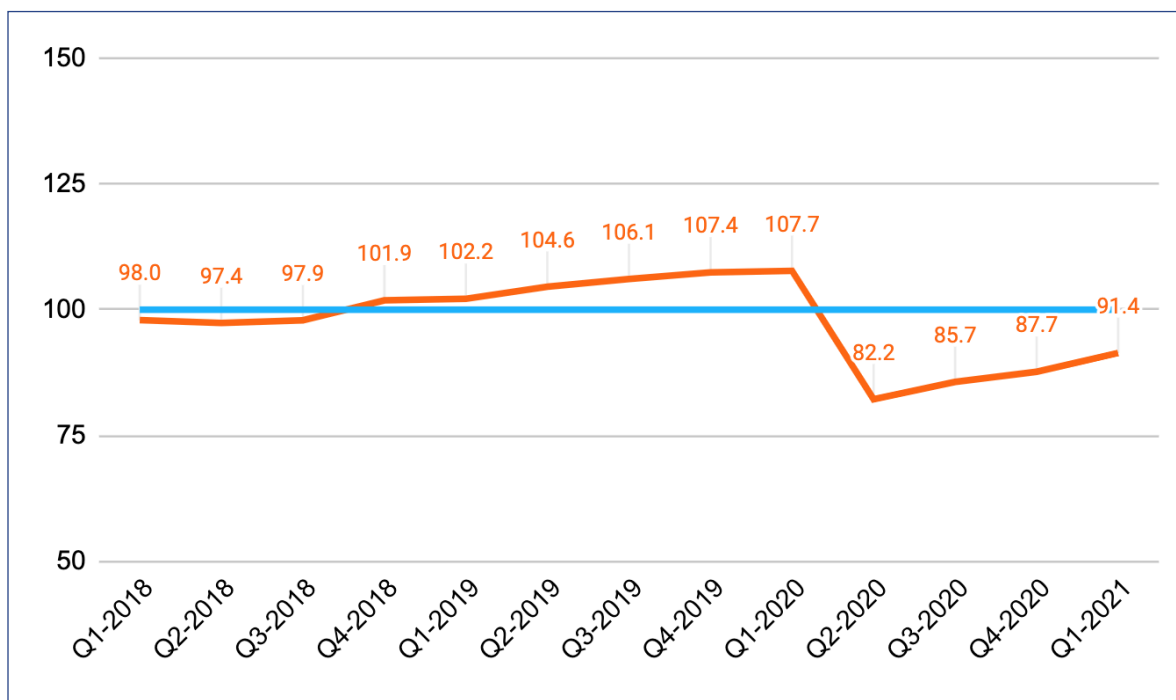


## THE COUPA BUSINESS SPEND INDEX, Q2 2021 REPORT

The Coupa Business Spend Index (BSI) is a predictive measure of business confidence, leveraging insights from billions of dollars of annual business spend data from the Coupa Community, that delivers business value and insights at the macro and industry level. Confidence in future economic opportunity is defined by the willingness of a business to commit to spend. This quarter, business spend confidence as measured by the BSI showed continued improvement, increasing to 91.4. Driven in part by strong order activity, the rate of improvement also accelerated, suggesting that U.S. economic output is on a path to return to “normal” levels over the coming months.

The BSI is powered by the billions of dollars of aggregated, anonymized, and permissioned business spend data flowing annually through our platform. This data provides an unparalleled look into the past, present, and planned spend of companies around the globe. In turn, this provides insight into the larger trends affecting our economy and key industries, including: financial services, health and life sciences, high tech, manufacturing, and retail.

