

Ready, reset, grow

As the world recovers from the pandemic, growth is back on the agenda for global executives. Better business processes can help their organizations achieve it faster.



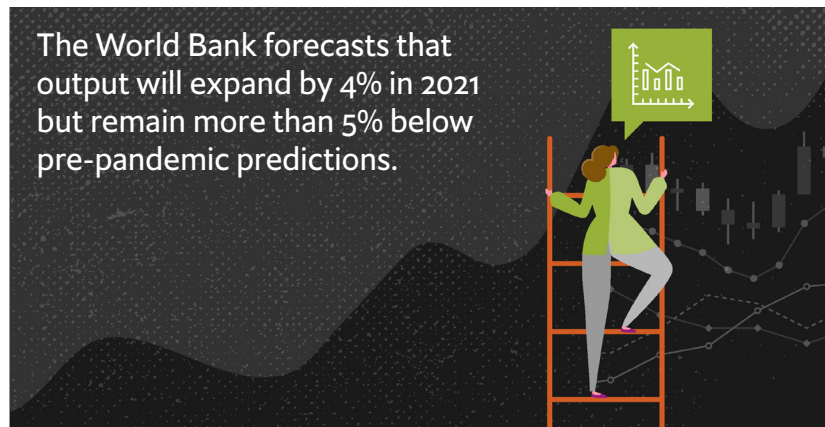
Introduction

The covid-19 pandemic plunged the world into a deep recession, with global economic output falling by 3.5% in 2020, according to the IMF. Growth is now returning, but the pandemic will cast a long shadow—the World Bank forecasts that output will expand by 4% in 2021 but remain more than 5% below pre-pandemic predictions.

To identify key sentiments and trends in the approaches of executives tasked with navigating their organizations through the pandemic, SAP Concur commissioned a survey of 550 senior executives in 11 countries (Australia, Brazil, China, France, Germany, India, Japan, Mexico, Singapore, the UK and the US), conducted in December 2020 and January 2021. Respondents were drawn from the senior leadership ranks of the finance, IT/technology, management/strategy, and operations and risk functions at companies with at least 1,000 employees. (E) BrandConnect, a commercial arm of The Economist Group, fielded the survey.

This executive summary analyzes key trends identified by respondents and outlines how investing in better business processes can help organizations move toward growth in an evolving economic landscape.

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The majority of executives are facing the next 12 months with optimism

Having passed through the crucible of covid-19—an almost year-long period of rapid adjustments, reimagined business models, remote work, and global economic pain—the survey reveals the majority of executives are now optimistic about the financial outlook for their own organizations (see Figure 1), though less so about the global economy.

Where does this optimism come from? One explanation is that executives have learned much in the past year. Asked to compare the performance of their organization over the past 12 months to that before the covid-19 outbreak, a majority of respondents report stronger performance in each of several key areas. Many share the theme of improved and more efficient processes.

Executives report better organizational performance during the past 12 months in several key areas, many of which share the theme of improved and more efficient processes.



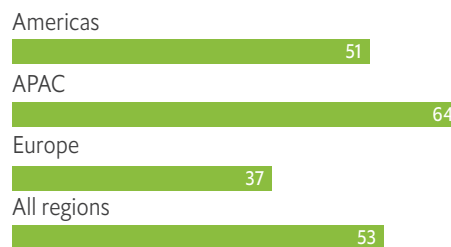
Figure 1: Executives are more optimistic about the financial outlook of their organization than that of the global economy

(Financial outlook for next 12 months, % of respondents reporting a “positive” outlook for the following):

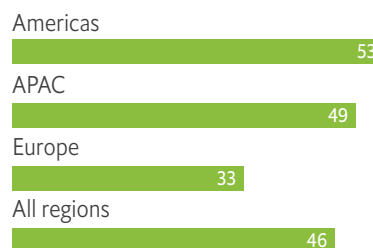
My organization:



My country's economy:



The global economy:



These key areas include the use of emerging technologies, the use of data and analytics, speed of business decision-making, and overall operational agility. Moving down the list, executives also give their organizations high marks on customer experience, evaluating risk and managing regulatory compliance, and the efficiency of business processes. Paired with ongoing digital transformation, these improvements have enabled companies to react more nimbly to shifting market conditions.

