coupa | The Trusted Platform for Business Spend Management

THE 2023 BUSINESS SPEND MANAGEMENT BENCHMARK REPORT

# Accelerate Performance. Unlock Purpose.

20 Community-Powered KPIs for Best-in-Class Performance Across **Procurement**, **Invoicing**, **Expenses**, **Payments**, and **ESG**

***POWERED BY COMMUNITY.AI***

# The CFO Mandate: Change

Faced with a barrage of global economic challenges, many CFOs are under mounting pressure to grow profit and productivity at a time of inflation and rising labor costs, all while delivering on ESG commitments. The course that each CFO plots now will determine if their organization can withstand the challenges and thrive.

What does it take to secure near-term survival and long-term growth? Four out of five CFOs say that layoffs are a last resort. The answer lies in the entire office of the CFO working as one to identify opportunity, make smart choices, and drive change. These leaders know that if they are going to see value and achieve success, they must transform the business at its core and scale change.

To find an edge, CFOs are prioritizing platform investments that quickly maximize the value of every dollar their businesses spend. Digital technology alone can't manage escalating costs, high interest rates, and global market uncertainty. However, transformation initiatives that harness digital technology, insights, AI, and operational capabilities are uniquely positioned to help siloed functions collaborate in new and better ways to solve bigger challenges, together.

## Community-powered insights underpinned by AI show companies what it takes to respond better and faster.

| Objective | How to get there | Leaders achieve |
|---|---|---|
| DRIVE PROFITABILITY | Improve margins through savings more than the typical 2% to 3% yield for traditional spend management approaches by applying BSM practices. | **6.6%** overall savings |
| MITIGATE MULTIPLE RISKS | Avoid fraud, blown budgets, and spend with risky suppliers by improving control over spend. | **95.0%** pre-approved spend |
| OPTIMIZE CASH AND PAYMENTS | Better manage cash by using greater visibility into invoices to optimize payment timing. | **96.9%** invoices paid digitally |
| OPERATE MORE EFFICIENTLY | Increase agility and productivity by bringing procurement and invoicing onto a single platform. | **96.5%** first-time match rate |

# Community Data Sets Up Companies to Win

To successfully navigate the roadmap to profitability, performance, and purpose, CFOs first need to understand how well their businesses are doing right now.

This edition of the Coupa Business Spend Management Benchmark Report gives leadership teams:

- Insight into critical KPIs for digital transformation initiatives.
- A data-driven perspective on where they stand within the global community and how to improve.
- A view of how the world's best-run organizations deliver profitability, performance, and purpose.

These benchmarks represent best-in-class performance for each KPI. Each benchmark measurement represents the median value of the top quartile of Coupa customers for that KPI.

This annual report is powered by a community of more than 3,000 customers and 9.5 million suppliers, and the constant, real-time impact of their more than $4 trillion in global business spend flowing through the Coupa platform. Every contract, every payment, every business trip – every transaction that occurs on the platform – is captured and analyzed by a suite of AI-powered capabilities collectively known as Community.ai. It then provides prescriptive recommendations on where and how teams across the business can take the right action at the right time.

KPIs are essential to initiating and directing any digital transformation journey. But a clear, steady path to profitability, performance, and purpose hinges on the people who participate. Today's leaders have an unparalleled opportunity to make a real difference with a platform that strengthens the connections between finance, procurement, compliance, treasury, supply chain, sustainability, and IT, united by a common goal of achieving new levels of value from every lever of spend.

## Discover what the Coupa community can achieve.

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# Why Controlling Spend Matters Now

Finance leaders are struggling with higher prices, escalating borrowing costs, unpredictable sales forecasts, and other significant market pressures. They're turning to spend management as one of the most reliable routes to improve margins.

To counter the barrage of external pressures and uncertainties, CFOs are paying more attention to what they can control – spending practices across their organizations. What happens before, during, and after the direct action of spending money? What controls and processes are in place?

Full visibility into spend is crucial, as evidenced in each of the KPIs in this report. A Business Spend Management (BSM) platform investment gives CFOs the opportunity and visibility to understand how resources are being used across the company and apply precision tools, not blunt instruments, to contain costs.

With increased visibility across all spend types, from cost of goods sold (COGS) to operating expenses, finance leaders are better able to make the informed decisions necessary to ensure their company remains competitive.

High-performing companies save

**6.6%**

of their overall spend.

***"Today's economy requires doing more with less. We're leveraging technology that gives us full visibility into company finances to improve forecasting and optimize cash-flow management and working capital."***

*Jeremy Hamon, Head of Group Finance and CFO*

# 20 KPIs for Best-in-Class Performance

### Spend Control

High-performing companies save more of their overall spend.

