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May 2020

## Business Value Highlights

**\$662.7K**

average annual benefits on a per organization basis

**634%**

three-year ROI

**4 month**

payback period

**\$137,000**

savings on accounts payable-related costs

**46%**

more efficient invoice handling teams

**75%**

less time to process an invoice

**45%**

more efficient accounts payable staff

**13%**

faster payment to vendors

**40%**

more efficient auditing staff

**2.6%**

higher productivity for end users

# SAP Concur Facilitates Automated Management of Financial Operations

## EXECUTIVE SUMMARY

Digital transformation offers finance leaders the opportunity to revolutionize vendor invoice management by automating manual processes into intelligent, digital workflows. As a result, accounts payable (AP) departments are rapidly adopting new technologies to take advantage of this new digital paradigm. As digital transformation continues to evolve, organizations are now more focused than ever on leveraging a modern invoice management solution to drive business value.

Concur Invoice is a workflow management solution that creates efficiencies while processing AP invoices. By capturing key data points and utilizing artificial intelligence (AI) and machine learning, the solution is designed to help customers eliminate data entry activities, manage cash flow strategies, and track costs.

IDC interviewed eight organizations running workloads using Concur Invoice. The survey data obtained and applied to IDC's Business Value model showed that study participants are realizing significant value with the SAP offering. IDC calculates that study participants will achieve average annual benefits of \$662,700 per organization (\$3,258 per 1,000 invoices), which would result in a three-year return on investment (ROI) of 634% by:

- Providing organizations with the ability to automate vendor invoice and other financial processing, better manage cash outlays, and streamline accounts payable functions
- Reducing the overall time required to approve and process invoices
- Fostering more efficient and productive financial management teams including accounts payable and auditing staff, leading to significant cost savings
- Contributing to greater productivity for business end users by streamlining their touch points in the financial process

## SITUATION OVERVIEW

The ability to manage cash flow is one of the oldest and most fundamental requirements for any business. Yet it is still cited by many finance professionals as one of the most challenging aspects of running a business. The problem is exacerbated by the massive volume that many organizations must contend with — hundreds (sometimes thousands) of daily payment transactions. Within these organizations, the following are the typical issues that arise:

- **Manual processes:** Manually driven processes within AP can lead to proliferation of errors, inflexibility, and a lack of agility.
- **Visibility issues:** AP managers are constantly being forced to retrace their steps to find lost invoices, digitize paper invoices, and/or verify previous AP transactions.
- **Resource restraints:** AP professionals must process greater transaction volumes with the same resources, which puts an unbelievable strain on the bandwidth of AP professionals.
- **Lost discounts:** Companies with inefficient AP processes often lose opportunities to take advantage of early payment discounts.

## Intelligent AP Use Cases

AP departments are rapidly adopting workflows powered by AI to cope with the new market dynamics. As digital transformation continues to evolve within AP functions, the importance of embedded intelligence will increase rapidly. The following are a few examples of AI-driven use cases for AP management:

- **Invoice process automation:** AI is being used to automate these aspects of invoice processing, drastically reducing the time spent by AP managers within this workflow.
- **Auditing invoices and payments:** AI and machine learning are being leveraged for tasks such as receipt matching, transaction exceptions, and behavior patterns.
- **Data analytics:** AP professionals are using AI to quickly provide detailed information on millions of transactions for relevant reporting metrics, business insights, and compliance.
- **Fraud detection:** AP departments are using self-learning algorithms to quickly spot fraud schemes such as false invoices and check fraud.

## CONCUR INVOICE OVERVIEW

Concur Invoice automates the complete invoice management process from invoice capture to payment. Concur Invoice allows users to choose how invoices are brought into the system as well as how invoices can be submitted — via email, fax, paper, or electronically. Once an invoice is submitted, the data from the invoice is extracted through an advanced optical character recognition (OCR) process and is then validated automatically with SAP Leonardo and its machine learning capabilities to process the data from each invoice.

