The definitive guide to **spend management.**

The spend management landscape today.

To begin, we need to establish a baseline for how spend management is defined. At its most basic, spend management is the pursuit of getting the most out of every dollar your company spends. That means increasing value, lowering risk, and improving supplier relationships, among many other priorities.

But spending doesn't exist in a vacuum — it's part of a complex system. What does that mean for your company?
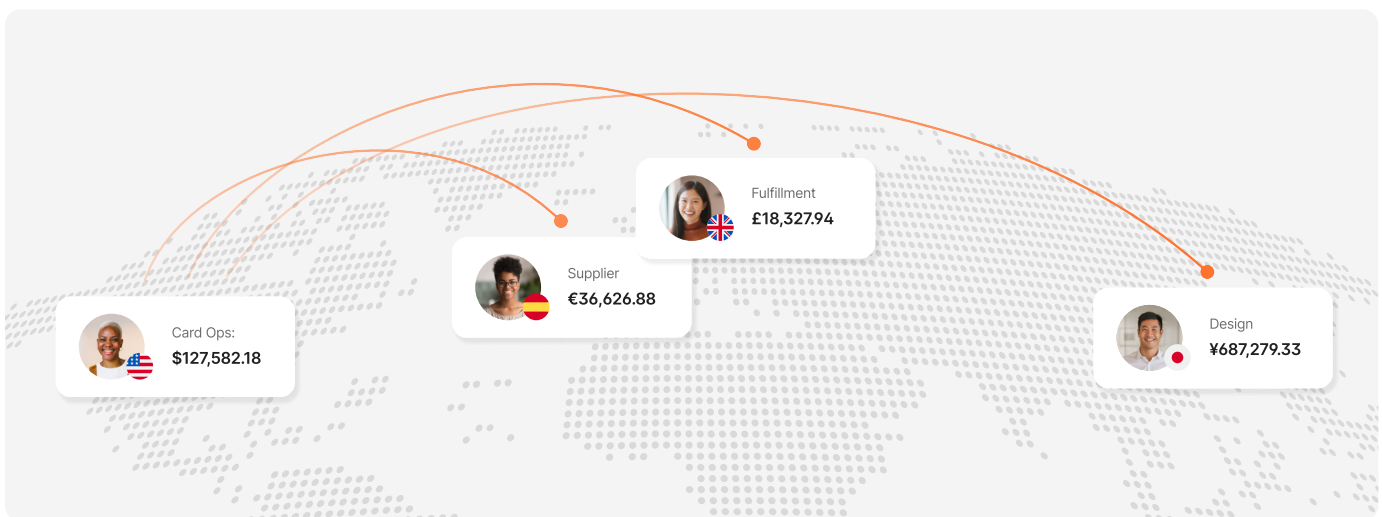
Companies are increasingly distributed, global, and employee first.

Modern tools have been slowly making the office optional for years, and a global pandemic was likely the tipping point that pushed business, nearly overnight, to where it was always heading: fully decentralized.

On one hand, this development is great for business — and for employees. Companies can offer hybrid or remote models of working. Employees can be hired from anywhere, meaning businesses can source the best talent, more easily meet diversity goals, and lower overall payroll costs. Workers can get their jobs done where they want, when they want, and how they want with tools and apps that feel familiar and user-friendly.

But, on the other hand, new opportunities also present new challenges.

Spending is happening everywhere.

Because employees are now everywhere, so is company spend. Payments transfer among contractors, suppliers, and partners whose businesses are also headquartered around the world. Remote and traveling employees also incur expenses wherever they're working from — corporate cards are swiped in countless countries and reimbursements are requested globally, increasing the potential for more security issues and customer support needs 24/7.

As a result, finance leaders have difficulty making informed decisions, controllers spend too much time chasing receipts around the world to close the books every month, and admins struggle to get real-time visibility.

Processes get more complex as companies grow.

As your business scales, more processes get layered onto systems that were already in place, which complicates employees' and managers' ability to follow policy, as well as compounds accounting teams' difficulty administering a spending program.

Enabling and managing global spend is essential for operations and growth. Too much process can be a blocker to success. As companies grow larger, they don't have time to look at every line item. Adopting a spend solution that allows you to both delegate and empower — without sacrificing control — will set your company up for success as it evolves.