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# Meet Environmental, Social, and Governance (ESG) Commitments

*"With our BSM capabilities, we've increased our diverse spend across the supply chain to top tier levels as measured against benchmarks over the last four years. And low upfront costs and fast time-to-value have allowed this business process transformation to be self-funded."*

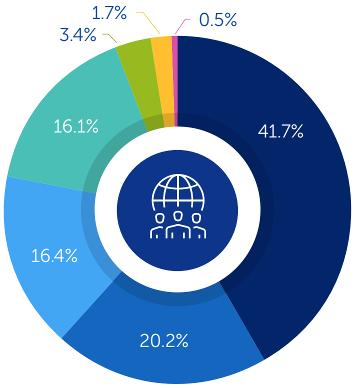
*The American Red Cross*

- Businesses today recognize the importance of embracing a social purpose beyond profitability. Not only is it the right thing to do, but they face increasing pressure to make greater commitments and improved progress toward ESG objectives while delivering a strong financial performance.
- Legislation is pushing businesses to reduce emissions and prevent environmental degradation or ethical misconduct, not only within their own operations but also their supply chain.
- Optimizing supplier relationships represents one of the biggest opportunities a company has to amplify its positive impact on the world.

*Learn more about Sustainable Business Spend Management*

# Supplier Diversity Composition

PRIMARY BENEFIT:
**IMPROVE ESG PERFORMANCE**




- Small Business
- Woman-Owned
- Minority/Indigenous-Owned
- Underrepresented Business
- Veteran-Owned
- Disability-Owned
- LGBT+-Owned

* Includes overlaps across categories. For example, it is possible for a supplier to be counted as woman-owned and a small business.

## DEFINITION

**Supplier Diversity Composition** measures the percentage of every diverse dollar spent on the Coupa platform that flows to specified diverse categories.

## WHY IT MATTERS

- As part of their ESG programs (and, in some cases, executive compensation targets), companies have set commitments to increase their business with diverse suppliers.
- U.S. government contractors are required to track their spend with diverse suppliers and meet aggressive targets. In continental Europe, supplier diversity is an emerging consideration, giving companies a tremendous opportunity to lead the way in inclusive procurement practices.
- Buying from diverse suppliers creates positive impact by directly supporting diverse owners, their employees, and by increasing economic activity within their communities.

## HOW TO MAXIMIZE SPEND WITH DIVERSE SUPPLIERS

- Require at least one diverse supplier to be included in each sourcing event.
- Give diversity managers visibility into non-diverse in-flight sourcing events and requisitions so they can provide support.
- Monitor diverse suppliers for risk indicators and proactively intervene by extending more generous payment terms or reviewing contract requirements that may cause hardship.
- Invest in a community-powered platform that provides pre-sourced, diverse suppliers in common categories.
- Flag diverse suppliers to end users directly within search results.

Learn more about working with diverse suppliers

Discover how this global manufacturer headquartered in Paris is using Coupa to execute on its mission to achieve carbon neutrality by the year 2050.

SAINT-GOBAIN

# Risk Management Evaluation Completion Rate

99.1%

PRIMARY BENEFIT:
**IMPROVE ESG PERFORMANCE**

## DEFINITION

**Risk Management Evaluation Completion Rate** measures third-party completion rate of digitally administered risk questionnaires.

## WHY IT MATTERS

- Companies are now responsible for the actions of their suppliers and their suppliers' suppliers in many areas, such as information security and ethical sourcing. Any suppliers and subcontractors who represent risk must be identified.
- Developing ESG legislation around the world, such as the SEC's proposal for sustainable disclosure regulations and the Sustainable Finance Disclosure Regulation in Europe, introduce new requirements for compliance.
- Digital risk questionnaires give you a more efficient way to understand the risk and mitigation measures in place, allowing you to assess a greater number of suppliers and perform vetting more frequently and consistently.

## HOW TO IMPROVE

*HIGHER IS BETTER*

- Free up time for risk management teams by including a requirement for suppliers to complete risk questionnaires periodically as part of your terms and conditions.
- Select an easy-to-use platform that allows you to monitor where suppliers get stuck in the process and to quickly update questionnaires as regulations change.

Learn more about evaluating vendor risks

Discover how this commercial property and casualty insurance company used digitization to get control over spend and manage third-party risk.

CNA

# Risk Management Evaluation Cycle Time

**23.9** Business Hours

PRIMARY BENEFIT:
**IMPROVE ESG PERFORMANCE**

## DEFINITION

**Risk Management Evaluation Cycle Time** is the time it takes for third parties to respond to risk assessments..

## WHY IT MATTERS

- A fast and efficient vetting process is crucial to onboarding new suppliers quickly and finding replacements when problems arise. Risk management teams can improve their service levels to the business, too.
- Buyers can make decisions regarding supplier preferences and alternatives faster without compromising on due diligence.

## HOW TO IMPROVE

***LOWER IS BETTER***

- Require suppliers to complete risk evaluations within a certain period as part of your terms and conditions.
- Centralize third-party risk management on a single, easy-to-use platform which accelerates the vetting process and eliminates duplicate requests. It also provides community-powered assessment templates as well as prescriptive recommendations on what to adjust when suppliers get stuck.
- Create tight connections between sourcing and third-party risk management to speed up how information is shared and help suppliers understand that assessments are a critical part of doing business together.

**Learn more about managing risk for better resilience and compliance**

Discover how one of the largest banks in North America reduced supplier vetting cycle times across more than 600 assessments per year to improve service levels to the business and avoid high-risk workarounds.