### Key Product Features

- **Integration:** SAP Concur has made heavy investments in microservices and modern APIs to add ample integration flexibility. Concur Invoice integrates with most ERP or accounting systems and connects with solutions from other vendors across the procure-to-pay life cycle. Concur Invoice integrates with payment providers to create a secure platform to streamline and optimize vendor payments.
- **Matching capability:** Concur Invoice offers matching capabilities to compare invoices with purchase orders (POs) and quickly find exceptions. PO matching protects businesses from being overcharged. With Concur Invoice, users can leverage automatic two- and three-way matching to identify and resolve discrepancies. By allowing those that match to continue through the workflow, AP teams are able to more strategically use their time on those with exceptions.
- **Reporting and analytics:** Concur Invoice offers users a large set of predefined reports, dashboards, and key metrics for a comprehensive view into spending to gain more informed decision-making and increased ability to manage cash flow.

Perhaps, one of the most important aspects of Concur Invoice is that the solution can work together with Concur Travel and Concur Expense to allow users to get a more complete view of business spending. When the products (Concur Expense, Concur Travel, and Concur Invoice) come together, users can utilize the heightened spend visibility to find process inefficiencies and optimize business spend.

# THE BUSINESS VALUE OF CONCUR INVOICE

## Study Demographics

IDC conducted research that explored the value and benefits of using Concur Invoice. The project comprised eight interviews with organizations that were using this solution and had experience with or knowledge about its benefits and costs. During the interviews, companies were asked a variety of quantitative and qualitative questions about its impact on their accounts payable, invoicing, and business travel operations, as well as impacts on core business and cost structures.

Table 1 presents study demographics and profiles. The organizations interviewed had a base of 39,003 employees but a median of 938 employees, indicating a good variety of small and large enterprises. This workforce was supported by an IT staff of 3,588. Annual revenue across all companies was \$28.4 billion. The geographical regions in the study were the United States (7) and the United Kingdom. From a vertical standpoint, these organizations hail from the education, construction, energy, insurance, manufacturing, and nonprofit sectors. (Note: All numbers cited represent averages.)

**TABLE 1 Firmographics of Interviewed Organizations**

Firmographics	Average	Median	Range
Number of employees	39,003	938	225–300,000
Number of IT staff	3,588	20	0–25,000
Revenue per year	\$28.4 billion	\$60.5 million	\$4.0 million to \$226 billion
Countries	United States (7) and United Kingdom		
Industries	Education (3), Construction, Energy, Insurance, Manufacturing, and Nonprofit		

Source: IDC, 2020

## Choice and Use of Concur Invoice

The companies that IDC surveyed described usage patterns for Concur Invoice as well as provided relevant data about their IT and business environments. They also discussed the rationale behind their choice of SAP Concur. Interviewed customers cited a number of factors for their choice, such as reducing the number of costly errors that could occur in financial processing and reducing complexity. They also cited the ability to increase cross-departmental and auditing visibility and the reputation that SAP Concur products had established as selection criteria. Study participants elaborated on these benefits:

- **Improving visibility into spend — finance department, nonprofit:** *“Our challenge is that we are extremely distributed and don’t have a central processing center. There are many people in the organization who have purchase authorization and have invoices coming to them. When we were on the paper system, we never knew how much commitment was out, since we don’t use a purchase order system. So we didn’t know how much had been committed until the paper invoice was approved by a manager and then routed to finance, which then entered it into the system. There was a really long cycle and a lack of visibility.”*
- **Helped complex operations — finance department, education:** *“We needed to automate invoice handling because it was a complex setup. The school has lots of different departments, and we house students, so it’s a 24 x 7 operation. We’re very decentralized, so academic and support departments all audit individually, which makes automation much more complex. We made a specific change to involve our suppliers in automating data entry to send invoices by email to a central email address. This gives us visibility of the queue of invoices that need to be processed right from the capture stage all the way through automation, so my staff didn’t have to actually enter the invoices. We process 20,000 invoices a year. So this is equivalent to 100 invoices a day, which is quite a lot.”*
- **Reducing the number of AP errors — finance department, manufacturing:** *“When I started in 2015, our CEO was printing checks every other week and hand signing them to get all of our AP paid. It was not a very efficient process or a good use of his time. It was very easy to make mistakes because there was no real control. For example, if someone billed us for the same thing twice, it was hard to capture that.”*
- **Good experience with other SAP Concur products — finance department, education:** *“We implemented Concur Expense in 2012 when we went from spreadsheets and forms that were being handled manually. People came to really like that Concur Expense was web-based and available anytime and anywhere. We subsequently decided that it would be beneficial to implement other Concur modules. At that time, we looked at Invoice and we looked at Concur to build statements to do our purchasing card of reconciliations in the system. The mindset was having one point of entry ... to do everything, so we decided to go with Concur Invoice.”*

