The Pulse:

Spend Management

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Payhawk is a leading spend management solution for domestic and international businesses throughout Europe, the US, and the UK. Combining company cards, reimbursable expenses, accounts payable, and seamless accounting software integrations into a single product, Payhawk makes business payments easy — for everyone. Payhawk helps customers in over 32 countries to maximise efficiency, control spending at scale, and stay agile. With offices in London, Berlin, Barcelona, Paris, Amsterdam, Vilnius, Sofia, and New York, Payhawk's diverse customer base includes top names like LuxAir, Babbel, Vinted, Wallbox and Wagestream.

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The Spend Management Pulse Report

There was a time when spend management involved a huge amount of manual work from employees. Requests for paperwork meant searching through slips, receipts, and paper invoices; all of which had to be found and then filed again by hand.

But thankfully, these archaic methods are a thing of the past and businesses have embraced the digital revolution and begun to reassess their spend management strategies.

Financial tools and technology have now removed the need for a response and react approach and businesses can now focus their efforts on being proactive instead.

This technology also enables organizations to analyze spend management using real-time data and make informed financial decisions for the future. As spend management evolves exponentially, technology continues to take it further than ever before.

In the report that follows, we're going to take a look at current attitudes towards corporate spending and visibility, as well as the biggest challenges businesses are facing when it comes to spend management.

We will also take a closer look at what goes into a spend management tech stack and how satisfied businesses are with their current tools, before looking at the future of spend management strategies.

Survey demographics

Insights For Professionals surveyed over 100* senior professionals in the US (75%) and the UK (25%) across more than 11 industries.

Amongst the industries with the most representation were finance (41%), health (8%), education (6%), manufacturing (6%), and services (6%). Some of the other industries include retail, technology, information, construction, transportation, and government.

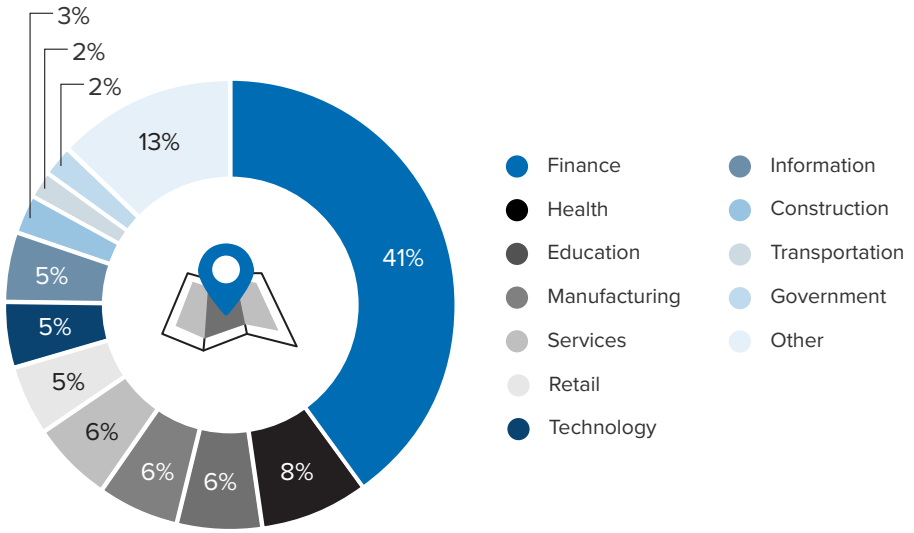
Company size

In terms of company size, there was a variety of enterprises ranging from those with 250 employees all the way up to 25,000+ employees.

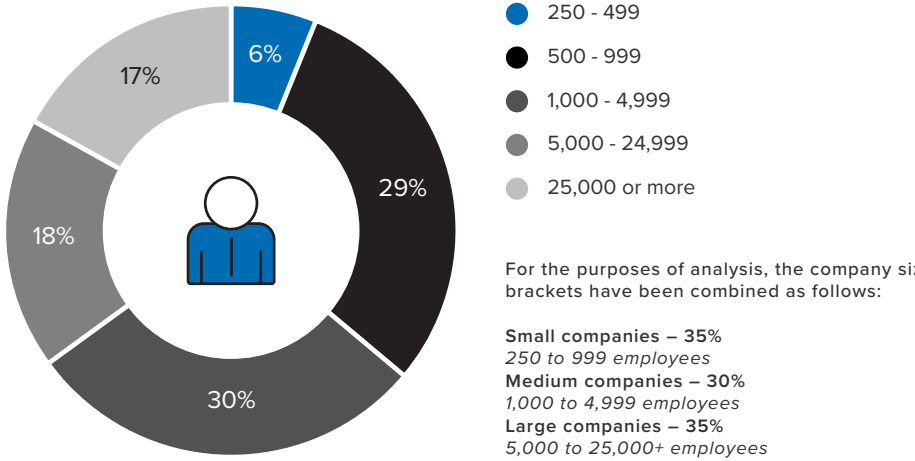
Of those, one-third (35%) are smaller companies with 250-999 employees, 30% are companies with 1,000-4,999 employees, and another 35% are companies with 5,000-25,000+ employees.

