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The CFO's Guide to Finance Software

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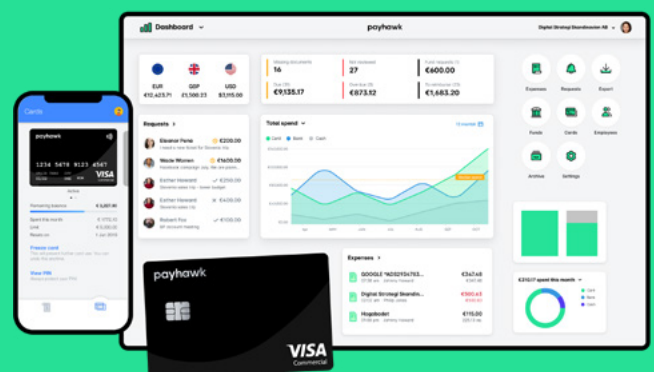
The easyest way to manage company finances

Payhawk combines credit cards, payments, expenses and cash into one integrated experience.

Introduction

SaaS innovation is coming for CFOs.

Over the past 10 years SaaS has disrupted every other core business process, delivering the point solutions that team leads need to run their functions faster, more cheaply, and more cost-effectively. So far, finance teams have been left out of that revolution. Strict reporting timelines and high-accuracy requirements have led them to opt for safe, traditional solutions. They've adopted a 'don't touch anything that works' attitude and resisted adding new solutions to their stacks.

Now, that's starting to change. A more tech-savvy generation of modern CFOs are rising up the ranks. And SaaS solutions providers are starting to take note, building a range of best-in-class products that plug and play, rather than rip and replace, and help streamline finance operations.

Imagine a world for CFOs where company credit cards, manual expenses, invoices and more could all be seen together in one place, and in real-time. Payments to reimburse staff for expenses could be organised seamlessly to employee bank accounts. Swift and painless integration with online banking would allow payments to be made within a single platform, and with no need to switch tools. Everything would be integrated and joined up, cutting paper-based processes and manual admin, increasing visibility across the business, offering better data protection and improving experience for employees.

With new finance solutions coming to the market every day, these ways of working no longer have to be a pipedream for CFOs. But as the market starts to become crowded, and with changing business requirements post-pandemic, what do CFOs really need to look for in new solutions? And critically, where can they find them?

The challenges facing modern CFOs

The role of the CFO is difficult. Ultimately responsible for business growth, the majority of CFOs today know now they need to invest in digital transformation in order to stay competitive. But it's critical that new software drives ROI, and so it's no surprise that many are cautious when it comes to new additions to the tech stack – especially where their own team is concerned.

Finance teams typically work with multiple disconnected stakeholders across the company, and therefore have lots of different software dependencies. Because they work to strict reporting deadlines and even stricter regulatory requirements, there's a tendency to rely on traditional, trusted solutions. But those legacy solutions are no longer up to the task of tackling the many challenges that face CFOs today.

Remote work

Remote teams are nothing new for most businesses. But thanks to the pandemic, distributed workforces have become the new normal, and look set to stay that way. While that offers a lot of benefits for CFOs (the opportunity to source talent and real estate in cheaper geographies, for instance), it also creates many challenges.

To date, finance teams have been able to get away with ad-hoc, manual processes for things like company card lending and invoice reconciliation. Now, there's a real need for collaborative, digital tools that increase visibility while employees are out of the office, and automate some of those historically in-person processes. Without them, it's becoming harder than ever for CFOs to keep track of (and control over) bottom-up employee spend.

Remote teams also introduce challenges around cross-border payments, tax and regulatory requirements. While lots of finance and accounting solutions exist, few offer the full range of functionality that CFOs need across every geography they might be operational in.

Many large companies use NetSuite, while a large proportion of the enterprise market in Germany uses SAP. In the UK, Xero has made major inroads into digital accounting, though QuickBooks is still widely in use in Britain and continental Europe. Meanwhile DATEV in Germany has a strong niche with small and medium-sized companies. But although these solutions own much of the addressable market, none of them are dynamic or comprehensive enough to meet modern CFOs' needs across every jurisdiction. Most CFOs end up cobbling together a complex and fragmented network of solutions to meet their needs, slowing down processes and increasing the risk of data breaches. With remote teams becoming more commonplace, these problems will continue to grow unless CFOs invest in collaborative tools that cut paper processes and offer strong data protection.

Manual processes

The pandemic highlighted issues with manual processes, but it didn't cause them – most have caused friction for CFOs and finance teams for a long time. When we speak with CFOs, we ask them one question: when you have employees travelling for business, how do they manage their costs? If they pay themselves for something that will be paid back by the company, what process do you have for that? Is it an efficient solution? Who does it benefit? What does it do for employee job satisfaction, pride in their work and loyalty to their employer? Is it a win-win solution for the employees and any third party vendors, as well as for the company itself?

About 75% of CFOs tell us that their employees pay their own expenses by cash in advance of being reimbursed. They then have to fill out and submit a detailed expense report within the next payment flow. Typically, it takes three to four weeks for the expenses to be repaid. Many of the processes are manual: somewhere along the line, someone has to digitalise the input and take a picture of the receipt. It's a sticky, inefficient process that most admit could be improved.

And it's not merely a case of reducing manual burden: poor processes around staff payments can easily become a company branding issue. According to Payhawk research, it is often the most junior staff who have to wait the longest to be reimbursed – and they also tend to incur the highest costs.

From an employee perspective, this can be an unpleasant experience. While running a poorly-stitched-together set of processes is inefficient for companies, it is also time-consuming for employees to fill out paperwork, submit invoices and receipts, wait for weeks and then often only achieve repayment after having to chase the finance department. With the battle for talent more competitive than ever, this represents a serious risk to the business.

