

basware

Simplify Operations, Spend Smarter.

RESEARCH REPORT

Visible Commerce:

OVERCOMING OPERATIONAL BLIND SPOTS

How finance & procurement will combat too much trust and too little data visibility



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ABOUT THE RESEARCH

- **400 respondents**
- **Countries:** France (19%), Germany (19%), Ireland (7%), UK (18%), US (38%)
- **Industries:** BFSI (15%), Consumer inc. retail (15%), Industrials and chemicals (10%), Pharma, medical and biotech (10%), Real estate and construction (10%), Technology, Media and Telecommunications (10%), Energy, mining and utilities (10%), Transportation and logistics (5%), Business services (10%), Hospitality and leisure (5%)
- **Seniority:** C-suite (50%) C-1 and C-2 (50%)
- **Roles:** CFO (32%), CPO (18%), Senior Finance Director (7%), Senior Procurement Director (5%), VP of Finance (10%), Head of Finance/Accounting (8%), VP of Procurement (3%), Head of Procurement (6%), Senior Finance Manager (9%), Senior Procurement Manager (3%)
- **Revenue:** \$500m-\$1bn (50%), \$1bn-\$5bn (38%), \$5bn+ (12%)

EXECUTIVE SUMMARY

Businesses are generating more finance and operations data than ever. But does it stand up to scrutiny?

With more companies digitising their operations, the amount of business data is rising sharply. At the same time, tax and invoicing regulations are pushing firms to prove that their operations and supply chains meet a growing range of standards.

How confident are firms in their ability to do that? To find out, we asked 400 finance and procurement professionals about **global regulatory compliance**, and their approach to **worldwide electronic invoicing** mandates and **supplier information management**.

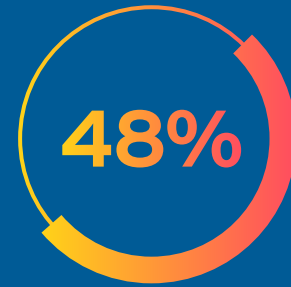
We learned that, far too often, enterprises lack insight and are operating on trust. This is a precarious position to be in: data breaches by a supplier could lead to huge financial and reputational damage.

Finance leaders know the challenges they are facing over compliance and are taking steps to simplify their processes and increase their bandwidth.

Find out why now is the right time to take action with automation.

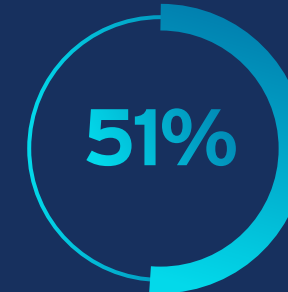
THE RESEARCH TELLS US THAT:

Firms have too much trust and not enough proof

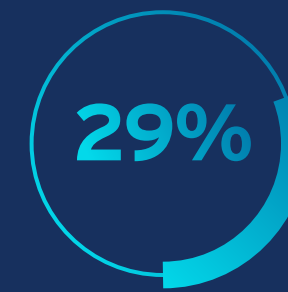


say that when it comes to compliance, they rely too heavily on trust over data insight

Their line of sight is limited

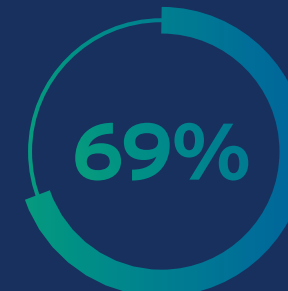


struggle to prove that their supply chain meets the full range of standards for compliance



believe their suppliers pose the biggest threat to their reputations

They know that data can give them a competitive advantage



believe that increased compliance and data visibility in finance and procurement will lead to greater trust in the business from customers and partners

