

How to Manage Distributed Spending in the End User Era

The End User Era has arrived.



As emerging tools and technologies have increased employee autonomy, workers across the organization are influencing the platforms, tactics, and strategies they use on a daily basis.

In the past, enterprise software was a capital expense, costing a lot of money and requiring complex implementations with IT support. This is not the case today. With the rise of SaaS, software has become an operating expense, easy to implement, and therefore easy for business buyers to purchase.

More than 80% of non-C-suite employees have a say in purchasing decisions¹, according to a Google report. As people become more engaged in their jobs—and as software is increasingly designed for individual, specialized use rather than enterprise functions—employees are bypassing central procurement and

exerting autonomy in software purchasing decisions.

Worldwide business software spending doubled from \$60 billion in 2014 to \$120 billion in 2019.² “Today, software just shows up in the workplace unannounced,” investor Blake Bartlett writes of the shift. “End users are finding products on their own and telling their bosses which ones to buy. And it’s all happening at lightning speed.”³

The shift in spending from top-down to bottom-up has changed the way that money is flowing out of organizations—and it can be difficult for finance to keep up.

This ebook outlines some of the challenges created by the End User Era and how finance teams can solve them.

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Software Purchasing: A Timeline

As business software evolved from a capital expense to an operating expense, so did the types of employees who held decision-making power. The evolution can be broken down into three periods: The CIO Era, Executive Era, and End User Era.



CIO ERA

Buying decisions made by a company's tech leaders, whose primary consideration was how software would fit into the entire company's tech stack

EXECUTIVE ERA

Buying decisions made by high-level executives, whose primary consideration was ROI and whether new tools would help the company reach its goals

END USER ERA

Buying decisions made by the employees who will use the software, whose primary consideration is how the solution would impact their individual efficiency

Finance is bearing the brunt of the changes.

The rapid evolution to a distributed spending model has increased the speed of business and the levels of employee satisfaction. Unfortunately, it's also created new challenges for finance teams, who are tasked with managing distributed spending using outdated tools that were not built to support employees in the End User Era. The problems they are facing affect both their day-to-day operations and organization at large.

The End User Era has exacerbated accounting challenges.

Hodgepodge spending

As employees increasingly exercise purchasing power, unpredictable and unorganized spending results. Hodgepodge spending by end users across the organization makes it difficult for finance teams to forecast accurately and plan appropriately.

Lack of transparency

When finance has to wait for month-end credit card statements to learn of transactions, they miss opportunities to streamline spending. For example, multiple end users within a company might purchase the same SaaS subscription, which finance could prevent if they were alerted in the moment.

Policy misalignment

Employees want to comply with policy, but not at the expense of getting their jobs done efficiently. If the company purchasing policy isn't easily accessible, a distributed workforce with

the autonomy to make purchases on their own may unwittingly spend out-of-bounds in the name of speed and agility.



Manual work

In the End User Era, transactions originate from employees across the organization, including full- and part-time workers and contractors in different locations and time zones. There are more vendors, coding categories, and types of purchases being made than ever before.



Best-guess accounting

With charges coming in from more employees in more locations, finance has to search far and wide to gather receipts or other missing information. They often need to conduct “best-guess accounting” in order to close the books on time, which negatively impacts the accuracy of reports and makes it difficult to forecast and plan for the future.

Businesses need to meet the challenges head on.

So what can companies do to effectively manage distributed spending? The answer is not to throw the baby out with the bathwater—i.e., eliminate employee purchasing power and revert back to a more centralized purchasing process.

Efforts to solve spend management challenges with traditional systems are often a source of friction between finance teams and the rest of the workforce. Companies need to evolve their processes to meet the new buying patterns of the End User Era—or reconciliation will be a mess. Modern finance teams have identified these five capabilities necessary for distributed spend management.

New capabilities are needed to solve these challenges.



Proactive Policy Controls

Coding your purchasing policy into software ensures that purchase requests are correctly routed to designated approvers, no matter where in the organization they originate from.



This means that end users are automatically compliant with your purchasing workflow and guarantees that the appropriate approvals are obtained before any money is spent.



Automated Reconciliation

By automating the reconciliation process, employee purchases are uploaded into the general ledger in real-time.



This allows finance teams to spend less time manually reconciling charges made by individual employees and more time on analytical tasks and strategic initiatives.



Upfront Coding

Collecting purchase data at the initial request, and verifying it as it passes through the workflow, ensures accurate data from request to reconciliation.



This means less guesswork and manual coding by the finance team, and no back-and-forth with employees in different locations and time zones.



Purchasing Workflow Automation

All of the people in the purchasing process and their disparate efforts are unified by a single workflow system that spans from request to reporting.



This creates efficiency, scalability, and transparency, in order to accommodate company growth in the End User Era.



Intelligent Payments

All of the people in the purchasing process and their disparate efforts are unified by a single workflow system that spans from request to reporting.



This prevents employees from going over budget and spending out-of-bounds or outside of policy.

Empower employees in the End User Era.

Finance leaders are increasingly placing high value on employee experience when implementing new systems and processes. As employees continue to leverage their autonomy, finance teams need processes that empower them to succeed.

"The purchasing process is often a burden on employees," said Peter Nesbitt, VP of Finance at Teampay. "They're just trying to get their job done in marketing or sales or engineering, and not realizing or caring that filling out expense reports correctly has a huge impact. And it's easy for us in finance to forget that other people might not understand."

Drew DeMartinis, Controller at goop, praised automation for its ability to bring finance closer to the rest of the company. "Automation actually allows us to work closer with people," he said. "Robots can do the tedious work, and we can focus on the human aspects, the emotional intelligence piece of financial decision making that robots will never have."

By empowering employees with technology, finance teams can spend less time on manual work and more time thinking strategically about supporting the growth of employees and the company.



Does your company ask employees to...

- Front money for business purchases?
- Wait days to be reimbursed for business purchases they made with their personal money?
- Take time out of their busy schedule to fill out expense reports?
- Hold off on making a necessary business purchase while the request is processed?

It's time to leave these practices behind and support employees in the End User Era.



Manage distributed spending

The End User Era has improved employee engagement and helped organizations move quickly in the market. Now, it's time for finance teams to regain control over distributed spending, while still supporting speed and scale.

With distributed spend management, finance teams can step into their power as a strategic partner to the organization—one whose processes fuel rapid growth, not slow it down. The right systems can support end users across an organization,

ensuring compliance with policy and process without adding friction.

Employees have always been a company's most important asset. Empowering them with smart, policy-driven access to company money will facilitate agility across the organization and ensure the finance team is ready to take on the challenge of managing distributed spending in the End User Era.



Teampay's distributed spend management platform gives high-growth companies total control and real-time visibility over purchasing, while empowering employees with smart, policy-driven access to company spend.

The company's SaaS product delivers a user-friendly workflow that aligns spenders and finance, collects critical data, integrates it into legacy systems, and provides safe, intelligent payments. As such, the platform solves the common problems of policy misalignment, lack of transparency, and unpredictable spending. Teampay was founded in 2016 and is headquartered in New York City.

Visit us online at teampay.co to learn more.

SOURCES

1 Bartlett, Blake. "What is Product Led Growth? How to Build a Software Company in the End User Era." Openview Partners, August 6, 2019. <https://openviewpartners.com/blog/what-is-product-led-growth/#.XhTnwBdKiml>

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3 Schoettle, Anthony. "Companies Fret as Costs Soar for Software Subscriptions." Indianapolis Business Journal, May 2, 2019. <https://www.ibj.com/articles/73599-companies-fret-as-costs-soar-for-software-subscriptions>.