"As we grew, we wanted to enable employees to move fast and make decisions and not be blocked by chains of approval."

— Alexandr Wang, founder and CEO, Scale AI

Traditional approaches haven't kept up with changes to global business.

Most of the tools used throughout a business operate in real time — Slack, Zoom, HubSpot, Salesforce, Google Drive, you name it. But financial solutions have not kept up. Today's finance teams still lack global and real-time transparency, are forced to take a reactive approach to expenses, and endure clunky manual processes just to close the books since they have to cobble together data from various point solutions. And end users still spend too much time chasing receipts and filling out expense reports, which takes away time to focus on what matters most to the business.

"We had to download the card detail, review every purchase, manually tag our NetSuite GL accounts, and import that file to NetSuite every month. That wasn't sustainable — especially with our FX workload."

— Katherine Spillane, controller, Avenue One

CFO's Business Priorities and Investments for 2022-2023

- 94% report the need to maintain or accelerate the already-intense pace of transformation incited by pandemic.
- 92% expect their organization to increase investments in information technology and digital capabilities in the upcoming year
- 52% believe there will be a significant and persistent rise in inflation in next few years.

Source: Gartner: CFO Perspective on the 2022 CEO Survey

* GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved.

These approaches have overburdened finance teams and hamstrung employees, rather than freed them from tedious tasks. These solutions force finance teams to become the money police instead of the growth catalysts they aspire to be. Traditional approaches put finance teams months behind spending, which means they can't react to timely changes in market, such as rising fuel costs, inflation, and supply chain complexity.

Modern finance leaders need a modern approach to spend management.

Because of the challenges outlined above, every tool finance leaders deploy needs to meet four critical criteria: they must be customizable, flexible, dynamic, and consumer-grade. An effective spend management solution must be bigger than the card and spend software alone — it should integrate with, complement, and support a CFO's broader vision across company goals.
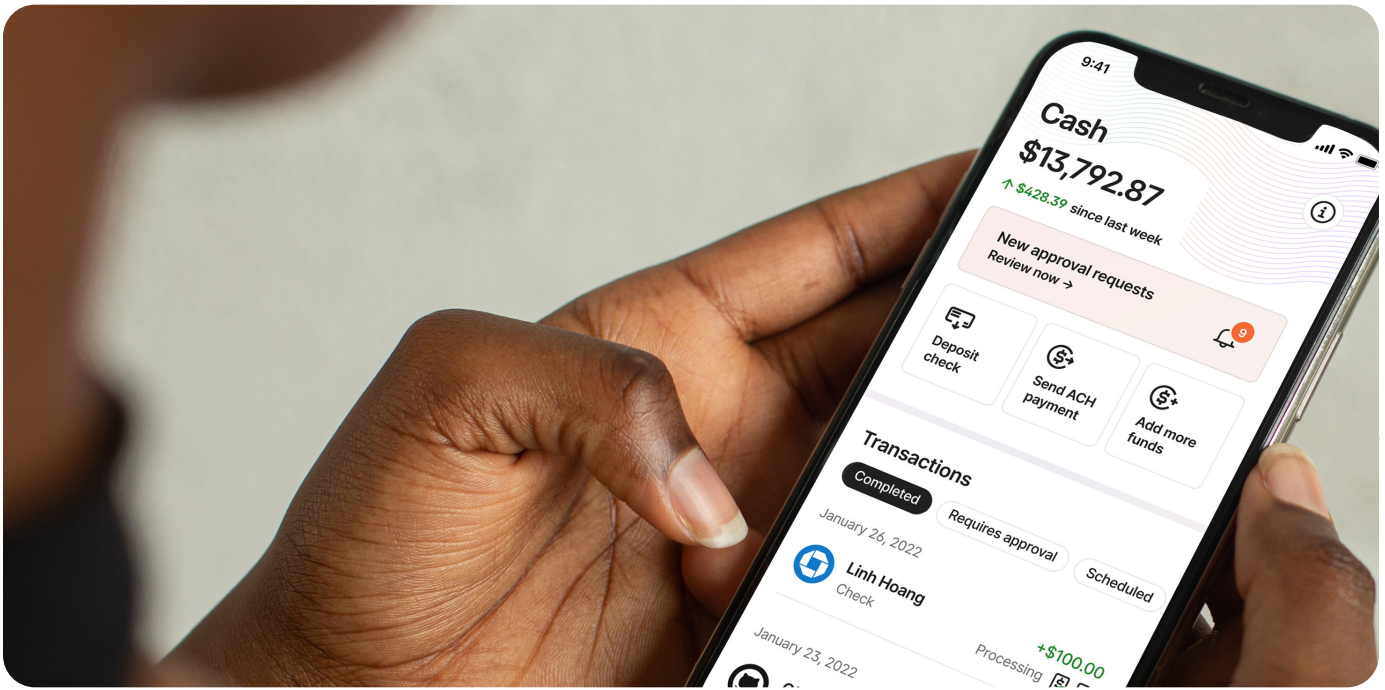
Typical spend solutions are a burden, not an advantage.