Many are ready to ramp up automation

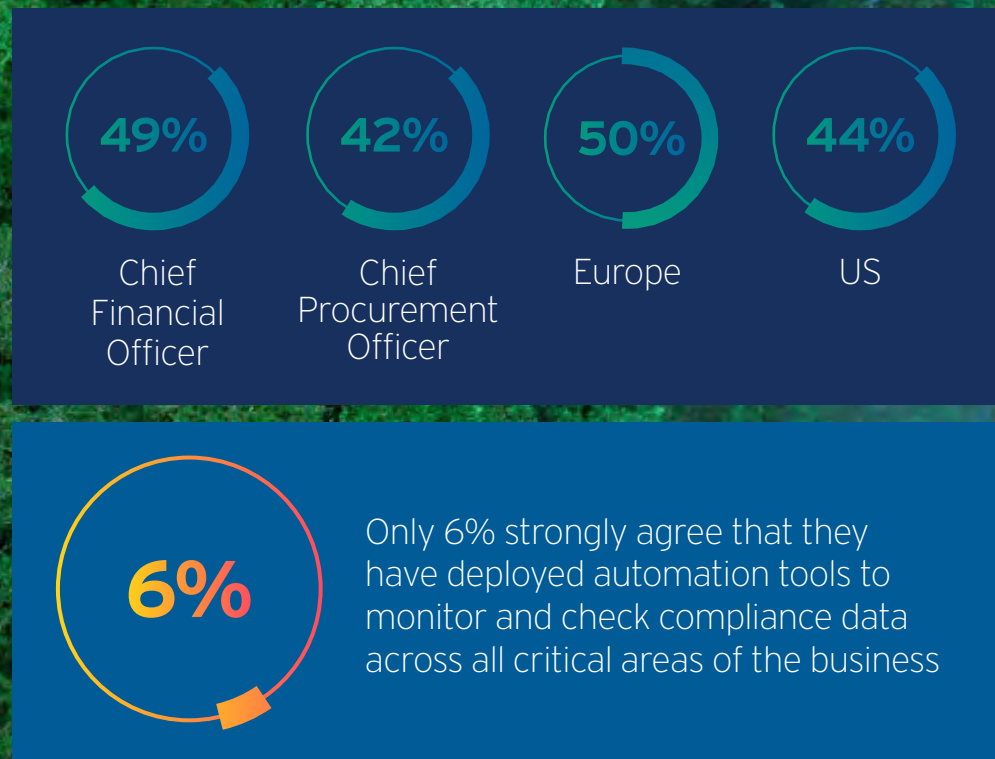


intend to significantly increase their investments in data automation over the next 12-18 months. Automation means less human intervention, more accuracy and, ultimately, more compliance.

SECTION ONE

THE LANDSCAPE IS DIFFICULT

Respondents who agree that when it comes to compliance, their firm relies too heavily on trust over insight:



#1 THE LANDSCAPE IS DIFFICULT

Companies have an abundance of data available to them, but poor visibility into what it means.

They recognise that they have critical operational ‘blind spots’ and need greater scrutiny and transparency across the value chain.

Almost half (48%) say that when it comes to compliance, they rely too

heavily on trust over data insight. And just 6% of firms strongly agree that they have deployed automation tools to monitor and check compliance data across all critical areas of the business.

Faced with myriad standards to keep up with, companies seem to be crossing their fingers and hoping for the best.

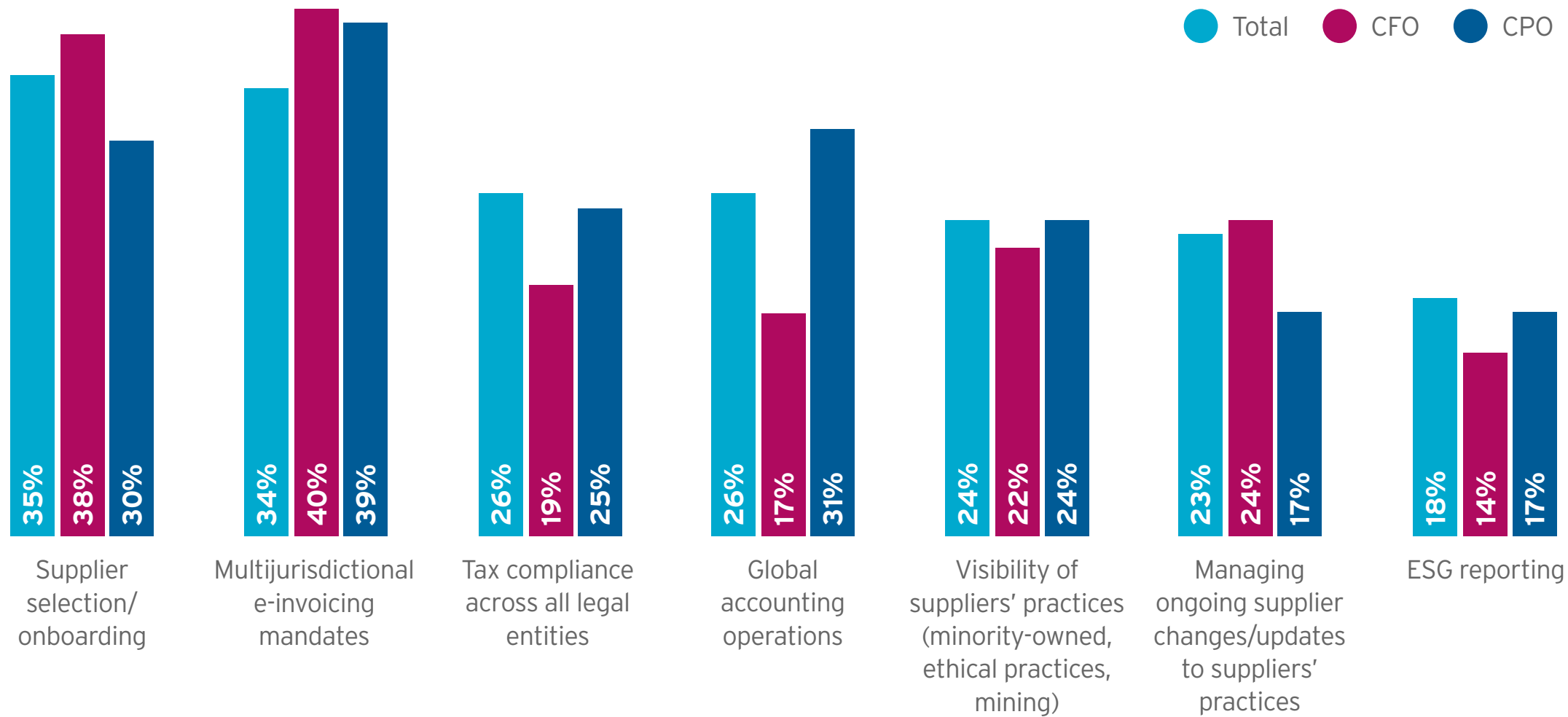
WHERE ARE THE COMPLIANCE BLIND SPOTS?