*106 senior professionals were surveyed

Which industry is your organization in?



How many employees are there in your organization?



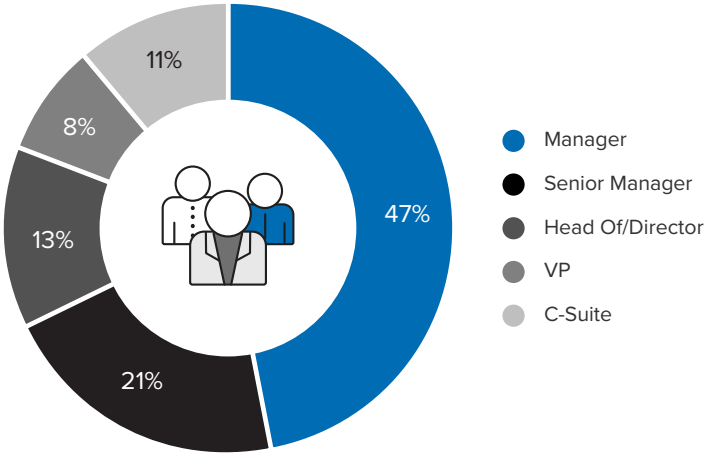
For the purposes of analysis, the company size brackets have been combined as follows:

Small companies – 35%
250 to 999 employees
Medium companies – 30%
1,000 to 4,999 employees
Large companies – 35%
5,000 to 25,000+ employees

Seniority level

All survey participants are in managerial and senior positions within these companies: 47% are managers, 21% are senior managers, 13% are heads of departments or directors, 11% are C-suite, and the final 8% are VPs.

What is your authority level?



The biggest challenges in Spend Management

Human error

is the greatest challenge facing the surveyed organizations.

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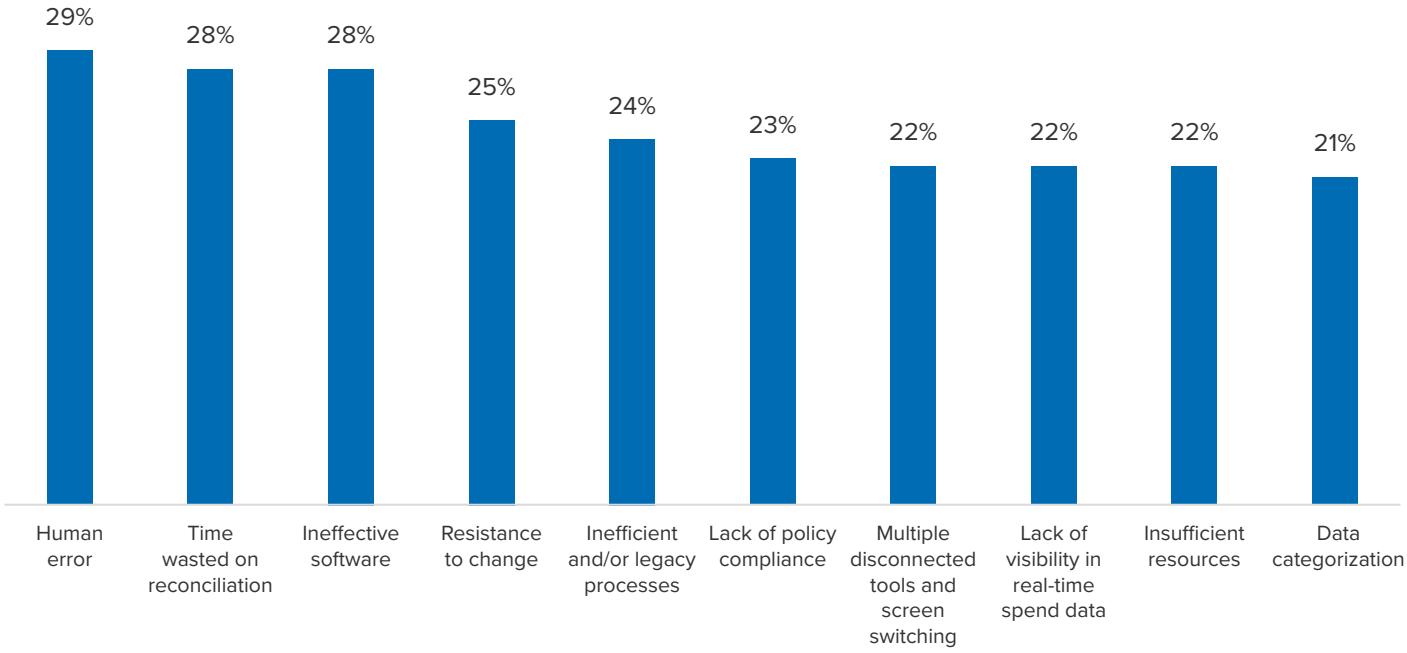
Amongst the industries with the most representation were finance (41%), health (8%), education (6%), manufacturing (6%), and services (6%). Some of the other industries include retail, technology, information, construction, transportation, and government.