Digging deeper into survey respondents' assessments of the coming 12 months, a marked difference emerges between executives who predict a positive financial outlook for their organization (shown in Figure 1) and their less optimistic peers. Executives who see a brighter

financial future for their companies are more likely to report stronger performance than prior to the pandemic in each of the key areas outlined above. In particular, these optimistic executives are far more likely to report strong performance in efficiency of business processes: 71% believe their organization had performed strongly in this area, compared with 46% predicting a neutral or negative outlook for their company. At the same time, 86% of all executives say the pandemic has forced their organization to become more open to experimentation and quick shifts in strategy. This raises the intriguing possibility that executives are generally optimistic about their organizations *because* they invested in technologies and processes that enabled them to move faster during the pandemic.



Having weathered the covid-19 storm, companies are turning their sights toward growth

In a previous survey commissioned by SAP Concur and conducted in June-July 2020, the strategic priorities of executives were largely focused on either ensuring business continuity or digital transformation and technology, with growth-related priorities ranked lower. In this more recent survey, conducted in December 2020 and January 2021, priorities have shifted. Growth is now the number one overarching objective: 84% of executives report at least one growth-related goal, such as increasing sales growth or improving the customer experience, among their top five strategic priorities for the next 12 months (see Figure 2).

Figure 2: Growth-related goals are now among the top priorities of executives

(Top ten strategic priorities for the next 12 months, % of respondents listing the priority among their top five)



Executives recognize that technology is vital to achieving that growth. Over the next 12 months, 89% of survey respondents say implementing and deploying advanced technologies will be key to business resilience. Respondents know their organizations must harness new technologies to remain competitive over the next year, with artificial intelligence (AI), machine learning (ML), and cloud computing technologies seen as most critical. More than 7 in 10 expect to rely on AI and ML more during the pandemic recovery.

Alongside their priorities, the survey also asked executives to identify the most significant business challenges their organizations are likely to face across the next 12 months. Unsurprisingly, ensuring employee safety and well-being and slowing economic growth top the list, closely followed by concerns about speed of technological change and supporting a remote work model.

But most are ready to rise to these challenges—or have already done so. For nearly two-thirds of respondents, the pandemic has been a catalyst for increased investment in technology. Executives report increased investment, as a result of covid-19, across a range of technologies, especially cloud services/solutions and remote work tools. And remote working patterns are now here to stay. Looking ahead to the recovery from the pandemic, eight in ten executives expect their company to increase reliance on remote work to meet business goals.

To steer organizations back to growth, executives know cost control is key

Clearly, executives are ready to lead their organizations back toward growth. They have invested in new technologies. Their organizations have improved processes and made them more efficient, putting them in a stronger position than before covid-19 hit. But they still have national and global economic headwinds to contend with, and executives know they need to control costs—almost two-thirds of those surveyed say their organization is already better at this than before the pandemic.

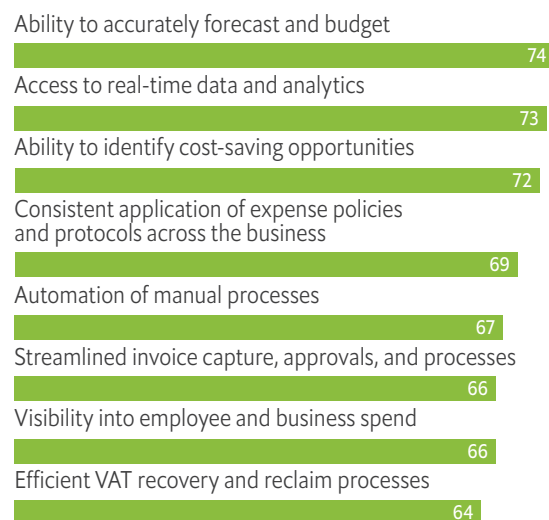
A deeper dive into one kind of process, the management of travel, expenses, and invoices (TE&I), reveals numerous opportunities for businesses to handle costs more efficiently and so move more quickly toward growth. Nearly nine in ten executives say finding new ways to increase speed and flexibility in the management of TE&I is critical for their organizations to stay profitable and continue to grow.

When it comes to TE&I management, top of the list for executives is the ability to accurately forecast and budget, with almost three-quarters saying it will be a high priority for their organization as it navigates the next 12 months. But the pandemic has made this more complex. Remote working patterns have created new expense categories for organizations. Almost three-quarters of respondents say they have experienced an increase in “maverick spending” by employees—home office furniture or

office supplies, for example. The mainstay of TE&I, business travel, has also become more complex, with travel regulations changing rapidly in many countries. Managing it effectively remains essential, however. In all but three of the countries surveyed, at least half of respondents expect to rely on business travel during the recovery as much as—or even more than—they did before the pandemic (France, Singapore, and the UK are the exceptions).