More than a third of firms (35%) say they lack the data capabilities needed to expand their supplier ecosystem with confidence. A similar number (34%) cannot ensure global regulatory compliance with worldwide invoicing mandates.

But when we asked them how satisfied they are with their firm’s data capabilities for a range of compliance tasks, chief financial officers (CFOs) and chief procurement officers (CPOs) answered quite differently.

Do CFOs and CPOs have access to the same data?

Respondents who answered 'very unsatisfied' or 'unsatisfied'



This lack of visibility into financial streams makes keeping track of compliance standards a huge challenge.

■ ■ We have a set of procedures and policies at a corporate level, but it's very hard to make sure that these rules are also compliant at global level, and that every service adheres to these group policies and procedures. Sometimes there is a disconnect between the group policies and the local company policies or regulation in the country they are operating - which is hard to firstly identify, and secondly, resolve. ■ ■

CFO, Global manufacturer

REALITY CHECK: BREXIT BARRIERS

Global tax compliance is constantly shifting.

For example, following the UK's exit from the EU, businesses have had to make significant adjustments to meet changing VAT and customs requirements.

Keeping track of the new and evolving measures is a huge challenge, and in a country where non-compliance is treated harshly by the regulator, an agile approach to the implementation of new processes and procedures is essential.

Companies that don't have the tools to quickly identify and respond to new requirements could face significant penalties.



SECTION TWO

THERE COULD
BE SHOCKS ON
THE HORIZON

#2 THERE COULD BE SHOCKS ON THE HORIZON

Inadequate finance and procurement data management is leaving many firms at risk of falling foul of evolving regulatory tax and e-invoicing requirements, and the financial penalties worry respondents.

Poor visibility into business data presents a serious financial risk

Financial penalties are the biggest risk of having a lack of visible finance data:

31%

Poorer business performance and share price is the biggest risk of having a lack of visible operations data:

32%

Spotlight on suppliers

Firms are aware that compliance risk extends beyond internal operations, and they lack confidence in their suppliers.

51%

say they struggle to prove that their financial supply chain meets the full range of standards for compliance

29%

believe their suppliers pose the biggest risk to their reputations



Companies recognise their shortcomings, but they do not have the right tools to help them successfully manage supply chain risk. Poor data visibility is a problem, but there are also issues with internal processes and the investment mindset.



To build resilience, organisations need to change the way they manage risks through better supplier information management. For example, many have invested in sophisticated systems to manage their customer relationships but lack the same understanding and insights into their suppliers.

■ ■ We have CRM tools to put together customer data and manage the relationship with them, but we don't have the same with suppliers. We would like to implement a tool where we can collect all the required data, documentation and certifications from the supplier to then be able to see where we may have a compliance risk. ■ ■

CFO, Global manufacturer

Some industries are falling behind

Respondents who agree that their organisations struggle to prove that their supply chain meets the full range of standards for compliance:



SECTION THREE

BETTER
VISIBILITY IS
BETTER FOR
BUSINESS

#3 BETTER VISIBILITY IS BETTER FOR BUSINESS

Fear of fines and penalties aside, businesses know that improving data visibility is an opportunity to secure competitive advantage and to build resilience to unexpected risks.