Which of the following spend management challenges is your organization currently facing? (Top 10)



Resistance to change (25%) and inefficient and/or legacy processes (24%) were also on the list of the top five challenges, though medium size companies find this even more challenging at 41% and 31%, respectively. Some of the other key challenges include:

- Lack of policy compliance
- Multiple disconnected tools and screen switching
- Lack of visibility in real-time spend data
- Insufficient resources
- Data categorization

Interestingly, the biggest challenge for small businesses is capturing receipt and invoice data (38%) though this didn't make it onto the list of the top 10 challenges overall. This suggests that smaller organizations need to invest more in tools that make data capture easier and more accurate.

Top 3 Spend Management challenges:

Small Companies

Capturing receipt and invoice data	38%	Human error	38%	Time wasted on reconciliation	32%

Medium Companies

Resistance to change	41%	Inefficient and/or legacy processes	31%	Lack of visibility in real-time spend data	28%

Large Companies

Time wasted on reconciliation	30%	Ineffective software	30%	Human error	24%

For the purposes of analysis, the company size brackets have been combined as follows:

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250 to 999 employees
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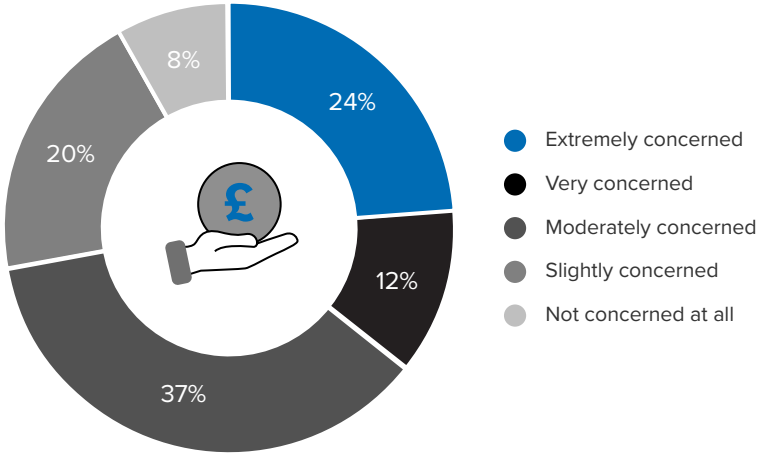
5,000 to 25,000+ employees

Assessing attitudes to corporate spend and levels of visibility

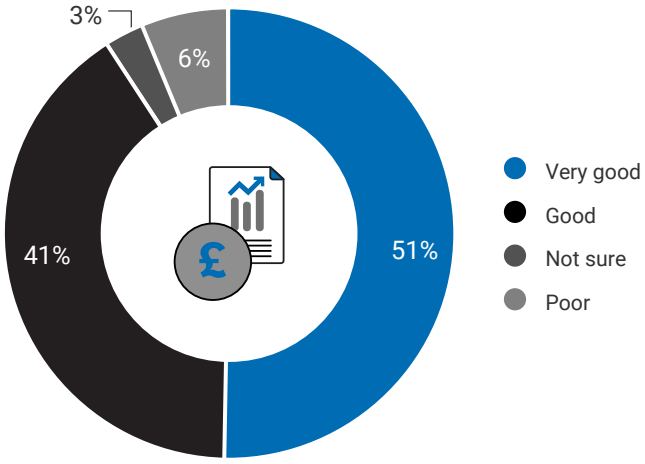
Despite having these tools in place, over a third (36%) of respondents are ‘extremely’ or ‘very’ concerned about the amount of corporate spending within their organization.

What’s more, while over half (51%) of respondents rated their spend management effectiveness as ‘very good’, a significant 41% rated it as just ‘good’, and almost one in 10 (8%) said it was either poor or they were unsure.

Are you concerned about the amount of corporate spending in your organization?



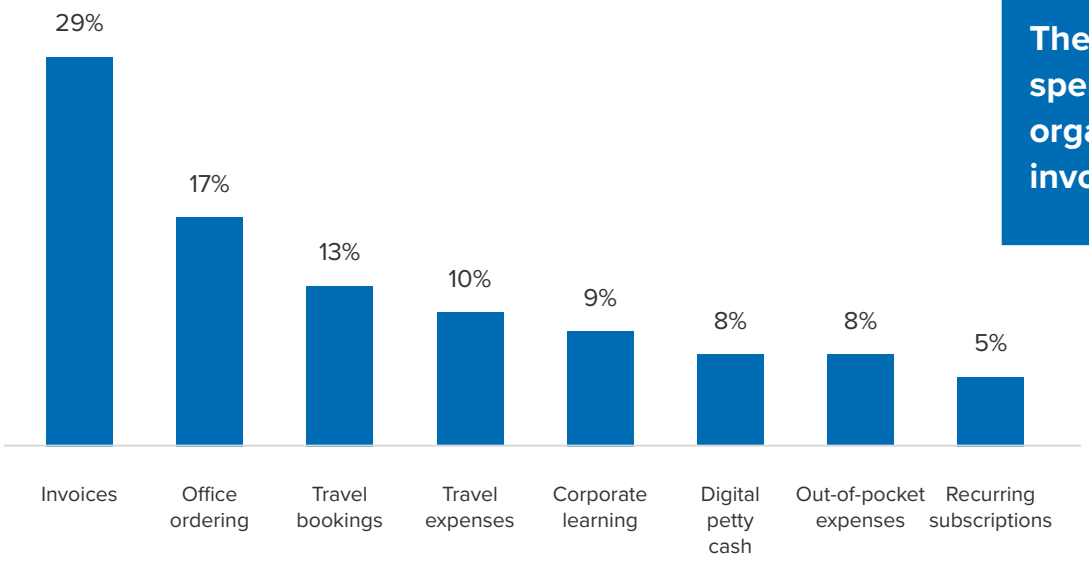
How would you rate your organization’s overall spend management effectiveness?