Table 2 describes organizational usage associated with Concur Invoice. In the organizations surveyed, there were 855 invoicing users. In addition, there was a substantial SAP footprint among these users, with 634 relying on Concur Invoice and 132 of this group using mobile applications. Additional usage patterns are presented in Table 2. (Note: All numbers cited represent averages.)

TABLE 2 Organizational Usage of SAP Concur Invoice

SAP Concur User Environment	Average	Median
Invoicing users	855	175
SAP Concur mobile application users	132	88
Concur Invoice application users	634	175
Number of invoices handled per year	203,397	24,000

Source: IDC, 2020

## Business Value and Quantified Benefits

IDC's Business Value model expresses the benefits for organizations in using Concur Invoice to support their ongoing invoicing and other financial operations. Survey data obtained from SAP customers was applied to this model to arrive at an array of quantified post-deployment benefits. Using this methodology, IDC found that these customers realized significant value for their financial and business operations.

The extensive use of the SAP service platform provided these companies with the benefit of automated invoice and financial reporting processing to better manage accounts payable and business travel cash outlays and served to streamline purchase requests and reimbursements. It also helped financial teams reduce the time required to process financial reports and invoices by creating more efficient teams and new ways to monitor and manage spending in order to maximize profitability. Study participants described the most significant benefits:

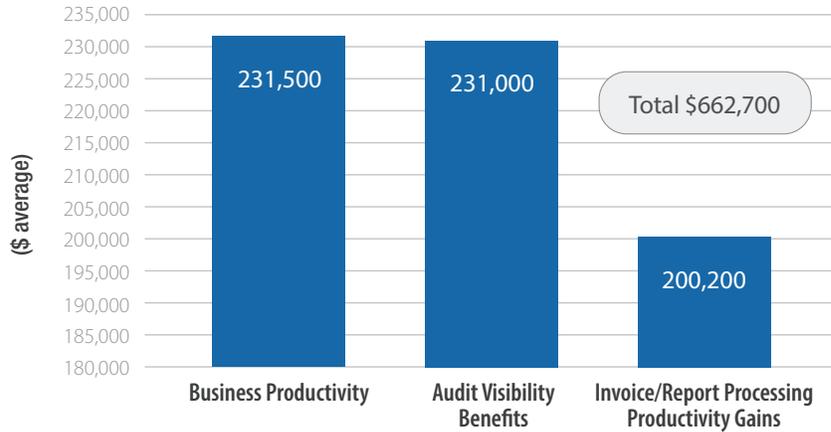
- Improved invoicing — accounts payable, education:** *"With these direct payments, we were averaging 30–90 days. Now we're averaging 11 days. We're finally paying our bills on time and that's important. Another is paper savings. We estimate we'll save over \$18,000 just on paper costs alone. Then there's the increased vendor visibility. In the same quarter last year, we had 45 violations of our purchasing policy. And just in the first quarter using SAP Concur, we've identified over 200. We're catching things now that were done incorrectly, and we can run a report and send it to the appropriate manager so those problems can be addressed."*
- Staff time savings for invoice approval — finance department, nonprofit:** *"The biggest benefit is serving our staff. Concur Invoice has been very well adopted by the staff because we moved away from a paper to an electronic environment. Invoices don't get lost and don't get put under piles or in drawers ... Whether mobile or PC based, to have these electronically transmitted has really hastened the approval and the payment process."*