Figure 3: Executives say robust travel, expense, and invoicing capabilities will help them navigate the next 12 months

(Necessary TE&I management capabilities, % respondents replying “Essential” or “High priority”)



One way to both streamline operations and manage costs, for all categories of TE&I, is by introducing processes that enable employees to request authorization for expenses in advance. Such processes give managers full visibility into how much employees plan to spend, and on what, before such expenses are incurred. By having a view into future spending, organizations can make more accurate forecasts and ensure only legitimate expenses are claimed.

Another way to efficiently manage TE&I costs is through access to near real-time data and analytics. In fact, this capability is the second highest TE&I priority over the next 12 months for the executives surveyed. As with pre-authorization, solutions that enable near real-time visibility into spending enable businesses to proactively track budgets and manage expenses, aided by AI and ML. When it comes to after-the-fact audits, deploying AI and ML to identify potential misuse and fraud—through the intelligence-driven identification of problematic patterns and abnormalities—gives human auditors the ability to more quickly resolve such issues. Fittingly, three-quarters of those surveyed think any TE&I management solution should offer real-time insights into data. The same proportion believe it should offer workflow automation. Cumbersome manual processes such as invoicing and reviewing receipts can be automated, reducing paperwork, saving time, and cutting processing costs—in the case of invoices by nearly 30%.

Last but not least, organizations can manage costs by ensuring that processes are delivering optimized tax efficiencies. Executives are keen to identify cost-saving opportunities in TE&I management, and 64% say efficient VAT and GST recovery and reclaim processes are a business priority for their organization over the next 12 months. However, only 17% are looking for their TE&I solution to deliver increased tax efficiencies.

In fact, automating VAT recovery and reclaim represents an enormous financial opportunity for businesses. It is nearly impossible to be fully compliant with tax regulations using manual processes alone: there are more than 160 country-specific VAT regimes worldwide, and they are constantly changing. Given this regulatory complexity, it is no surprise that a large proportion of the VAT that can be reclaimed each year is left on the table. In the UK, for example, more than half of eligible VAT on travel and expense costs goes unclaimed. Much comes down to the inherent limitations of manual data management: 42% of employee expense transactions do not meet requirements for VAT reclaim due to incorrect information or missing data. Mistakes made during reclaim can be expensive, exposing companies to audits and penalties.

For these reasons, expense management solutions that automate the process of VAT recovery and reclaim are an essential tool to help organizations steer clear of the pitfalls of manual processing and, crucially, cut unnecessary costs. By automatically identifying VAT-eligible expenses and validating receipts, they optimize the potential for reclaim and increase tax compliance, while keeping up with complex and changing regulations in a way no human ever could.

**75%**

of respondents think any TE&I management solution should offer real-time insights into data. The same proportion believe it should offer workflow automation.

In conclusion

Over the past year, circumstances have forced executives to move swiftly to strengthen the performance of their organizations, and they have responded by improving processes and investing in technology. As a result, many feel optimistic about the prospects of their organizations in the coming year. Growth is back on the radar, and executives know further investments in efficient business processes will likely give it a boost: 89% say investing in resilience now will help their businesses navigate and grow in an evolving economic landscape.

By managing company spending effectively, organizations can steer themselves more quickly toward the growth they seek—and also minimize unnecessary hits to cash flow such as unclaimed VAT refunds. As the world emerges from the pandemic, organizations that make full use of the efficiency opportunities offered by effective TE&I solutions—from anticipating expenses before they occur, to saving time and money by automating the processing of receipts—will be best positioned to ride any economic tailwinds the coming year might offer.

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About SAP Concur

SAP® Concur® is the world's leading brand for integrated travel, expense, and invoice management solutions, driven by a relentless pursuit to simplify and automate these everyday processes. The highly rated SAP Concur mobile app guides employees through business trips, charges are directly populated into expense reports, and invoice approvals are automated.

By integrating near real-time data and using AI to analyze transactions, businesses can see what they're spending and avoid possible blind spots in the budget. SAP Concur solutions help eliminate yesterday's tedious tasks, make today's work easier, and support businesses to run at their best. Learn more at concur.com or the SAP Concur [blog](#).

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