When looking at where the money goes, the most common spending across these organizations are invoices (29%), office ordering (17%), travel bookings (13%), travel expenses (10%), and corporate learning (9%).

Other key expenses include digital petty cash (8%), out-of-pocket expenses (8%), and recurring subscriptions (5%).

Which spends are the most common in your organization?



43%

The most common spending across organizations are invoices.

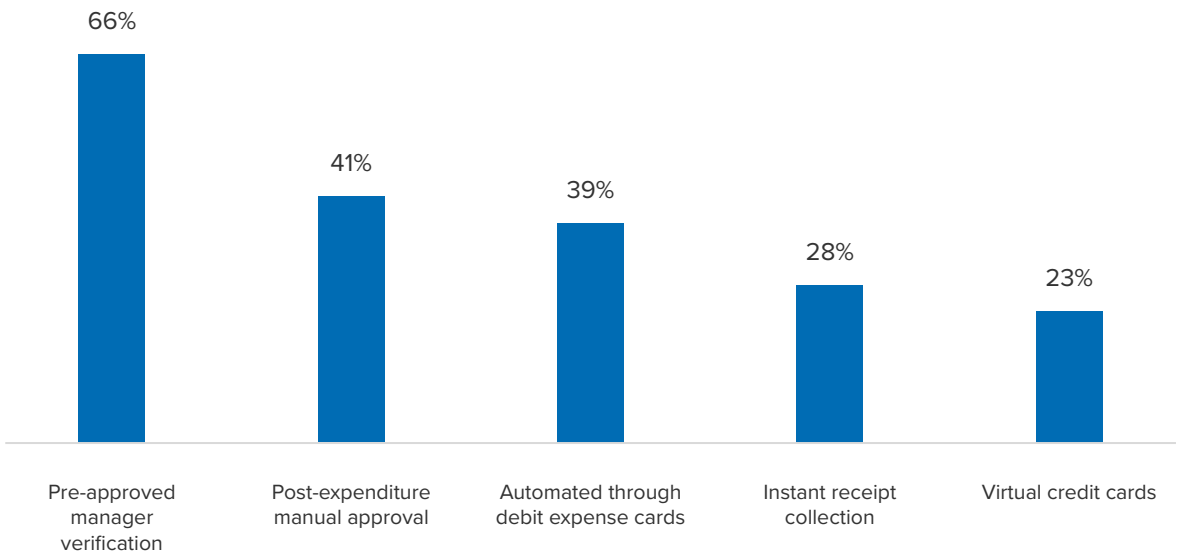
How are these businesses approaching corporate spending?

With many concerned about corporate spending and their current spend management strategy, the survey aimed to uncover how these companies were approaching corporate spend on a daily basis.

The prevailing opinion was that all spend must be approved first (50%), and the most common ways that they currently approve operational spend include:

- Pre-approved manager verification
- Post-expenditure manual approval
- Automated through debit expense cards
- Instant receipt collection
- Virtual credit cards

How do you currently approve operational spend?

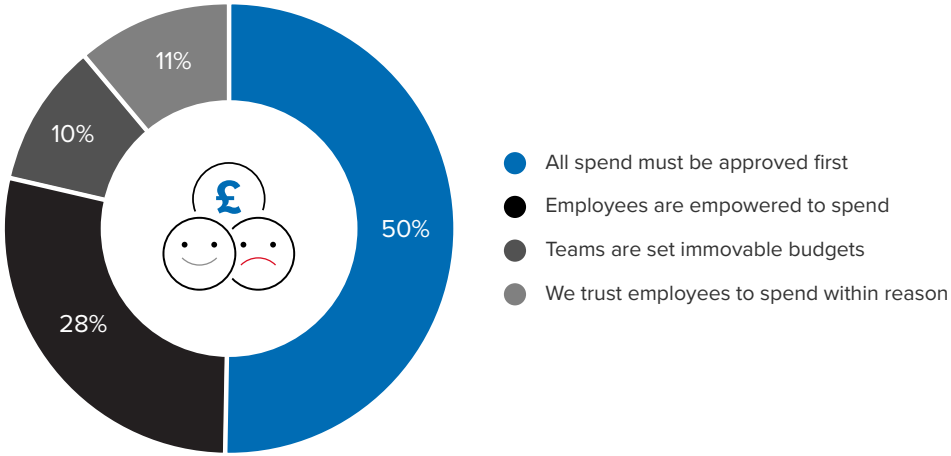


That being said, over a quarter (28%) of businesses said they empower their employees to spend and 11% say they trust them to spend within reason. For one in 10 (10%), spend is managed not by pre-approval, but by setting teams immovable budgets so they must manage their own spending within this.
Visibility in corporate spending