They are struggling with supplier uncertainty and increasingly complex e-invoicing and tax mandates in the wake of the pandemic.

Global supply chain challenges are taking longer than expected to normalise. Costs for business and the prices they charge rose in August 2021 at [some of the fastest rates in the past 20 years](#).

Top three compliance and supplier risk drivers for better data visibility



European firms worry about regulators

“Increasing reporting requirements to governments and regulators are driving the need for better visibility of finance and procurement data”



Taxes are a significant source of revenue for governments seeking to address the challenging economic impact of the pandemic.

The EU, for example, estimates that the VAT gap for the region as whole, including cross-border VAT evasion and fraud, was around €120 billion in 2020, almost equivalent to the entire annual EU budget.

A binding EU-wide mandate for electronic invoicing is currently being evaluated as a result. It is considered to be the most effective single measure to combat cross-border VAT evasion or fraud, according to a [recent study by the European Parliamentary Research Service](#).

Compliance and data visibility increase trust

69%

of firms say trust from customers and partners is the biggest strategic business benefit to be gained from better compliance

...and they maximise efficiency and ROI

57%

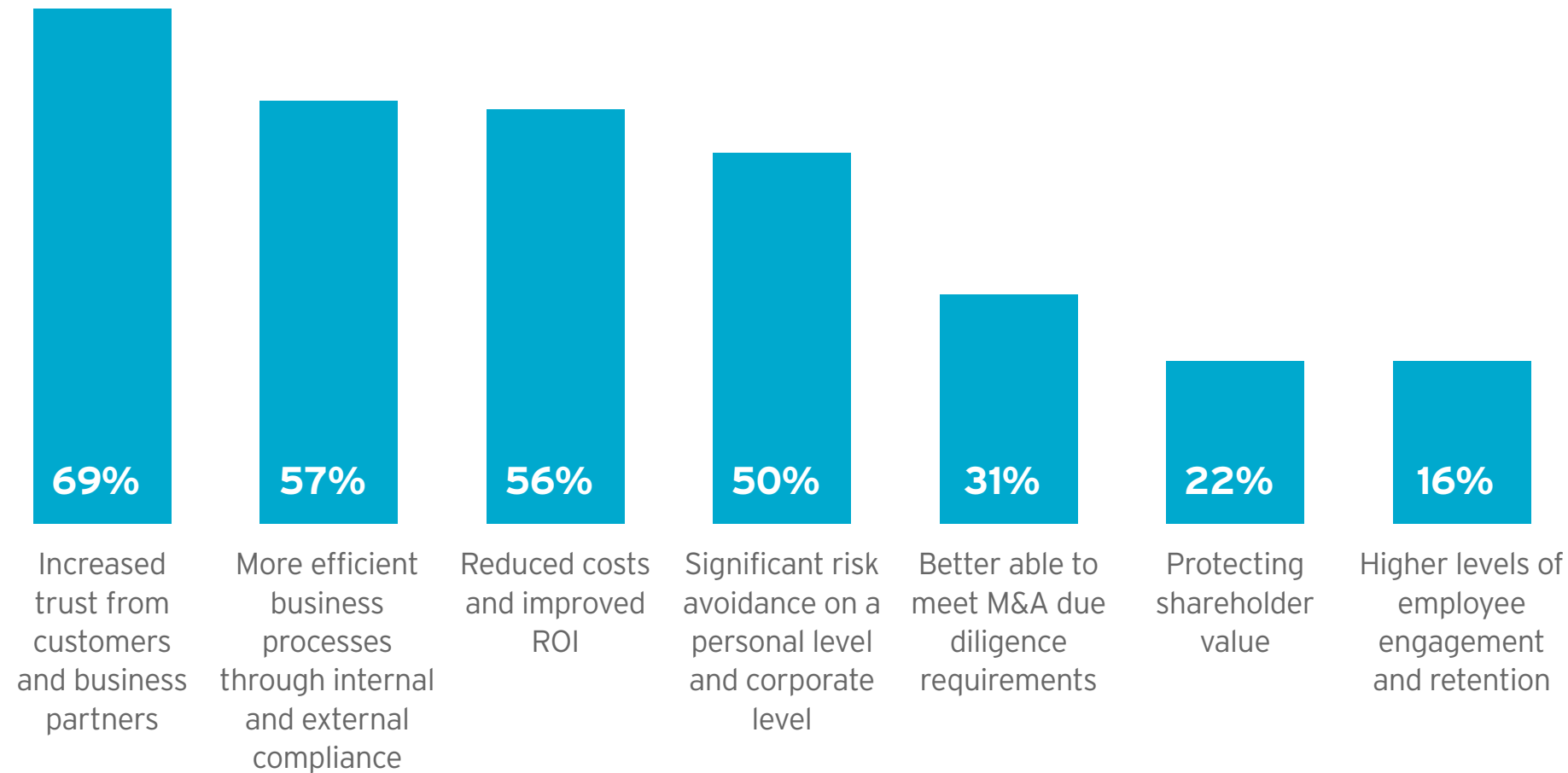
of firms expect to run more efficient business processes because of better data visibility