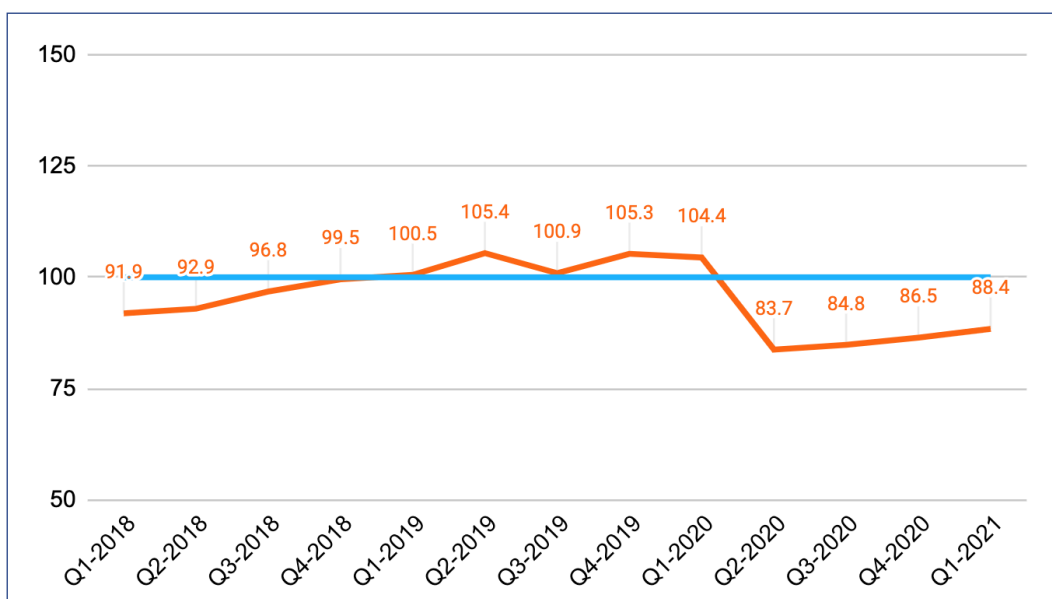
### Business Overall



## Industry-Specific Insights:

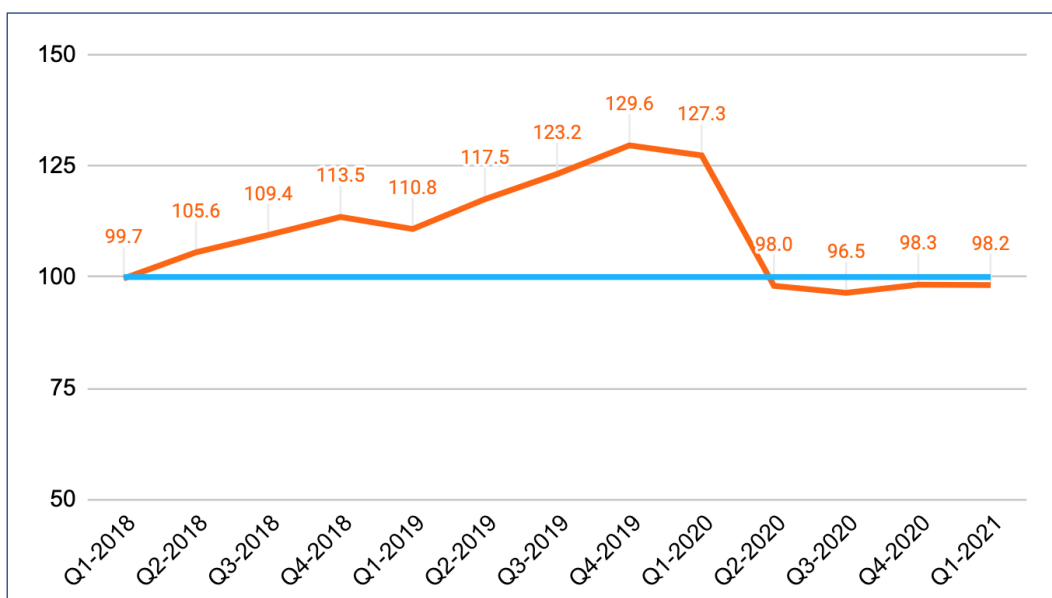
**Business Services:** The BSI for Business Services increased this quarter since declining precipitously in Q1 2020 from 86.4 in Q1 to 88.4 in Q2. The change in the BSI was driven by a sharp increase in Order activity. This was partially offset by a decrease in Search activity.