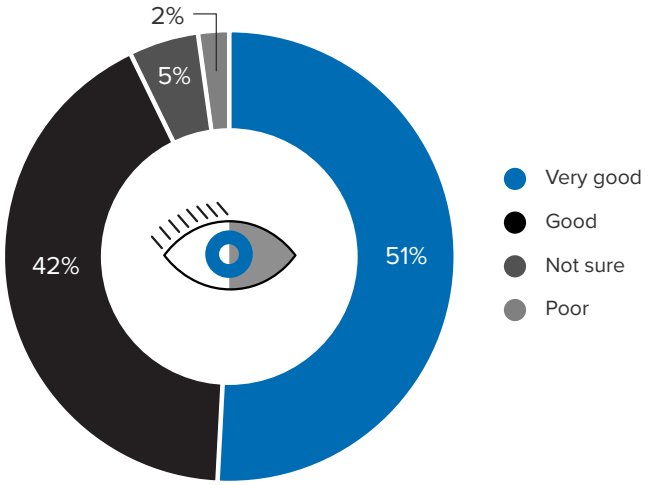
When looking at attitudes towards corporate spending, it's also important to look at visibility, particularly from the perspective of senior employees. Understanding how and where money is being spent is a crucial part of getting a strong spend management strategy in place, without the need to micromanage or risk employees overspending.

Looking once again at the data, over half (51%) of respondents claim they have 'very good' visibility into company spend. However, a sizeable 42% only rated it as 'good'. These figures are more concerning in larger organizations where only 38% say visibility is 'very good' and a staggering 57% rate it as just 'good'.

What is your organization's attitude to spend?



How would you rate your visibility into company spend?



Looking ahead: The future of Spend Management

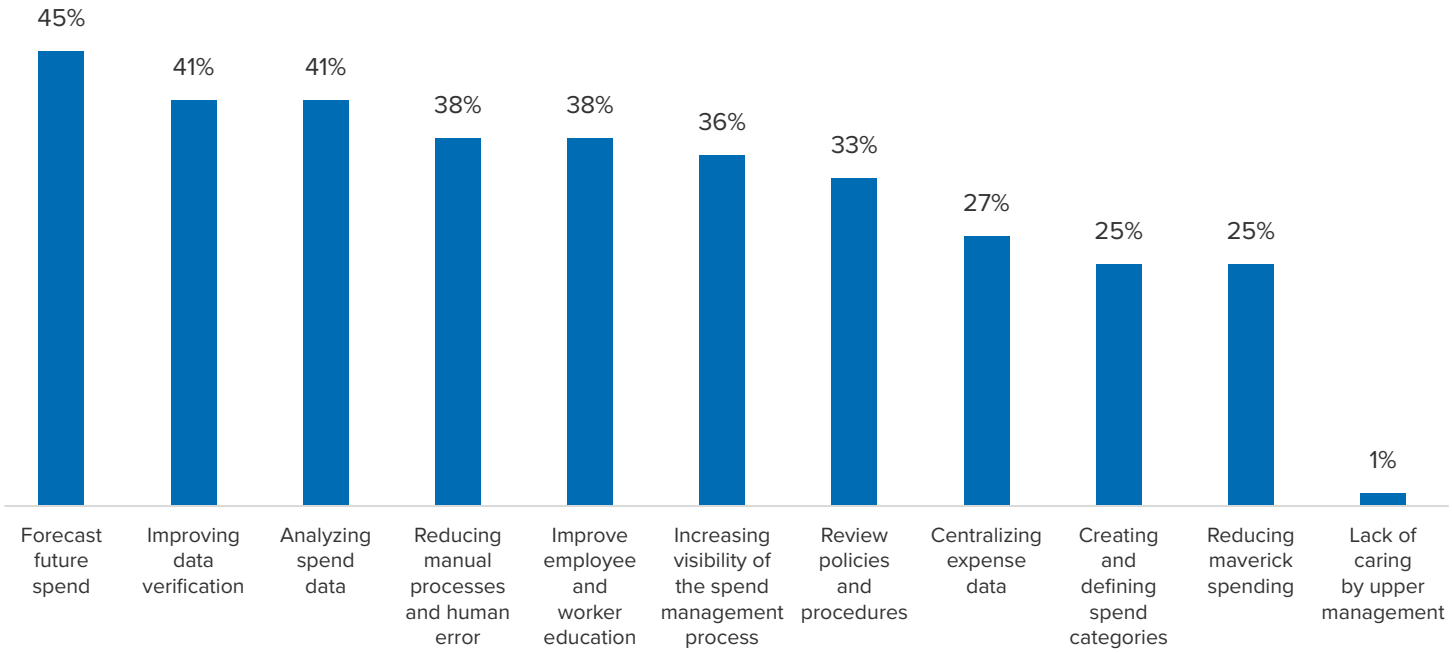
It's good that businesses have approval methods in place to make managing spend easier, and that many trust and empower their teams to spend within their budget.

