads to financial operations that are not only more efficient and controlled but also inherently geared towards growth.

Within this landscape, the emergence of AI-driven spend management solutions stands as a unique and game-changing opportunity for global organizations, allowing them to redefine the very essence of how they manage their global expenditures.

Traditionally, finance departments were perceived as custodians of financial records, diligently managing expenses and budgets.

However, forward-thinking companies have redefined this role. They now recognize spend management as a vital driver of strategic growth, a perspective championed by finance professionals, from CFOs to heads of finance, accounting, and controlling.

Our exploration of this transformation, shaped by discussions with finance professionals across diverse industries and company sizes, underscores a common theme: spend management has transcended its operational origins to become a strategic imperative powering long-term growth.

Processes like Accounts Payable (AP) and Travel & Expense (T&E) are no longer isolated workflows but integral components of a holistic spend management strategy. Moreover, the infusion of AI and automation technologies has catalyzed this evolution, enhancing efficiency and enabling greater control.

For global corporations, this transformation is pivotal. It has made efficient, compliant operations across regions and subsidiaries not just attainable but sustainable. Finance professionals now wield tools that ensure financial operations not only support but actively catalyze growth.

At Yokoy, we stand at the forefront of this revolution, proposing a fundamentally different approach to spend management and empowering organizations with cutting-edge AI technology so they can thrive in an increasingly competitive global marketplace.

Methodology

This data is derived from various key sectors, including Manufacturing (22.7%), Retail and Consumer Goods (14%), Technology/Software (31.8%), Business Services, including Consulting (13.6%), Financial Services/Banking (13.6%), Sports and Education (4.5%), and Marketing and Advertising (12%).

The survey respondents represent diverse departments such as Finance, Travel Management, Solutions, Delivery, Operations, and IT, and include C-suite executives. Among the respondents, 52% hold senior positions as Heads, Directors, VPs, or C-level executives.

The surveyed companies are located in the DACH region (88%), The Netherlands (4%), Spain and Portugal (4%), and the UK (4%).

In terms of company size, these initial insights come from growing companies (28%), mid-size businesses (40%), and large enterprises (32%).

Why Inplenion.ERP?

Inplenion.ERP stands out as a trusted partner for businesses seeking to achieve financial excellence and compliance through cutting-edge solutions. With a strong partnership with Yokoy, we empower organizations to streamline their spend management and ensure compliance across multiple subsidiaries, currencies, and regulatory frameworks.

As Yokoy's strong partner, Inplenion.ERP brings unparalleled knowledge and experience to help businesses harness the full potential of Yokoy's AI-driven spend management suite. Our tailored approach focuses on integrating financial compliance solutions seamlessly into your operations, enabling greater visibility, efficiency, and control over financial processes.
With a proven track record of delivering over 500 successful projects worldwide, including 50+ Yokoy implementations, Inplenion.ERP is committed to driving operational excellence and ensuring that our clients remain compliant and competitive in today's dynamic business environment.
Choose Inplenion.ERP for a partner that understands your financial challenges and offers solutions that drive sustainable growth and compliance.

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Interested in how Inplenion.ERP can enhance your spend management process?

Book a demo