### The Coupa BSI - Business Services



**Financial Services:** Business spend confidence for Financial Services was near trend this quarter at 98.2, essentially unchanged from Q1 2021. Positive Order activity was offset by a reduction in the contribution of Pay activity to the sector index. Despite rising default risk, business confidence in the sector remained stable throughout the pandemic. Income support from a variety of programs will continue to prop consumer demand benefiting the banking industry in the near term.

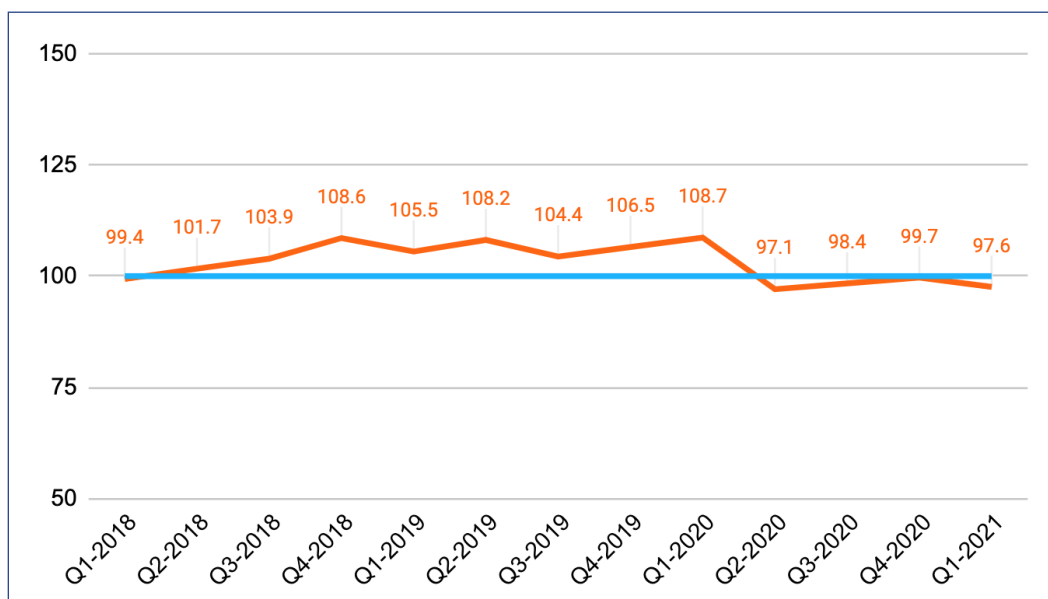
### The Coupa BSI - Financial Services



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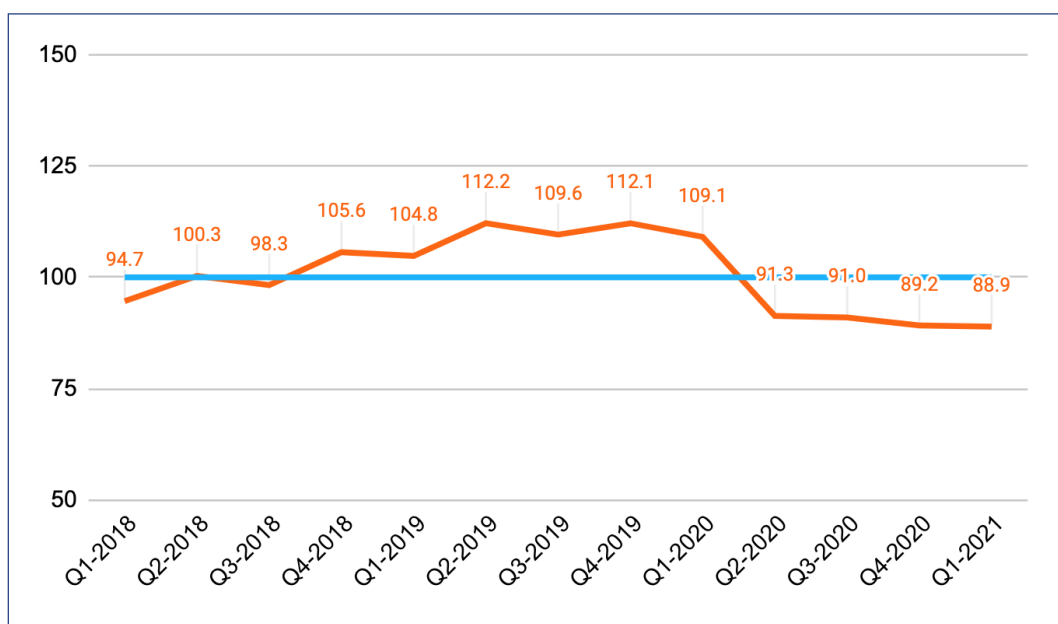
**Health and Life Sciences:** The BSI for Healthcare was 97.6 in Q2 2021, a decline from the previous quarter (99.9) as driven by a significant decrease in Pay activity, Search and Order activity were relatively unchanged. We expect the sector to continue to perform below trend into Q3. Although hospitals are expected to see a return to more normal operations as vaccines become widespread, rising costs and staffing shortages will continue to affect output.