The current crop of spend management implementations can't meet the main goals of empowering global teams, integrating and automating workflows, and driving financial discipline — because they weren't designed with those needs at their core. Slow processes, low visibility, and mistrust are simply known issues that finance teams have had to work around.
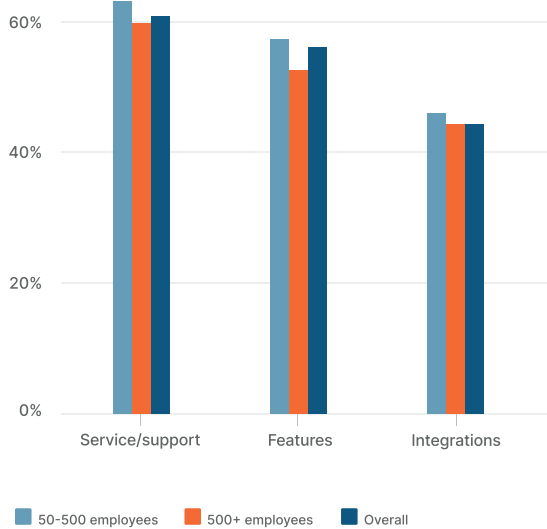
"You don't want to bog employees down with filling out a purchase order request for every paperclip."
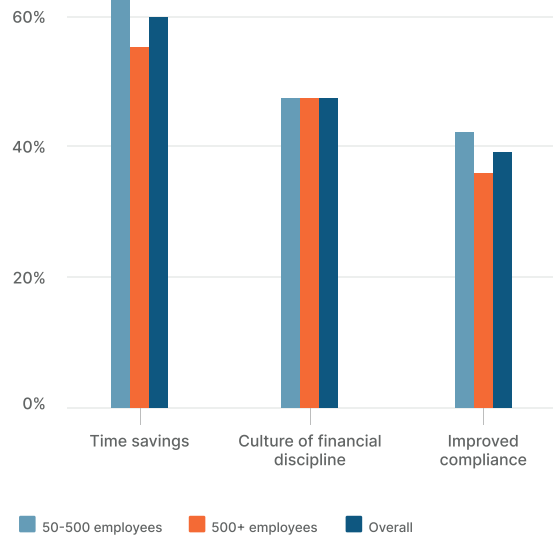
— Teddy Collins, CFO, SeatGeek

A large part of the reason for this is that existing solutions are trying to prevent bad behavior from 5% of employees that are doing something wrong by adding overhead to 95% that are trying to do the right thing. This leads to inefficient use of time and prevents finance teams from actually catching wasted spend or finding the strategic opportunities they're supposed to be in a position to identify.

Instead of adding process, a better approach is to ask, "How do we build the foundation to reduce process, but still create a culture of financial discipline?"

The top three reasons finance leaders switch spend management platforms

Chart categories: Service/support, Features, Integrations

Legend: 50-500 employees, 500+ employees, Overall

The three most important business outcomes from spend management platforms

Chart categories: Time savings, Culture of financial discipline, Improved compliance

Legend: 50-500 employees, 500+ employees, Overall

Source: "Why high-growth companies are switching spend management platforms."

How modern spend management serves modern CFO goals.