- **Better management visibility — finance department, education:** *“There’s a higher level of visibility from a management point of view. They can see that there’s more control in terms of company policies. It’s brought things that formerly operated in the shadows more into the light of day. There are opportunities to delegate approvals and preparations, which didn’t exist before. There are things from a functional standpoint that really helped drive new revenue. Because of the new revenue we’ve won, we’ve given millions of dollars back to the organization in rebates, based on our purchasing card program. It’s helping improve our existing procedures and process.”*
- **Ability to scale up operations — finance department, construction:** *“Probably the most important is automation of the data entry part of invoice processing and being able to scale with our organization month to month. We can go from \$2 million of revenue in a month, up to \$6 million or \$7 million. We can triple our volumes just in a 60–90-day time frame. That is huge for us.”*

The deployment of Concur Invoice has resulted in significant levels of value by enabling these organizations to optimize routine but critical financial transactions. IDC projects that the total value SAP customers are realizing will be worth an annual average of \$662,700 per organization or \$3,258 per 1,000 invoices in the following key areas (see Figures 1 and 2):

- **Business productivity:** Interviewed organizations reported that Concur Invoice increased overall productivity for business end users involved in invoicing or business travel financial processing through either the submission or approval processes. IDC calculates that these benefits amounted to an annual average of \$231,500 per organization (\$1,138 per 1,000 invoices).
- **Audit visibility:** Study participants’ data showed that the use of Concur Invoice increased levels of visibility that improved compliance efforts and the audit process. IDC projects that interviewed organizations will realize value in this area worth an annual average of \$231,000 per organization (\$1,136 per 1,000 invoices).
- **Invoice and report processing productivity:** Concur Invoice customers reported gains in invoice and report processing productivity involving teams engaged in invoice, business travel, and accounts payable activity. IDC calculates the value of this higher user productivity at an annual average of \$200,200 per organization (\$984 per 1,000 invoices).

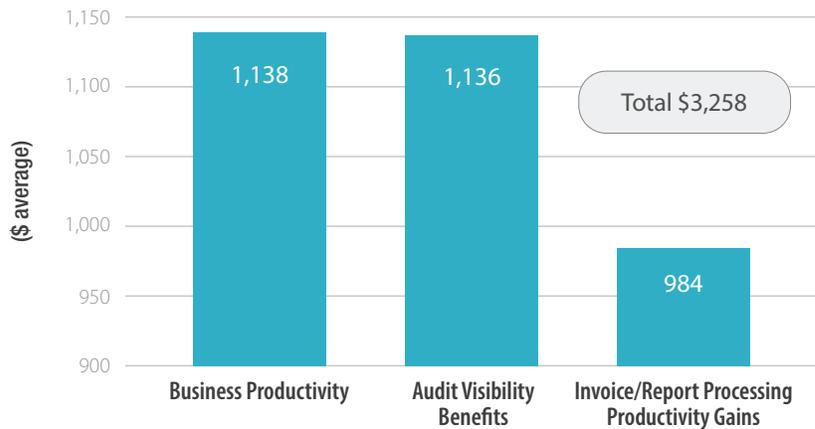
**FIGURE 1 Average Annual Benefits per Organization**



Source: IDC, 2020

These same benefits are shown in Figure 2 but are calculated on a “per 1,000 invoices” basis. The total average benefits amounted to \$3,258.

**FIGURE 2 Annual Average Benefits per 1,000 Invoices**



Source: IDC, 2020

## Performance Improvements in Financial Management

SAP Concur solutions automate invoice, expense reports, and other financial reporting operations by capturing them into a computerized workflow and then processing them using machine learning tools.

The service platform has been designed to help companies eliminate late payments, better manage cash flow, streamline purchase requests, and automate approvals. It is also designed to reduce the kind of errors that can typically surface in manual invoice processing by streamlining data entry and using automation to increase cross-organization visibility. In addition, a mobile app is available to match invoices with purchase orders, track submitted invoices, and expedite approvals.