### The Coupa BSI - Health and Life Sciences



**High Tech:** The BSI for High Tech was relatively unchanged this quarter at 88.9. We expect the sector to continue to perform on par. Improved Order activity was offset by reduced Pay activity. It will be interesting to see to what degree increased Orders translate into increased Pay activity in the coming quarter.

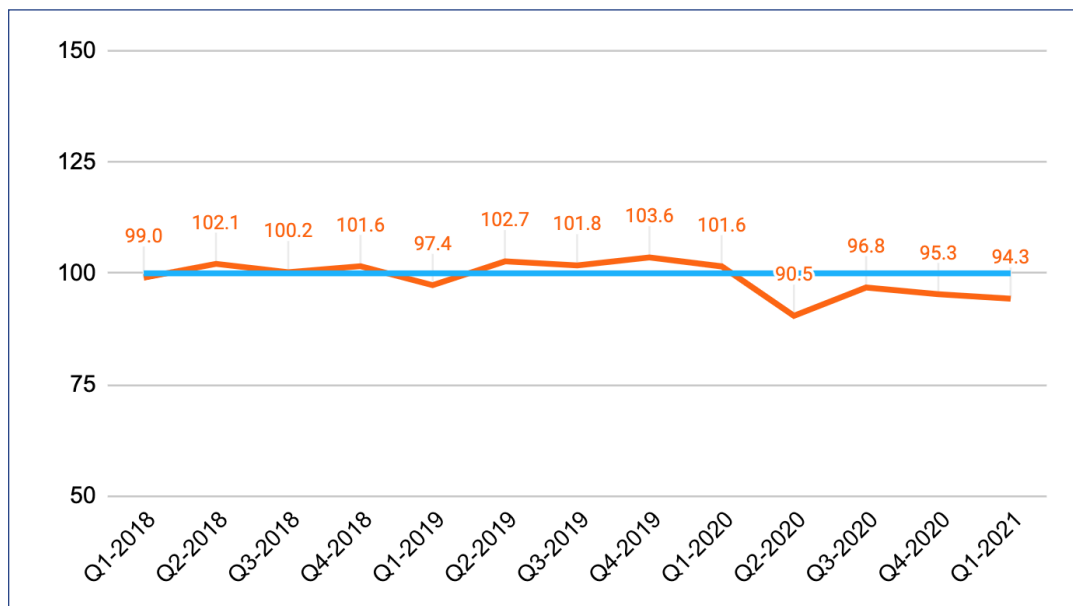
### The Coupa BSI - High Tech



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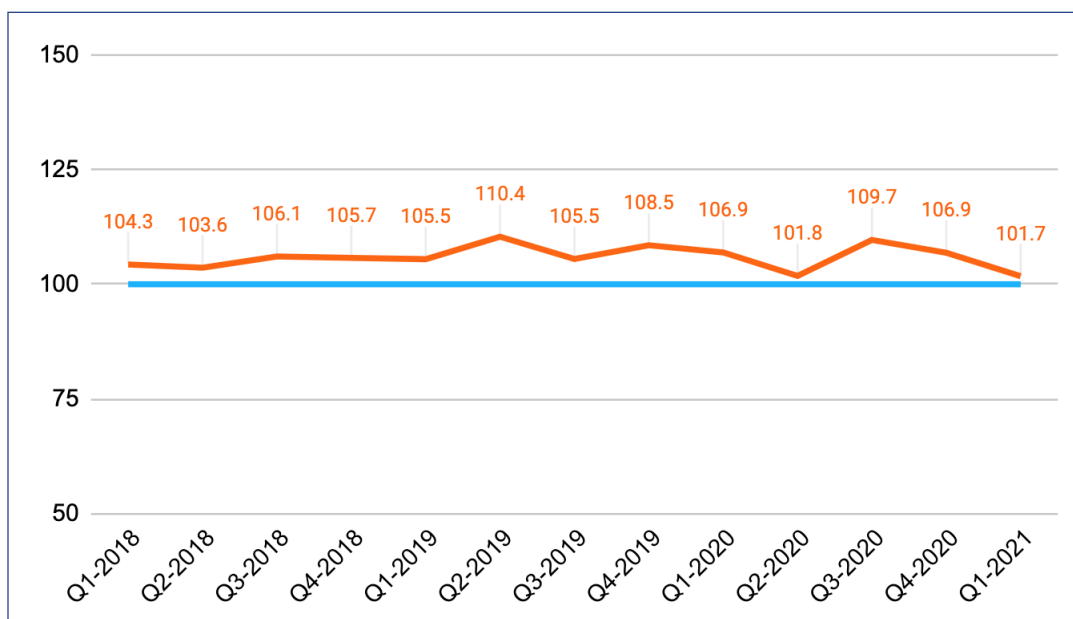
**Manufacturing:** The BSI for Manufacturing decreased for the third consecutive quarter to 94.3. The change in Q2 was driven by a sharp decline in Pay activity. This was offset by an increase in Order activity as well as a small improvement in Search activity. Based on the Q2 2021 BSI we expect the sector to continue to perform below trend.

### The Coupa BSI - Manufacturing



**Retail:** The Coupa BSI for Retail strongly decreased this quarter to 101.7 in Q2 2021, which indicates business confidence in the sector has eroded but remains above trend. Despite the declining confidence driven by decreasing Search and Pay activity, the forecast has a greater upside risk.

### The Coupa BSI - Retail



**Other Services:** The BSI for Other Services, which had been significantly impacted by the pandemic, is recovering at an increasing rate of roughly 4.6 percent from 68.4 in Q1 to 71.7 in Q2. The sector improved considerably but is still well below trend.

### The Coupa BSI Methodology

The Coupa BSI is a predictive measure of business confidence. We produce the BSI by combining the power of Coupa Community data (billions of dollars anonymized business spending within the Coupa platform) with the intelligence of statistical models.