BMO

# Reduce Costs and Risk Across Source-to-Contract

*"Whether it's to restrict the number of winners overall or in a particular country, or to allocate a greener solution over the lowest cost solution — Coupa helps you calculate those different scenario outcomes and makes it visible with one click. … We see that this kind of e-sourcing brings [up to] 3% of average savings and those numbers have been valid over the last five years."*

*CRH, global leading manufacturer and distributor of diverse building materials and products*

- As a result of recent economic disruptions, spend management professionals are reexamining their approach to contracts. Some are favoring more contracts with shorter term durations. Others are choosing to go all-in with a few trusted suppliers (despite the risk associated with concentrating business with fewer suppliers).
- Being able to deftly create, review, and execute contracts is essential. Quickly moving the results of sourcing activities and risk mitigation terms into contracts increases agility and maximizes the value of supplier negotiations.

***Learn more about the connections between sourcing and contracting***

# Contract Management Cycle Time

**10.1** Business Days

PRIMARY BENEFIT:
**IMPROVING OPERATIONAL RESILIENCE**

## DEFINITION

**Contract Management Cycle Time** is the time between requesting a contract and the contract being signed.

## WHY IT MATTERS

- After doing the up-front work of sourcing, a contract is necessary to formalize the agreement. Long contract cycle times delay the business benefits of new agreements.
- Long cycle times create the risk that the business starts working with a new supplier before the contract protections are in force.
- Teams can respond more quickly to supply issues by accelerating the time to bring new suppliers and awarded bids into contract and purchasing.
- Faster contract execution removes uncertainty in the supply chain, leading to better planning and quicker business enablement.

## HOW TO IMPROVE

*LOWER IS BETTER*

- Implement Contract Lifecycle Management (CLM) capabilities and create a sound connection to sourcing and third-party risk. This helps teams include the right terms in the contract to mitigate the risk that has been assessed for the counterparty.
- Use standard contract clause language, digital workflows and approvals, and risk scoring to accelerate contract review and approval.
- Connect the CLM directly to purchasing and invoice validation to start realizing value immediately.

**Learn about integrating CLM into your procure-to-pay (P2P) processes**

Discover how the fifth largest automotive retailer in the United States used Coupa Contract Lifecycle Management to help its IT, procurement, and legal department complete a critical contract in weeks, instead of spending months on negotiations.

# Structured Spend

## 67.6%

PRIMARY BENEFIT:
**IMPROVE PROFITABILITY BY MANAGING SPEND**

## DEFINITION

**Structured Spend** describes the percentage of spend that goes through company-hosted and vendor-hosted catalogs (a.k.a. punch-outs).

## WHY IT MATTERS

- Catalogs drive control, efficiency, and lower prices. Avoid proliferation of items and suppliers that result from ad-hoc purchases.
- Maximizing structured spend offers a scalable way to manage change and enables your business to adapt quickly as goods and services are introduced.
- Employees benefit from having more information regarding availability, discounts, and shipping costs; suppliers benefit from fewer errors in communication.

## HOW TO IMPROVE

*HIGHER IS BETTER*

- Deliver a better user experience with high-quality catalog data. When users can easily search for what they need, find the right items complete with pictures, descriptions, and prices, they'll choose those standard items rather than submit custom requests.
- Wherever possible, use proven, trusted platforms and programs to make it less time-consuming for you and the vendor to establish catalogs and punch-outs.

**Learn more about source-to-pay (S2P)**

*"Leveraging Coupa, Uber can identify any misalignment between what goods and services are available and what employees need."*

Mark Arrigotti, Head of Global Procurement

Uber

# On-Contract Spend

80.8%

PRIMARY BENEFIT:
**IMPROVE PROFITABILITY BY MANAGING SPEND**

## DEFINITION

**On-Contract Spend** measures the percentage of spend put through pre-negotiated contracts to enable better prices and terms.

## WHY IT MATTERS

- Having greater on-contract spend reduces financial risk by using suppliers who have risk-related contract protections.
- Procurement can negotiate better terms and lower pricing in the future with contracted suppliers by channeling more spend through each contract.
- Since payment terms are negotiated in the contract, getting more spend on contract lets you take advantage of favorable payment terms, which improves cash flow.

## HOW TO IMPROVE

*HIGHER IS BETTER*

- Implement a category sourcing strategy in which the categories that deliver the greatest value to the business are strategically sourced.
- Ensure that contracts are quickly and easily implemented into purchasing policy through an integrated Contract Lifecycle Management (CLM) system.
- Make sure your procure-to-pay (P2P) system is easy to use for employees, and that it automatically serves up contracted goods and services in the search results.

Learn more about managing contracts

*"Coupa has transformed our business. We went from rogue spend to 100% on-contract spend classified in Coupa."*

Chris Courtemanche, Procurement Innovation Manager

GLENCORE

# Spend with Primary Suppliers

19.3%

PRIMARY BENEFIT:
**IMPROVE PROFITABILITY BY MANAGING SPEND**

## DEFINITION

**Spend with Primary Suppliers** is the percentage of total suppliers with whom a company spends 80% of its total spend.

## WHY IT MATTERS

- Tail suppliers (where spend is very low) are important niche suppliers and may be duplicate suppliers in categories that haven't been sourced or managed properly.
- Excessive spending with tail suppliers is undesirable because you aren't consolidating your spend to get better prices. It also creates excessive costs and risk as risk management efforts prioritize suppliers with greater spend.
- Reducing tail suppliers and increasing primary suppliers generates value through negotiated contracts, greater buying power, lower risk, and favorable payment terms.