Study participants emphasized the solution's key benefits, including moving to a computerized workflow and having greater visibility concerning the status of invoices and other financial documents. They also called out the benefit of better identification of invoicing errors along with improved invoice turnaround time. These benefits were realized by the various teams using the solution, including staff involved in invoicing, business travel, and expense reports as described in the sections that follow. Study participants commented on these and other benefits:

- **Reduced approval turnaround — finance department, manufacturing:** *"Because we have plants that are 100mi away, there were times that things got lost in the mail or in email. SAP Concur gave us the visibility to see where something is in the queue. It's nice that we have rules set up so if an invoice has been assigned and that person hasn't approved it within a certain number of days, it gets escalated to the tech manager. If somebody is out for a week, you don't have something sitting on their desk."*
- **Decreased error-related costs — finance department, construction:** *"A key benefit, which we thought would be soft money every year, is that we can identify \$20,000–30,000 in savings from avoiding vendor invoicing errors. They are identified with the purchase order matching and approval process with SAP Concur. We are saving the organization from being overcharged by vendors. It's been unbelievable. We didn't expect it, and there's not a lot of it. But, when it happens, we may find a \$20,000 error that previously might have gone undetected and would have been paid."*
- **Improved invoice management — accounting department, energy:** *"Turnaround time for invoices is much faster. We can assign them in the morning, and by the time we leave at night, we have more than half back already, which is great. It's also helped with account code errors. Before, if someone didn't know the account codes they were supposed to use, they just wouldn't write it on the invoices. They would just sign it and send it down, so it would need follow-up. Now, they can't submit it unless those items are filled in."*
- **More efficient operations — accounts payable, education:** *"We have paper shuffle savings, and we have real dollar savings. Look at the time it takes to go to a file cabinet, pull out a form, fill it out, and then walk it over to a manager. And then they have to pick it up,*

*sign it, and walk it over to another desk to be put in interoffice mail ... All of that goes away because when you hit 'submit,' it goes to the manager who is supposed to approve it. They hit 'approve' and it goes to the appropriate processor who validates it and processes a payment. It's completely automated now."*

- **Better workflow saves time — accounts payable, insurance:** *"Managing the process, you're no longer dealing with fire drills because somebody is saying: 'I put it in the mail and it's not there yet.' Or: 'We can only pay from original signatures.' The whole electronic workflow process is more effective. It probably saved us at least one FTE because we don't have resources trying to find open mail, and that kind of thing."*

The improved functionality cited by study participants meant that various business teams could be freed up from cumbersome manual processes by the automated functionality of Concur Invoice and the streamlining made possible by a computerized workflow.

One of the key financial teams that benefitted from the Concur Invoice approach were invoicing teams, which included any staff directly involved in the processing of invoices. These teams found they needed less time to process and approve invoices. Table 3 provides granular pre- and post-deployment data on these impacts. As shown in Table 3, the use of the SAP Concur solution resulted in a 46% improvement in overall staff productivity. This translated into an annual business value of \$57,000.

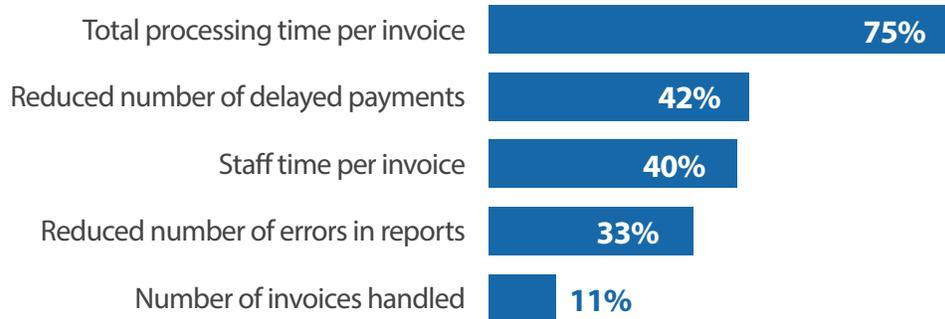
**TABLE 3 Invoicing Report Staff Impact**

Impact	Before SAP Concur	With SAP Concur	Difference	Benefit (%)
Invoicing staff impact (FTE equivalent per organization per year)	1.8	1	0.8	46
Staff time cost for invoice processing per year	\$125,000	\$68,000	\$57,000	46

*Source: IDC, 2020*

Invoice processing and management teams are typically engaged in a variety of defined tasks, each of which can be linked to key performance indicators (KPIs). IDC evaluated post-deployment improvement levels for each of these critical metrics. As shown in Figure 3, substantive improvements were realized in all key areas but especially for total processing time per invoice (75%), reductions in the number of delayed payments (42%), and the amount of staff time involved per invoice (40%). Additional metrics are presented in Figure 3.