That being said, it's clear that some are still worried about wider corporate spending and changes need to be made in the future to increase visibility and improve spend management. This is a key priority for over one-third (36%) of businesses, with this figure increasing to 43% amongst smaller organizations.

Some of the other key priorities for the future include:

- Forecasting future spend
- Improving data verification
- Analyzing spend data
- Reducing manual processes and human error
- Improving employee and worker education
- Reviewing policies and procedures
- Centralizing expense data
- Creating and defining spend categories
- Reducing maverick spending

What are your biggest priorities for improving spend management?



If we break this down a little further, forecasting future spend remains top of the list for 46% of large businesses, followed by improving employee and worker education (43%), and then increasing visibility (35%).

For 49% of small businesses, the top priority is improving data verification and analyzing spending data (43%).

While 41% and 47% of medium businesses will prioritize the same things, respectively, a further 44% of medium businesses will focus their efforts on reducing manual processes and human error.

Top 3 Spend Management priorities:

Small Companies

Improving data verification	49%	Increasing visibility of the spend management process	43%	Analyzing spend data	43%

Medium Companies

Analyzing spend data	47%	Reducing manual processes and human error	44%	Improving data verification	41%

Large Companies

Forecast future spend	46%	Improve employee and worker education	43%	Increasing visibility of the spend management process	35%

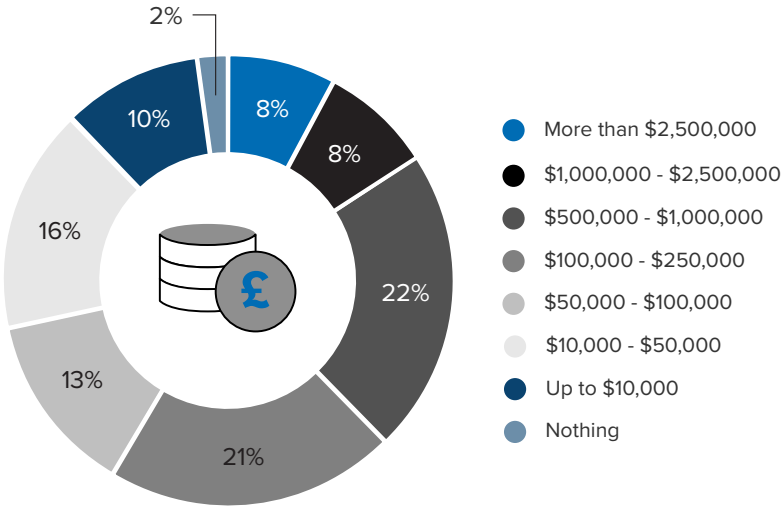
Investing in spend management initiatives

While prioritizing these tasks is all well and good, organizations will need to invest in spend management initiatives over the coming year if they want to see results. The majority (22%) plan to invest between $500,000 and $1M while one in four (21%) will spend between $100,000 and $250,000, and a further 16% between $10,000 and $50,000.

However, one in 10 (10%) will only invest up to $10,000 in these initiatives, and this figure is likely to have come from smaller businesses that have smaller budgets for their spend management strategies.