**Learn more about working with primary suppliers**

## HOW TO IMPROVE

*HIGHER IS BETTER*

- Gain a complete picture of supplier relationships by performing analyses of direct and indirect spend in high-value categories. Identify top suppliers for each and determine which of the remaining suppliers can be eliminated with minimal disruption or risk.
- Consolidate tail suppliers and redistribute their expected spend to preferred suppliers in exchange for lower prices and/or better terms.
- Use a comprehensive platform for all spend to spot travel and expense (T&E) spend that should go through procurement, which increases pre-approved spend.
- Use automation and community sourcing programs to free up sourcing resources, giving more time for category management and reduction of tail spend.

Discover how this Australian market leader in hospitality experiences used Coupa to gain the benefits of bulk buying and tightening control while consolidating 400 suppliers to 100.

ALH Group

# Reduce Costs and Drive Efficiency Across Procurement

*"If you ask anyone, 'Would you like to go back to what we used to have?', I'm pretty sure everyone will say 'no'."*

*Zurich Insurance Group, Swiss insurance company*

- Procurement's agenda is full of responsibilities that didn't exist a few years ago. The function has a great opportunity to drive results in multiple strategic areas, supporting near-term financial results and longer term growth.
- The challenge is to deliver savings while ensuring that processes and controls can be used with surgical precision and to shift budgets as needed.
- Procurement's success hinges on several factors including: having complete visibility into company spend, ensuring strong relationships with suppliers, and driving digitalization.

*Learn more about the top priorities of today's CPOs*

# Pre-Approved Spend

95.0%

PRIMARY BENEFIT:
**IMPROVE PROFITABILITY BY MANAGING SPEND**

## DEFINITION

**Pre-Approved Spend** is the total amount of invoiced spend linked with approved POs.

## WHY IT MATTERS

- High pre-approved spend lets finance teams increase scrutiny on each transaction before the spend is committed to the supplier. It even allows teams to pull back budgets mid-period, which is critical to maintaining agility in a downturn. They also gain visibility into spend that's committed but not invoiced, making it easier to generate accurate accruals.
- Spend that's pre-approved is more likely to go onto negotiated contracts, resulting in lower prices and better terms. It's also easier to get onto virtual cards, increasing rebates and benefitting liquidity in terms of leveraging the card's payment cycle.
- Since pre-approved spend improves invoice matching against POs, it offers an extra measure of prevention against fraud.

## HOW TO IMPROVE

*HIGHER IS BETTER*

- Deploy a procure-to-pay (P2P) system that makes it frictionless for employees to purchase what they need. Simultaneously consider "no-PO, no-pay" policies.
- Improve the onboarding processes for new suppliers so it's easier for both buyers and suppliers to transact quickly.
- Implement a category strategy such that high-spend categories have pre-negotiated prices, terms, and approval rules.

**Read more about pre-approved spend**

*"It was a little bit scary when we had only 22% spend under management*. I don't know how we would have been able to handle this mass inflation without Coupa."*

Kevin Ogle, Controller

Progress Rail
A Caterpillar Company



** On-PO spend is now at 90%*

# Electronic PO Processing

98.9%

PRIMARY BENEFIT:
**IMPROVE OPERATIONAL RESILIENCE**

## DEFINITION

**Electronic PO Processing** describes the percentage of total POs that are approved and received by suppliers electronically.

## WHY IT MATTERS

- Many companies struggle with highly manual PO processes. Digitizing purchase orders includes the electronic transmission and supplier confirmation of POs.
- This drastically reduces low-value, manual work while accelerating the process to manage, confirm, and change POs.
- Digitization improves visibility into any issues by letting suppliers provide status updates at the line item level, giving managers time to respond.

## HOW TO IMPROVE

*HIGHER IS BETTER*

- Set up your procure-to-pay (P2P) system so that it's user-friendly to the business and to suppliers, and provide ample education to those using the system.
- Consider implementing a "no-PO, no-pay" policy, which ensures that employees and suppliers are fully incentivized to submit accurate information electronically.
- Ensure that most of a supplier's goods or services can be ordered through a structured buying channel, such as catalogs. Use AI-powered data insights to show which suppliers are already enabled for digital purchasing and invoicing, ultimately improving supplier selection and driving better pricing.

**Learn how procurement maturity can guide digital transformation**

*"Through the PO process alone, we know when we're going to overspend and even underspend. Ultimately, we can course correct whenever we need to and make better decisions."*

Matt Puckett, Executive Vice President and Chief Financial Officer

# Requisition-to-Order Cycle Time

**3.6 Business Hours**

PRIMARY BENEFIT:
**IMPROVE PROFITABILITY BY MANAGING SPEND**

## DEFINITION

**Requisition-to-Order Cycle Time** is the average time it takes to process purchase orders, from the initial requisition to the final approved PO.