FIGURE 3 Improvements in Invoice Management KPIs



Source: IDC, 2020 (% improvement)

IDC also looked at how the SAP service platform affected the operations of accounts payable staff. As shown in Table 4, after deployment, the number of weeks required to pay vendors was reduced from 5.3 to 4.6, a 13% improvement. In addition, the time spent on accounts payable data entry was reduced from 74.9 to 47.4 hours, a 37% improvement. Overall productivity improvement for these teams was a substantiated 45%. These combined improvements resulted in an annual business value of \$86,000.

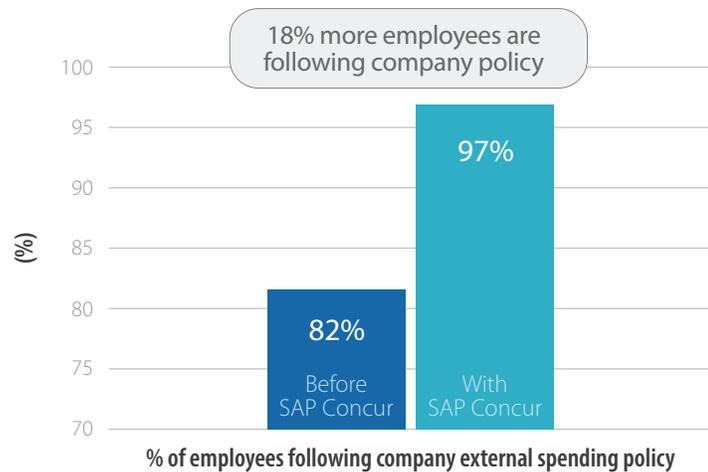
TABLE 4 Accounts Payable Staff Impact

	Before SAP Concur	With SAP Concur	Difference	Benefit (%)
Weeks to pay vendors	5.3	4.6	0.7	13
Time spent on accounts payable data entry (hours)	74.9	47.4	27.5	37
Value of staff time required per organization per year for equivalent workloads (\$M)	2.8	1.5	1.2	45
Staff time cost for accounts payable per year	\$193,000	\$106,000	\$86,000	45

Source: IDC, 2020

Another key benefit identified related to employee compliance with policy issues. Study participants reported that the use of Concur Invoice had positive impacts for employee policy compliance because a greater number of employees were following up-to-date compliance policies. This resulted in cost savings and minimized the time employees might spend trying to determine the correct level of policy compliance. Figure 4 quantifies these benefits and shows that 18% more employees were following company policy after SAP deployment.

FIGURE 4 Employees Policy Compliance Impact



Source: IDC, 2020

## Improving Business Effectiveness and Results

Interviewed organizations reported that through the use of Concur Invoice they improved their overall business effectiveness, leading to better business results due to the staff and performance benefits described previously. This included both tangible and non-tangible benefits. Study participants cited features and capabilities that were instrumental, such as freeing up time to focus on other activities, enhancements to company reputation resulting from customer perception of smoother operations, and enhanced audit trail visibility. Study participants commented on these and related benefits:

- **Better financial operations improved reputation — finance department, construction:**

*“The other real benefit to our organization is that our financial reporting cycle has improved dramatically. We are able to close our financial months on schedule, with few issues as a result of invoice processing. That was always a big delay before. Those benefits trickle down to our financial partners, lenders, bankers, bond companies, and others. They get accurate and timely financial information, which, in turn, has improved our financial rating as an organization. Allowing us to process these invoices on time on a regular basis is definitely a benefit of having SAP Concur.”*

- **Finance has support within the organization — finance department, nonprofit:**

*“Concur Invoice fosters appreciation of how the finance office supports the work of other departments. Now, they look at the finance office as more of an enabler rather than as a chore. We get goodwill with the realization that we are a service desk as well as a control desk. Our objective is to support them and make their work life better so that they can concentrate on the creative stuff. They can spend more time doing what they should be doing, rather than on administrative tasks.”*

*“...our financial reporting cycle has improved dramatically. We are able to close our financial months on schedule, with few issues as a result of invoice processing.”*

A strong contributor to these better business results is the savings realized from the improved accounts payable operations described previously. As shown in Figure 5, IDC calculated the annual savings for these post-deployment improvements at \$137,600.