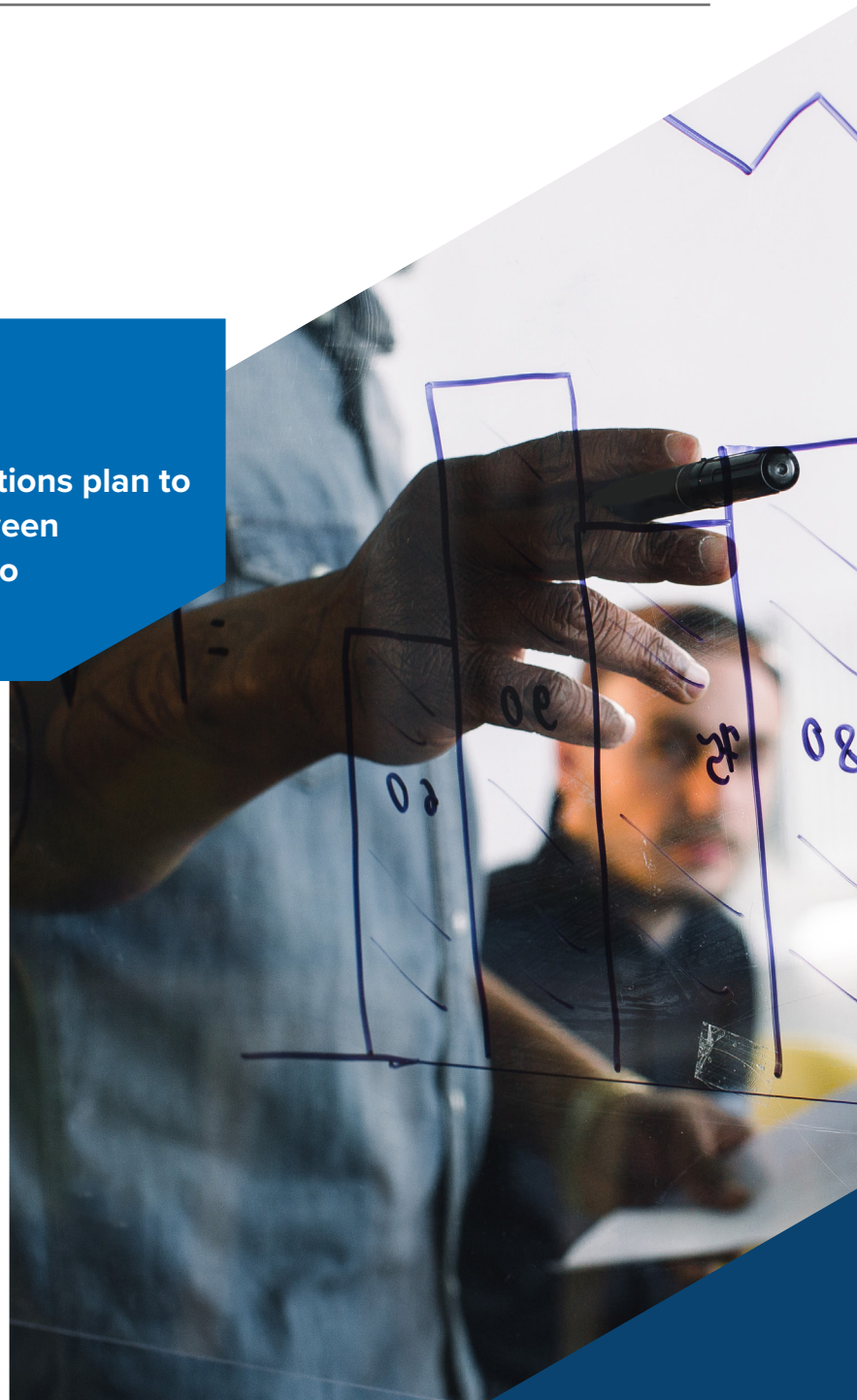
At the other end of the scale, almost one in 10 (8%) will be investing more than $2.5M in this area, and it is likely going to be the much larger corporations that can afford to do so.

How much are you planning to invest in spend management initiatives over the next 12 months?



22%

of organizations plan to invest between $500,000 to $1 Million



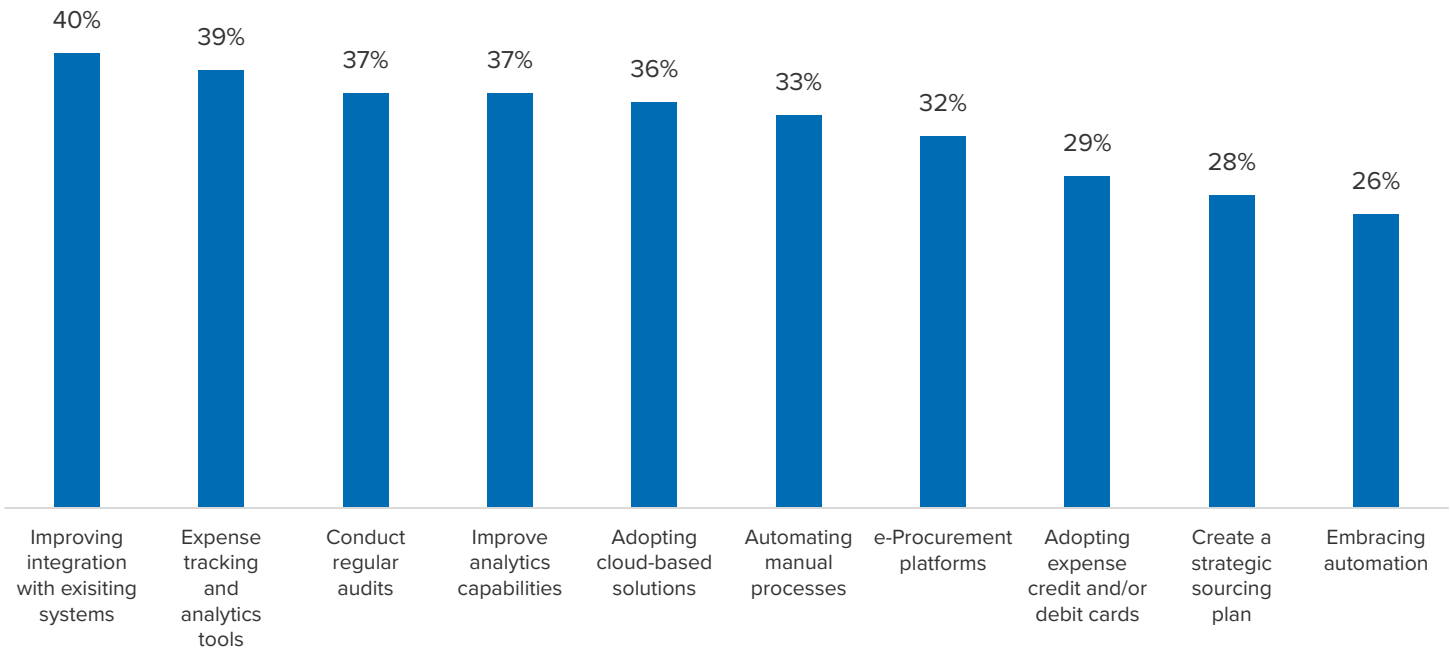
Implementing new technology and initiatives

That's not to say that businesses can't get just as strong a strategy in place with a smaller budget. By implementing the right technologies and initiatives, every organization can optimize its spend management process.