## WHY IT MATTERS

- With greater uncertainty in today's supply chains, shorter cycle times can reduce delays in procuring critical items and services and accelerate business.
- Shorter cycle times improve employees' experience with the ordering process, spurring user adoption and maximizing spend under management.
- Reducing cycle times increases supplier satisfaction and strengthens relationships.

Learn more about smarter requisition systems

## HOW TO IMPROVE

*LOWER IS BETTER*

- Simplify policies to minimize the number of approvers (especially when the total cost is below a certain amount) while maintaining the appropriate level of control against risk or fraud. If you have approvers in your workflow who never reject, consider removing them or making them watchers.
- Implement a buying channel strategy that routes the goods and services with the greatest order volumes through hosted catalogs, punchouts, and automated "guided-buying" processes. This way users can quickly find what they need.
- Use AI capabilities to immediately show end users how their approval times compare to others at their company. Adding game mechanics can increase user participation.

Discover how this technology giant made a platform investment to digitize and standardize different processes for opening requisitions and following through to POs at local entities around the world.

salesforce

# Maximize Value from Suppliers

> ***"Having the data helped improve our relationships from transactional to strategic and put us into the driver's seat."***
>
> *Air Methods, U.S. helicopter operator*

- Manual processes and paper-driven back offices make it difficult for procurement to manage suppliers strategically. Teams are already stretched from years of grappling with supplier disruption.
- A digital approach to supplier management cuts out low-value work and excess costs and accelerates supplier onboarding with self-service portals. Digitization also allows teams to combine multi-domain and tier-risk assessments with AI-powered insights to identify threats.

***Learn more about building stronger supplier relationships***

# Supplier Information Management Cycle Time

**1.4** Business Hours

PRIMARY BENEFIT:
**IMPROVING OPERATIONAL RESILIENCE**

## DEFINITION

**Supplier Information Management Cycle Time** is the time it takes for suppliers to respond to digital requests to update their information.

## WHY IT MATTERS

- Inaccuracies or gaps in supplier data can lead to major problems for businesses. Suppliers may change their bank accounts or payment information and fail to notify buyers, resulting in bank fees and delays.
- Delays in submission of up-to-date certificates and other information lead to costly manual follow-up for supplier managers.
- Suppliers managing their own information through a self-service digital process prevents error and fraud — no more manual data entry errors, no unauthorized changes.

## HOW TO IMPROVE

*LOWER IS BETTER*

- Use BSM platforms that let you ask for missing supplier information at the time when the supplier is most engaged — when they're receiving a PO or trying to submit an invoice.
- For example, you can warn suppliers that you won't be able to pay them without updated banking information at the time that they're submitting an invoice.
- Make sure your procure-to-pay (P2P) and supplier management systems focus on user experience not just for the buyer, but for the supplier as well.

Learn more about supplier information management

*"With the Coupa platform we can offer the user precise processes, close the entire expense cycle, and make the payment available to the suppliers."*

Teresa Gutierrez, Shared Services Manager

GRUPO BAFAR

# Reduce Inefficiency and Fraud Risk with E-Invoicing

*"We offer our customers the best solution and experience possible, and we expect our strategic suppliers to offer the best experience to the users of any solution."*

*Zalando, German multinational fashion e-commerce company*

- Because of the financial stakes, high-value AP personnel need to be focused on optimizing working capital and accurate accruals, not on processing loads of paper invoices.
- Excess manual work, delays, and errors incurred when processing paper invoices hamper financial reporting, negatively impact working capital management, and open the door to duplicate payments and fraud.
- Digital invoicing speeds processing and prevents invoices from getting lost or forgotten. This helps accruals because you're able to process more invoices each period before closing AP.

*Learn more about digitizing AP*

# Electronic Invoice Processing

82.5%

PRIMARY BENEFIT:
**IMPROVE OPERATIONAL EFFICIENCIES**

## DEFINITION

**Electronic Invoice Processing** represents the percentage of invoices processed through any electronic, automated means.

## WHY IT MATTERS

- Electronic invoicing improves compliance by using automated controls to match invoices to POs, apply account coding, and route for approval according to Designation of Authority rules.
- Suppliers are paid on time and gain real-time visibility into invoice approval and payment status, which can reduce time spent on updates.
- A high percentage of electronic invoices lets AP optimize payment timing to either maximize Days Payable Outstanding or pay early to capture an early-payment discount.
- With visibility into invoice data, treasurers can plan for upcoming payments and reduce cash shortfalls.
- Governments often require electronic invoicing as part of indirect tax regulations. Invoices can be electronically validated against country-specific tax regulations during supplier submission.

## HOW TO IMPROVE

*HIGHER IS BETTER*

- Use a system that unifies strong invoicing capabilities with procurement processes (i.e., a comprehensive BSM platform), which enables invoices to be automatically matched against POs and receipts.
- Ensure that the platform provides suppliers with a modern, user-friendly experience to encourage the adoption of electronic invoicing and gives supplier managers visibility into which suppliers have adopted digital invoicing across the community.
- Provide open, frictionless access to multiple automated channels for suppliers to submit invoices while maximizing their visibility into the status of their invoices and payments.

Learn more about invoicing management

Discover how this global hospitality and entertainment company increased its PO-based invoicing threefold and drove a 90% jump in e-invoicing adoption.