**FIGURE 5 Accounts Payable Cost Impact**



Source: IDC, 2020

Study participants also reported that auditing staff were able to achieve better visibility into various financial processes being examined for compliance purposes. In addition to significant time savings, audit trails were clearer to all team members involved in the auditing process. As one study participant working in the finance department of a nonprofit organization described it: “We have one audit this year with really good time-saving because now we give access to our auditor instead of having to pull invoices. They just do it themselves instead of us doing it, so it’s saved one to two days. The other benefit in terms of auditing is that it was very hard to read who was approving when we were using paper. The internal controls were much weaker ... You couldn’t really prove to an auditor who approved something. Now it’s very clear, the whole audit trail is there, and that’s a really strong benefit.” Table 5 quantifies these auditing staff impacts and shows a 40% improvement in productivity. This, in turn, resulted in an annual business benefit of \$105,000.

**TABLE 5 Auditing Staff Impacts**

Impact	Before SAP Concur	With SAP Concur	Difference	Benefit (%)
Auditing staff impact (FTE equivalent per organization per year)	3.8	2.3	1.5	40
Staff time cost for auditing per year	\$263,000	\$158,000	\$105,000	40

Source: IDC, 2020

“ All our managers are turning toward digital approvals because it's easy. ”

Study participants reported that Concur Invoice is allowing business end users the ability to focus more on their other responsibilities instead of processing invoices. As one study participant involved in accounts payable for an educational institution commented: “The director of our athletic department used to have to sit at a desk and sign 1,000 sports official payments every couple of months. Now, he's out doing his job and when his phone buzzes, he opens it up and hits 'approve.' All our managers are turning toward digital approvals because it's easy.” Table 6 shows these end-user impacts, including a significant gain in annual equivalent productive hours (6,530). This translated into an annual business value of \$243,000.

**TABLE 6 End-User Impact: FTE Equivalent per Organization per Year**

Enhanced User Productivity	Per Organization
Number of users impacted	132.5
Average net productivity gain per impacted user	2.60%
Equivalent productive hours gained	6,530
End-user impact (FTE equivalent per organization per year)	3.5
Value of end-user time	\$243,000

Source: IDC, 2020

## ROI Summary

IDC's analysis of the financial and investment benefits related to study participants' use of Concur Invoice is presented in Table 7. IDC calculates that, on a per organization basis, interviewed organizations will achieve total discounted three-year benefits of \$1.52 million based on increased productivity for financial processing teams and business users, better business results, and cost savings. These benefits compare with projected total discounted investment costs over three years of \$207.500 thousand on a per-organization basis. At these levels of benefits and investment costs, IDC calculates that these organizations will achieve a three-year ROI of 634% and break even on their investment in four months.

TABLE 7 Three-Year ROI Analysis

ROI Analysis	Per Organization	Per 1,000 Invoices
Benefit (discounted)	\$1.52 million	\$7.48 thousand
Investment (discounted)	\$207.5 thousand	\$1.02 thousand
Net present value (NPV)	\$1.32 million	\$6.47 thousand
ROI (NPV/investment) (%)	634	634
Payback (months)	4	4
Discount factor (%)	12	12

Source: IDC, 2020

## CHALLENGES/OPPORTUNITIES

The invoice management process is a key aspect of cash flow for any business. As a result, the most critical role for AP centers is preventing the business from losing money. The following are a few of the most critical challenges AP managers face that directly result in lost money for the business:

- Paying invoices before final receipt of goods/services
- Making duplicate payments or overpayments
- Missing payment deadlines
- Inability to detect fraud

Still, for organizations willing and committed to undergoing digital transformation within their invoice management process, there are opportunities to leverage modern invoice management to drive positive outcomes, including:

- **AP evolving into a profit center:** Companies are quickly realizing the potential for AP modernization to not just increase operation efficiency but, in some cases, help improve profit margins. AP has the potential to improve profitability via early payment discounts and card rewards/rebates, which can be significant over time.
- **Digitalization of invoices improving cash visibility:** Implementing modern invoicing tools within the AP process can positively impact working capital visibility and improve overall cash flow, which can be used to fund internal growth efforts (e.g., increasing sales/marketing campaigns, international expansion).