Through our Community data, we derived factors representative of business spend decisions. To provide clarity and preserve anonymity, we group these factors into three categories – to **Search** for new suppliers, to **Order** and commit to spend, and to **Pay** for goods and services used by the business. Then, we use our proprietary algorithm for variable selection from Coupa's Demand Modeler to choose the right group of variables to best predict economic activity. Using these features, we fit a dynamic factor model based on rich academic literature on economic index creation. By estimating an underlying factor driving the group of variables, we are able to create the Coupa BSI.

The Coupa BSI is normalized to a baseline value of 100, which represents the state of business spend in the baseline reference period (January 2018) computed using the dynamic factor model with the three grouped factors.

### About Coupa Community Intelligence

Coupa Community Intelligence is an AI-powered engine that objectively analyzes transactional spend data flowing through the Coupa BSM Platform and prescribes instant insights that help companies spend smarter, simpler, and safer. Built in the cloud, Coupa uniquely has access to transactional business data, which enables its Community Intelligence engine to leverage the latest in machine learning and AI to provide more accurate benchmarks and high-value insights.

### About Coupa Software

Coupa empowers companies around the world with the visibility and control they need to spend smarter and safer. To learn more about how Coupa can help you spend smarter, visit [Coupa.com](https://Coupa.com). Read more on the [Coupa Blog](#) or follow [@Coupa](#) on Twitter.

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