Disjointed solutions

Finance teams perform a wide variety of tasks, and thus have complex and comprehensive needs when it comes to software. Although various tools do exist to carry out these functions, very few of them bring all these services together on a single platform. SAP provides Concur, a tool it acquired in 2016, to handle digitalisation of expenses, with customers taking a picture of their receipts and pushing them automatically through to SAP's finance suite. However, there's no other direct integration software on the market, combining manual expenses, credit card, collections and invoice handling.

This means that finance teams end up working across five or six disjointed systems: ERPs/accounting software, banks, papers/receipts, cards, cash balance and so on. Integrations aren't always easy, meaning tasks are hard to automate and data can fall through the cracks.

But despite the obvious issues, it's often not seen as business-critical to innovate the finance tech stack: first initiatives are always those that generate revenue, then those that reduce costs. The result is that finance teams are being left behind the rest of the business, unable to scale and stuck on manual tasks rather than those that really add value. Without finance tools that offer seamless integrations into existing systems, automation and intuitive UX, CFOs are struggling to keep up.

What CFOs should look for in finance software

Against a diverse and evolving set of challenges, CFOs need a new set of solutions that can help them work smarter and more efficiently, free up finance team time and drive real value back to the business.

The pandemic made the need for these new solutions even more apparent. Despite the chaos it caused, there have been some silver linings: CFOs are now very aware of the issues that exist within their teams, and more engaged with investing in technology to solve them.

During the pandemic, CFOs and finance teams were catapulted to the absolute core of businesses as the operational and revenue-generating glue holding them together. Now, technology that helps them work better is not just nice-to-have, but business critical.

There are many solutions on the market that tackle different elements of finance operations, each of which have their advantages and drawbacks. When evaluating them, CFOs should be looking for three core benefits: visibility, centralisation and automation.

Visibility

Maintaining visibility over all company spend is a challenge at the best of times, usually requiring finance teams to waste time chasing colleagues and manually reconciling invoices at month-end. Now that teams are remote, that's becoming even harder. It's near-impossible for finance departments to keep track of all team and employee spend, especially when personal cards are used and expensed back. That creates issues when it comes to budgeting, forecasting and cash flow – all of which impede the business' ability to scale.

CFOs need to look for solutions which give them visibility over all company-wide spend in one place. One solution for this is to generate virtual company cards for each individual employee, so finance teams can set spending controls and easily keep track of expenses. Having one platform to manage all credit cards in real-time helps streamline expense management processes, cutting operational overheads and offering better control over budgets. It also improves company culture, as teams are given the freedom and flexibility to manage their own spend in a quick, seamless way.

Centralisation

Good finance software goes beyond spend management. While that's one important piece of the puzzle, having a separate solution for spend management alongside other point solutions for payments, invoices and accounting results in a complex and inefficient finance tech stack. Switching between systems takes time and increases the risk of manual error, causing frustration for finance teams. And integrations between point solutions are often complex, opening up gaps in the process that have to be plugged by spreadsheets and other manual, unscalable solutions.

Platforms that bring the whole spectrum of finance operations (cards, payments, invoices, and expense management) under one roof and close the gap between banks and ERP systems should be the priority for CFOs. The ability to make bank wire payments within the same platform where teams manage invoicing – instead of having to switch into online banking workflows – is a significant advantage.

In companies without this system, finance teams often have to input all the relevant information into a platform, export an XML file, export this file into the banking system and then manually schedule the payments. Switching to an all-in-one solution offers a better UX for finance teams, and speeds up the (often painful) process of reimbursement for other employees.

Automation

With a holistic view of company spend and a central platform to manage finance operations, CFOs can make meaningful reductions to operational overheads and free their teams from the mundane work of manual data entry, reconciliation, and receipt collection.

But there are ways to streamline and increase efficiency even further, and CFOs should look for finance tools that can help them automate core processes. With a centralised spend management solution and individual company cards, finance teams can create spend rules and automated approval workflows so they can manage by exception.

OCR (optical character recognition) is another critical feature. OCR extracts data from invoices automatically, without the need for manual data entry, which reduces time, effort and the risk of human error. While a lot of finance software solutions offer some degree of OCR extraction, quality can vary. Solutions based on machine learning are essentially self-improving, and deliver better results than those based on generic public source software.

CFO shopping list

Digital transformation can be a daunting task. As more and more SaaS finance solutions come to market, the process becomes even more complex. Without a firm grasp of the functionality they need, CFOs can struggle to choose between various invoicing, expense management and payment solutions.

Investing in one comprehensive solution that covers the whole spectrum of finance operations makes more sense:

—— Single platform, price and process

—— Direct integrations with ERPs and accounting software

—— Automated spend management controls

—— Machine learning-based OCR extraction

—— International GDPR compliance

—— Payment rails enabling one-click payments

At Payhawk, we used this shopping list to build our product – which is why we're the only solution in the market that offers all the functionality CFOs need in one place. Payhawk's expense management capabilities ensure that all company spending is easily centralised in a single source of truth, before being pushed to accounting software and ERPs through direct integrations. It streamlines workflows, cuts operational overheads and arduous manual tasks, and leaves finance teams free to focus on high-value work that helps their businesses scale. This next generation approach avoids the need of having to build and manage a tech stack at all. Instead, an end-to-end solution condenses and streamlines it in one place.

To find out more about how Payhawk could help you   Get in touch

Our story

Payhawk is the financial system of tomorrow that combines credit cards, payments, expenses, cash management and pre-accounting automation into one integrated experience. Payhawk was founded in 2018 and currently serves customers across 18 countries in Europe from its offices in London, Berlin, Barcelona and Sofia. Payhawk disrupts the expense management market by combining financial and software products into a single platform.

The product is available for any registered business in Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

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