- **Positive impact on brand:** Accounts payable is an important part of the relationship between clients and vendors. Poor service in terms of late or incomplete payment can damage the relationship with key suppliers and clients. As such, the AP function impacts your customers' experience with your brand.
- **Invoice management essential to growth:** As organizations are ensconced in rapid growth cycles (especially midmarket companies), optimizing accounts payable is often seen as a potential driver of growth. Having visibility/control of invoices allows an organization to plan and control its growth more effectively.

## CONCLUSION

Under normal economic conditions, invoice management is a key aspect of business operation. In times of crisis, change or uncertainty, the focus on core cash-related processes such as invoice management becomes even more important, especially among small businesses. Unfortunately, many small businesses have manual/paper-based processes within accounts payable and, as a result, little visibility into the invoice management processes.

The COVID-19 global pandemic has had a significant and negative impact on the workforce for many small businesses, effectively shrinking the pool of resource available to AP managers or controllers. This impact revealed a lack of automation within the invoice management process for many small businesses — with some companies having invoices waiting to be processed with nobody there to process them.

We can expect there will be an even greater focus on implementing a modern and flexible invoice management system with strong automation capabilities. Software vendors with the right mix of user experience, automation, and analytics will be well positioned to thrive.

The Concur Invoice customers were interviewed for this study before the global pandemic's impact on businesses became widespread. However, they described some potential benefits that Concur Invoice could offer during unexpected business challenges and interruptions, such as the ability to approve and process invoices anywhere and the capability of leaving a digitalized paper trail, which makes auditing easier. These were some of the factors that led to these customers achieving a 7:1 return on their SAP Concur invoicing solution investment.

## APPENDIX

### Methodology

IDC's standard ROI methodology was utilized for this project. This methodology is based on gathering data from current users of the Concur Invoice solution as the foundation for the model. Based on interviews with organizations using it, IDC performed a three-step process to calculate the ROI and payback period:

- **Gathered quantitative benefit information during the interviews using a before and after assessment of the impact of Concur Invoice.** In this white paper, the benefits included staff time savings and productivity benefits and operational cost reductions.
- **Created a complete investment (three-year total cost analysis) profile based on the interviews.** Investments go beyond the initial and annual costs of using Concur Invoice and can include additional costs related to migrations, planning, consulting, and staff or user training.
- **Calculated the ROI and payback period.** IDC conducted a depreciated cash flow analysis of the benefits and investments for the organizations' use of Concur Invoice over a three-year period. ROI is the ratio of the net present value (NPV) and the discounted investment. The payback period is the point at which cumulative benefits equal the initial investment.

IDC bases the payback period and ROI calculations on a number of assumptions, which are summarized as follows:

- Time values are multiplied by burdened salary (salary + 28% for benefits and overhead) to quantify efficiency and manager productivity savings. For purposes of this analysis, based on the geographic locations of the interviewed organizations, IDC has used assumptions of an average fully loaded \$100,000 per year salary for IT staff members and an average fully loaded salary of \$70,000 per year for non-IT staff members. IDC assumes that employees work 1,880 hours per year (47 weeks x 40 hours).
- The net present value of the three-year savings is calculated by subtracting the amount that would have been realized by investing the original sum in an instrument yielding a 12% return to allow for the missed opportunity cost. This accounts for both the assumed cost of money and the assumed rate of return.
- Further, because IT solutions require a deployment period, the full benefits of the solution are not available during deployment. To capture this reality, IDC prorates the benefits on a monthly basis and then subtracts the deployment time from the first-year savings.

*Note: All numbers in this document may not be exact due to rounding.*

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