When asked what they'd like to invest in and improve upon in the future, business representatives said the following:

- Improving integration with existing systems
- Expense tracking and analytics tools
- Conduct regular audits
- Improve analytics capabilities
- Adopting cloud-based solutions
- Automating manual processes
- e-Procurement platforms
- Adopting expense credit and/or debit cards
- Create a strategic sourcing plan
- Embracing automation

What technologies and initiatives are you looking to implement to optimize the spend management process?



Why invest in new tools and technologies?

By investing in the new tools and initiatives we've outlined above, organizations are hoping to achieve better internal spend controls (43%), improve efficiency (43%), and minimize risk (40%).

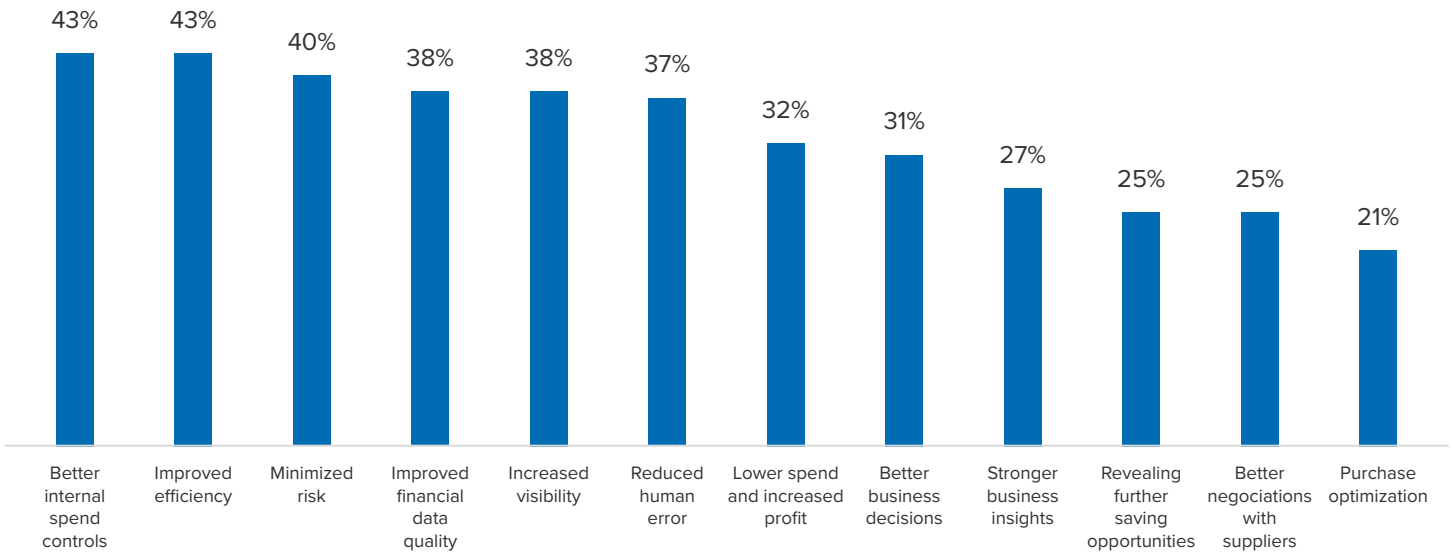
Not only that, but they hope it will improve financial data quality (38%), increase visibility (38%), reduce human error (37%), and above all else, lower spend to increase profit (32%).

As we saw earlier, these are the top priorities for the majority of businesses. Therefore, businesses are showing they're prepared to invest in these new technologies if it will help them to achieve their goals and get a stronger spend management strategy in place for the future.

43%

of organizations are hoping to achieve better internal speed controls.

What are the biggest benefits you hope to achieve when further optimizing your spend management processes and initiatives?



In conclusion

Gone are the days of archaic spend management methods that required huge amounts of manual work. As businesses embrace the digital revolution, finance tools have removed the need for a respond-and-react approach. Now businesses can be more proactive.

But despite this, many are still facing challenges like human error, time wasted on reconciliation, and ineffective software.

Not only this, but with over a third (36%) of respondents ‘extremely’ or ‘very’ concerned about corporate spending, many aren’t completely happy with the existing tools in their tech stack.

While they have strategies in place like spending pre-approval, automated expense cards, and instant receipt collection, many feel that there still needs to be more visibility to improve spend management.

Over the coming 12 months, organizations are prepared to invest anywhere between $10,000 and $2.5M on new tools and initiatives. In doing so, they hope to achieve better internal spend controls, improve efficiency, and minimize risk; with the overall aim being to improve their wider spend management strategy.

36%

of respondents are “extremely” or “very” concerned about corporate spending.

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