56%

expect reduced costs and improved ROI as a result

Introducing an e-invoice system, for example, can capture all data included on invoices and ensure compliance with mandatory governmental mandates such as post-audit or clearance models. These mandates are already in force in regions that include Germany, India and the Nordic countries, while [France has announced plans](#) to introduce mandatory e-invoicing for companies of all sizes by 2025.

Reliable and efficient: The strategic value of improved compliance



“ Companies that invest in accessible data - and the automation tools to analyse it - will gain a competitive advantage. We have been working very hard to move our finance function beyond its traditional focus, to the extent that we can now use more sophisticated, automated tools. The automated tools mean our financial team can focus on much greater value-added analytical work. ”

William Daly Greiter, Managing Principal - Acquisitions and Divestitures, American Family Mutual Insurance Company

REALITY CHECK: INCREASING VISIBILITY THROUGH AUTOMATION

One of the largest multinational automotive manufacturers, based in Germany, wanted to make its compliance processes more efficient, cut paper volumes and reduce costs.

The company rolled out a global holistic e-invoicing strategy, which means all affiliated companies worldwide now process invoices via a central portal.

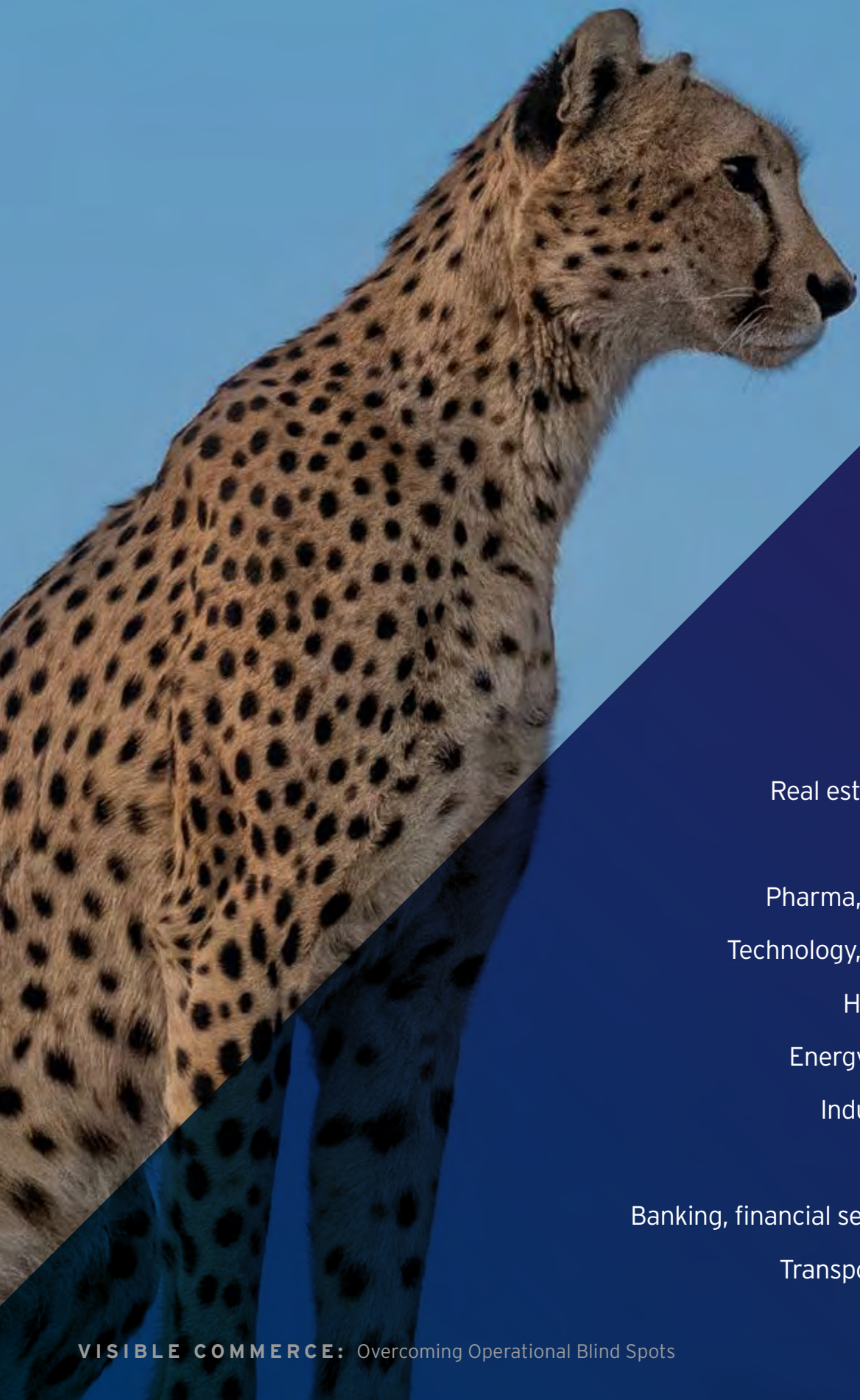
The impact has been far-reaching. As well as gaining greater transparency and higher quality data, the firm says it is able to complete invoicing and payment processes more quickly, and has reported high savings on a transaction basis.