MGM RESORTS INTERNATIONAL

# Invoice Approval Cycle Time

**10.9** Business Hours

PRIMARY BENEFIT:
**IMPROVE OPERATIONAL EFFICIENCIES**

## DEFINITION

**Invoice Approval Cycle Time** is the average time from when an invoice enters the system to the time it's approved for payment (but not necessarily paid).

## WHY IT MATTERS

- With paper invoices and disjointed approval processes, it can take days, if not weeks, to approve a simple invoice. Accounting teams are bogged down in excess manual work, such as identifying the right account for each invoice, applying coding, and manually chasing approvals.
- Faster approval times help avoid late payments, penalties, and potential supplier frustration, which in severe cases may even void contracts or lead to the refusal of future projects.
- Faster approvals can improve returns on working capital by realizing early payment discounts and can enable finance teams to close the books faster, as invoices are processed in a timelier manner.

## HOW TO IMPROVE

*LOWER IS BETTER*

- Consider policies that vary the approval chains depending on the amount or category.
- Configure systems to automatically approve pre-approved, low-amount invoices. Incorporate real-time spend monitoring to screen for fraud and duplicate invoices and to keep audits focused.
- Consider going from three-way match (with receipts) to two-way, approving invoices only. This way, employees don't need to be trained on the receipts process and the invoices process (just on invoice approvals).

**Learn five key steps to transforming your AP process**

*"Invoice cycle time [is] where we have opportunities to onboard suppliers on supply chain finance. When you approve efficiently and quickly, you get opportunities to pay suppliers before the maturity of the payment terms. Supply chain finance onboarding is a KPI owned by the finance organization, and that's where we add the most impact."*

Vincent Teyssier-Treton, Head of Procurement Technology and Transactional Sourcing

telenor

# First-Time Match Rate

96.5%

PRIMARY BENEFIT:
**IMPROVE OPERATIONAL EFFICIENCIES**

## DEFINITION:

**First-Time Match Rate** describes the percentage of invoices that are two-way or three-way matched with POs and receiving documents without the need for exception handling.

## WHY IT MATTERS

- A high match rate indicates efficiency, since invoices that fail the match must be reviewed manually.
- A high match rate can signal the effectiveness of compliance policies and substantially benefits risk mitigation.

## HOW TO IMPROVE

*HIGHER IS BETTER*

- By digitizing POs and invoices, companies can see a massive increase in first-time match rate.
- By having procurement and invoicing capabilities on a single platform, a supplier can “flip” a PO into an invoice — automatically creating an invoice based on the PO information accurately. This leads to a high match rate.
- To improve efficiency even more, when a three-way match occurs, companies can opt to automatically pay invoices that match within certain tolerances — creating a “touchless” AP process.

Learn more about AP automation

Discover how finance, procurement, and IT joined forces at this tier-one automotive supplier to go from 100% manual invoicing to 80% touchless.

CooperStandard

# Control Costs and Free Up Resources Through Expenses

***"We decided to do the T&E project for two reasons: one, to automate the T&E process and two, we'll actually be able to streamline that process and take a tremendous amount of workload off the approvers in the field."***

*Service Corporation International (SCI), American provider of funeral goods and services*

Service Corporation International

- Full visibility into and control over all spend, including employee expenses, impacts savings significantly. Employees often expense items that should have been pre-approved and, as a result, any negotiated savings in that category are lost.
- Smarter expense management helps ensure compliance with policies and drastically improve efficiency by reducing manual labor.
- With business travel on the rise again and companies focused on margins, a modern travel and expenses (T&E) management program helps control costs using intelligent price tracking.

***Learn about end-to-end T&E management***

# Expense Report Approval Cycle Time

## 7.4 Business Hours

PRIMARY BENEFIT:
**IMPROVE OPERATIONAL EFFICIENCIES**

## DEFINITION

**Expense Report Approval Cycle Time** is the average time from when an expense report enters the system to the time it's approved for payment.

## WHY IT MATTERS

- For employees expensing items or services (like internet and phone bills), it's a major source of frustration to not be reimbursed quickly.
- Short approval time encourage the timely submission of expenses and improves budget control.
- Paper or spreadsheet-based processes and disjointed expense management systems make it nearly impossible for AP to process expense reimbursements quickly.

**Learn about comprehensive T&E management**

## HOW TO IMPROVE

*LOWER IS BETTER*

- Use a platform that frees up employees' time by capturing expenses when they occur. Integrated travel and expense (T&E) management records airfare as part of the process, and expense reports can be generated automatically with Uber for Business.
- Make use of AI to capture the right information from receipts automatically and auto-populate expense categories and fields. This reduces incidences of spend lines being sent back to the employee for correction.
- Enable and promote the use of mobile devices for real-time, in-field expense report submissions to drive adoption of expense management technology and increase control, compliance, and spend under management.