[Find out more »](#)



SECTION FOUR

ACTION
THROUGH
AUTOMATION



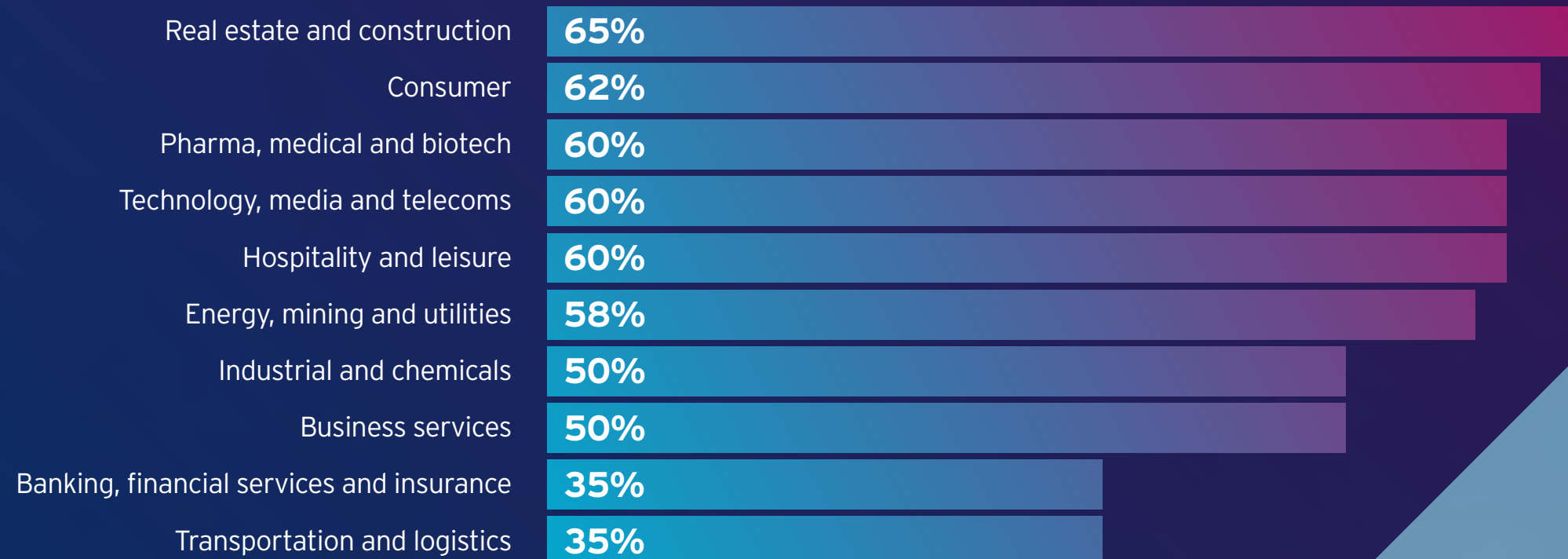
#4 ACTION THROUGH AUTOMATION

Companies are taking action to improve visibility and management of their data. The research shows automation is seen as the answer to improving data visibility, and companies are investing heavily.

Nearly six in 10 companies (58%) believe that without better automation, their firms will be at risk of suffering significant reputational damage. It is reassuring, then, that 54% intend to significantly increase their investments in data automation over the next 12-18 months.

Industry spotlight

Those who say their firm will significantly increase its investment in data automation over the next 12-18 months



HOW AUTOMATION CAN HELP

The finance and procurement compliance landscape is complex, and companies are prioritising a range of automation technologies to help achieve their goals.

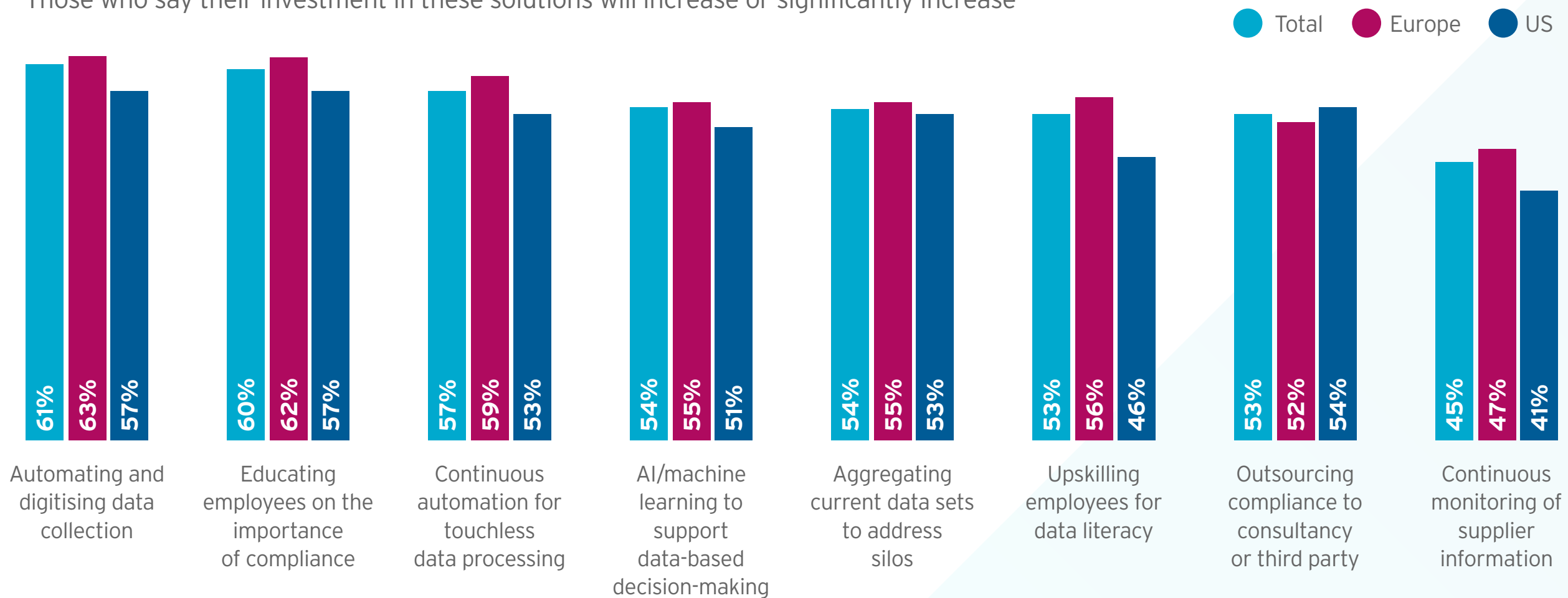
About six in 10 (61%) expect to increase their investment in automating and digitising data collection, and 57% plan to spend more on continuous automation for touchless data processing.

Acquiring the tools to understand the data is also critical, and 54% want to invest money into AI/machine learning to support data-based decision-making.

But businesses know that technology alone is not enough: 60% plan to increase their investments in educating employees on the importance of compliance in the next three years.

Automation + education = compliance powerhouse

Those who say their investment in these solutions will increase or significantly increase



IS GLOBAL ACCOUNTING OPERATIONS A BLIND SPOT FOR US FIRMS?



of US firms say they are unsatisfied with their data capabilities for global accounting operations



Only 20% of European firms are unsatisfied

The data shows that planned US investment in automation technologies lags behind that of European firms in every area except one - outsourcing compliance.

This indicates that they have a blind spot that could have significant impact on compliance performance and put US firms at a disadvantage.