*"In a siloed and growing company with a lot of business travelers, you need an efficient global solution. My team uses Coupa to pull a comprehensive dashboard that our executives use to identify savings. It's so helpful."*

Curt Metzger, Global Vice President - Strategic Partnership

CONCENTRIX

# Expense Report Lines Within Policy

98.6%

PRIMARY BENEFIT:
**IMPROVE COMPLIANCE, MITIGATE RISK**

## DEFINITION

**Expense Report Lines Within Policy** measures the percentage of lines that meet policy limits within expense reports.

## WHY IT MATTERS

- Even when companies have clear expense report policies in place, employees may be unaware of these policies and submit non-compliant expenses. With managers typically approving these reports without detailed review, human error is rampant and compliance is compromised.
- Having more expense report lines that are compliant with travel and expense (T&E) policy indicates that expenses are being managed effectively.
- This reduces the overhead of manual audits and eases administrative burdens. It also reduces the time to reimbursement for employees.

## HOW TO IMPROVE

*HIGHER IS BETTER*

- Implement a system with real-time notifications or warnings that a specific line, as drafted by the employee, might not be within policy.
- Leverage AI to monitor expenses to rapidly identify non-compliance.
- Reference community data to benchmark your policies to identify where changes should be made for more effective compliance.

**Learn more about the latest approaches to T&E management**

# Build Resilience by Modernizing Payments

*"Late payments were commonplace. And sometimes those can lead to interrupted supply — suppliers literally turning off supply because you've not paid them... AP works a dream now because of Coupa."*

*Saga, U.K.-based travel and financial services company*

- Digital payments offer many ways to improve financial performance. Virtual card rebates, early payment discounts, and reduced transaction fees generate significant savings. Optimized payment timing also improves working capital.
- Digital payments also empower treasurers to make accurate, data-driven decisions. They uncover excess and deficit cash through increased visibility from source-to-settle as well as upcoming payments that are automatically incorporated into the cash position. Full transparency into supplier payment terms improves hedging decisions, too.
- Digital payment processes including supplier remit-to information management, batch creation, approvals, and reconciliation, allow teams to streamline the back office, prevent fraud, and simplify controls requirements.

*Learn more about digital payments*

# Invoices Paid Digitally

**96.9%**

PRIMARY BENEFIT:
**IMPROVE OPERATIONAL EFFICIENCIES**

## DEFINITION

**Invoices Paid Digitally** describes the percentage of invoices that are tied to digital payments out of all the total electronic invoices processed on the Coupa BSM platform.

## WHY IT MATTERS

- Increasing digital payments reduces transaction fees by optimizing payment rails, improves SG&A efficiency by reducing manual effort, and also reduces the possibility of errors or fraud, thereby mitigating risk.
- Digital payments offer a chance to optimize working capital, increase savings through rebates for virtual cards, realize early pay discounts, and strengthen relationships with suppliers even further by reducing the amount of time and error in paying suppliers.
- Digital payments enable automatic, digital reconciliation, which allows your AP and accounting departments to operate in a "touchless" way. Also, payment security and payment fraud protection are improved when invoices are paid digitally.

## HOW TO IMPROVE

*HIGHER IS BETTER*

- Implement digital payments capabilities as part of your accounts payable process to enable data continuity, automated bank statement reconciliation, and multiple automatic checks to reduce errors.
- Expand your digital payment strategy to include virtual cards. By including a "get paid by card" offer in your POs, you can shift the invoice and payment process electronically, cutting out paper.
- Remind suppliers of the advantages of digital payments. They'll be able to track the progress of their payments online using a secure self-service portal.

**Learn about five common payment pain points**

Discover how the world's largest producer of cans and tubes used digital payments to get 100% visibility into committed spend, reduce cost-per-invoice, speed adoption by more than 1,500 suppliers, and assign POs over 80% faster than before.

SONOCO

# Suppliers Using Digital Payments

**96.5%**

PRIMARY BENEFIT:
**IMPROVE OPERATIONAL EFFICIENCIES**

## DEFINITION

**Suppliers Using Digital Payments** reflects the percentage of suppliers who receive payments digitally, i.e. not via paper checks or external bank-to-bank transfers.

## WHY IT MATTERS

- Digital payments streamline your AP process, since all of your payments are made from the same system.
- Digital payments also ensure that there are proper controls in place, such as setting rules on who can approve and how the approval chain works.
- A high percentage of suppliers using digital payments indicates a sound strategy for engaging tail suppliers. These suppliers typically tie up a lot of AP resources in setting up alternate invoice and payment methods and manually responding to status updates.

## HOW TO IMPROVE

*HIGHER IS BETTER*

- Make sure you have accurate supplier information as a foundation. Get as many suppliers enabled onto your payments platform as possible.
- Incentivize adoption by offering early payment discounts or flexible payment terms - or consider moving to longer terms for suppliers unless they adopt digital payments.
- Increase supplier awareness of virtual card payments. Verify to see if one-time, long-tail suppliers will accept this payment method, and include it as a preferred method when issuing a PO.
- Leverage a BSM platform that reveals suppliers who are already accepting digital payments with other buyers and prioritize enabling digital payments with those suppliers.

**Learn about transforming business payments**

Discover how this commercial real estate services and investment firm used Coupa to transform their business payments, seeing 90% improvement in payment fulfillment requirement and dropping late payments from 70% to 10% in one month.

CBRE

# Payment Batch Approval Cycle Time

**1.1** Business Hours

PRIMARY BENEFIT:
**IMPROVE OPERATIONAL EFFICIENCIES**

## DEFINITION

**Payment Batch Approval Cycle Time** measures how quickly a batch of payments to suppliers can be approved.

## WHY IT MATTERS

- Streamlining the batch approval process digitally allows for greater automation, faster and more secure approvals, and overall increased efficiency.
- Faster approvals allow you to execute payments much more quickly and take advantage of early payment discounts.
- A digital process shortens approval time and ensures a separation of duties in the approval chain. Everyone has a clearly defined role. This reduces confusion and enhances payment security.

## HOW TO IMPROVE

*LOWER IS BETTER*

- Streamline approvals whenever possible by minimizing the complexity of approval chains and matrices.
- Have multiple releasers for any approval process so that no bottlenecks develop if a single approver is unavailable for any reason.

**Learn about streamlining payments**

Discover how this German manufacturing company used a comprehensive, cloud-based treasury management solution to automate group-wide payments for greater security and reliability and reduce the number of rush payments.

Emsland

# Faster Digital Transformation with Less Risk

A BSM approach offers so many potential benefits, such as improving margins, increasing agility and productivity, mitigating risk, and optimizing performance. Using the KPIs and benchmarks in this report, leaders can quickly get a sense of where their enterprise stands today – and how much more value it can realize.

Gaps in capabilities don't typically appear in isolation. Many enterprises struggle to control costs with precision, provide optionality in supply chains, and ensure effective compliance and governance – all at the same time. These entrenched challenges can't be solved with expensive, cumbersome point solutions that users won't adopt. With Coupa's comprehensive and cloud-native BSM platform, companies deliver transformational projects with aggressive returns and payback periods, freeing up resources that can go straight to the bottom line or fund longer-term digital transformation roadmaps.


***"The success metrics that I look at are reliability, cost/value, benefits delivered, reducing risk, and reducing cycle time. Coupa has helped us with all five."***

*John Kochavatr, CIO and VP, Customer & Digital Solutions at Portland General Electric*

## Respond faster and better with advanced maturity

Committing to BSM at this scale can seem daunting, especially after years investing in siloed solutions and systems that don't deliver the step-function improvement needed to address today's challenges. But leaders can chart the course for that improvement within their finance and procurement organizations. The next step is understanding current maturity and the investments in people, process, and technology that bring a company to the next level.


Optimize working capital, invest in growth, and control costs with precision by advancing financial maturity

Get Your Copy Now

Pave a path to best-in-class procurement by advancing procurement maturity

Get Your Copy Now

# 20 KPIs for Best-in-Class Performance

| | KEY PERFORMANCE INDICATOR | GOAL | BENCHMARK |
|---|---|---|---|
| | Spend Control | HIGHER IS BETTER | 6.6% *High-performing companies save more of their overall spend.* |
| ESG | Supplier Diversity Composition | HIGHER IS BETTER | 7 Categories |
| ESG | Risk Management Evaluation Completion Rate | HIGHER IS BETTER | 99.1% |
| ESG | Risk Management Evaluation Cycle Time | LOWER IS BETTER | 23.9 Business Hours |
| SOURCE-TO-CONTRACT | Contract Management Cycle Time | LOWER IS BETTER | 10.1 Business Days |
| SOURCE-TO-CONTRACT | Structured Spend | HIGHER IS BETTER | 67.6% |
| SOURCE-TO-CONTRACT | On-Contract Spend | HIGHER IS BETTER | 80.8% |
| SOURCE-TO-CONTRACT | Spend with Primary Suppliers | HIGHER IS BETTER | 19.3% |
| PROCUREMENT | Pre-Approved Spend | HIGHER IS BETTER | 95.0% |
| PROCUREMENT | Electronic PO Processing | HIGHER IS BETTER | 98.9% |
| PROCUREMENT | Requisition-to-Order Cycle Time | LOWER IS BETTER | 3.6 Business Hours |
| SUPPLIER MANAGE-MENT | Supplier Information Management Cycle Time | LOWER IS BETTER | 1.4 Business Hours |
| INVOICING | Electronic Invoice Processing | HIGHER IS BETTER | 82.5% |
| INVOICING | Invoice Approval Cycle Time | LOWER IS BETTER | 10.9 Business Hours |
| INVOICING | First-Time Match Rate | HIGHER IS BETTER | 96.5% |
| EXPENSES | Expense Report Approval Cycle Time | LOWER IS BETTER | 7.4 Business Hours |
| EXPENSES | Expense Report Lines Within Policy | HIGHER IS BETTER | 98.6% |
| PAYMENTS | Invoices Paid Digitally | HIGHER IS BETTER | 96.9% |
| PAYMENTS | Suppliers Using Digital Payments | HIGHER IS BETTER | 96.5% |
| PAYMENTS | Payment Batch Approval Cycle Time | LOWER IS BETTER | 1.1 Business Hours |

# About Coupa

Coupa is the cloud-based Business Spend Management platform that unifies processes across supply chain, procurement, and finance functions. Coupa empowers organizations around the world to maximize value and operationalize purpose through their business spend.

The Coupa platform is trusted by more than 3,000 customers to manage $4+ trillion in cumulative business spend.

To learn more about Coupa, visit **www.coupa.com** and follow us on **LinkedIn** and **Twitter**.

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