Investment in automating and digitising data collection is more of a priority for bigger companies

71%



companies with a total revenue of \$5bn or more

60%



companies with revenue of \$500m-\$1bn



CONCLUSION

TRANSPARENCY IS THE TARGET

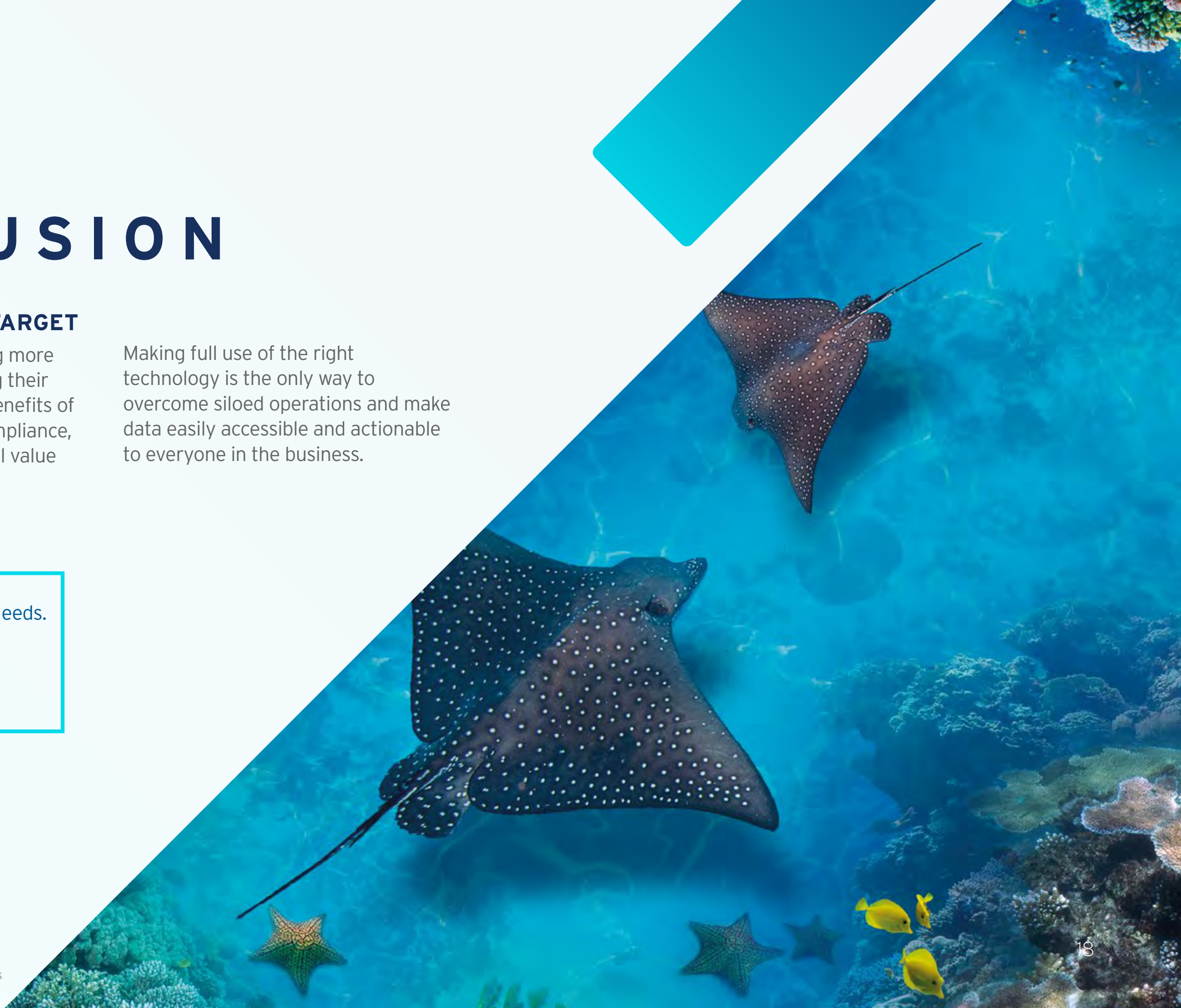
Companies are focusing on getting more from their data, and are increasing their investment in digitalisation. The benefits of automation extend far beyond compliance, and gaining visibility across the full value chain is more crucial than ever.

Making full use of the right technology is the only way to overcome siloed operations and make data easily accessible and actionable to everyone in the business.

GET IN TOUCH:

We'll be happy to discuss your needs.

[GET IN TOUCH](#)



VISIBLE COMMERCE

We're striving to create a future where there's complete transparency into the flow of money, goods and services around the world to enable compliance, accountability and responsibility, resulting in better outcomes for businesses and society. We call this Visible Commerce.

[GET IN TOUCH](#)

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