In contrast to the drawbacks of the legacy solutions described previously, spend management that's truly modern will fundamentally shift a company's relationship with money in several important ways.

- First, from reactive to proactive. Instead of chasing receipts and fruitlessly attempting to ensure that all spend is within policy after it happens, modern spend management ensures that spend is within policy before it happens.
- Second, from "command and control" to "delegate and empower." By implementing fewer controls but improving upon context and clarity, businesses can increase trust and transparency among their teams, especially between finance and the rest of the organization.
- And third, it will increase financial efficiency and discipline companywide, in any market condition. When spending isn't hampered by overbearing controls or lack of trust, it can happen strategically and quickly and, most importantly, within policy every time.

But the question remains, how does a company implement a modern spend management solution that achieves those three positive shifts? Here, we categorize the "how" into four distinct rubrics:

Make it easy to do the right thing.

Nobody wants more arduous expense policies — our survey of finance leaders proved that — yet that's how most businesses rein in spending today. To redefine the relationship with spending, businesses must rethink trust and accountability for teams and their leaders.

Companies tend to focus on process, but context is the key to great experiences. Context allows people to understand what to do, how to do it, and most importantly why they should do it.

When controls are built into the foundation of a spend management platform, that provides context by design and keeps teams compliant and on budget, no matter what team they're on or where they are in the world. Automation and ease of use lead to compliance by default when employees can see clearly what's in policy, receipts are generated for them, and spending rules are enforced automatically.

When processes are easy, people comply with them:
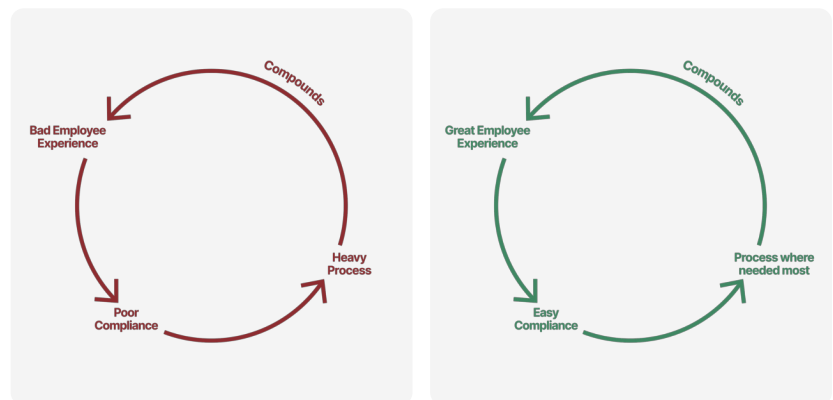
Implement a trust-and-verify model.

Enterprise software is often designed to prevent a small minority of people from doing the wrong thing. But modern spend management is built with the belief that most employees make the effort to spend wisely.

When you have a solution that delegates spend with pre-approved spending limits and built-in controls, you can trust people and empower them to do their jobs autonomously because spending complies with policies from the start. That means significantly fewer expense justifications, a compliance system built to catch honest mistakes, and an easy way for managers to review exceptions when they happen.

Increase accountability.

Empowering employees doesn't mean releasing the reins or sacrificing controls. But the best companies have cultures that enable both.

Existing financial products were built detached from the context required to drive accountability. For example, with most spend solutions, there's no real-time visibility into spend — and it's even worse if that spend is happening globally. This lack of visibility makes it difficult for finance teams to know where to focus and gives leaders no clues about how much they're spending overall.

A solution built for the needs of businesses today must have up-to-the-minute visibility around where and why spending is happening. Only then can leaders make rapid decisions with the latest information, while also remaining accountable to the business purpose of each expense.

Be global and mobile first.

All business is global now that a huge amount of commerce happens across the web, and companies can sell their goods and services from and to anywhere in the world. Plus, businesses can hire and support employees anywhere.

That means the solution you turn to needs to be as global as you are — and particularly focused on mobile. Instagram, YouTube, and WhatsApp are used by billions of people of all ages — and that's not by accident. Simplicity is a cornerstone of all of these apps' designs, making them inviting and joyful to use. Apps used specifically for business purposes can and should deliver a similar consumer-grade experience that employees love.
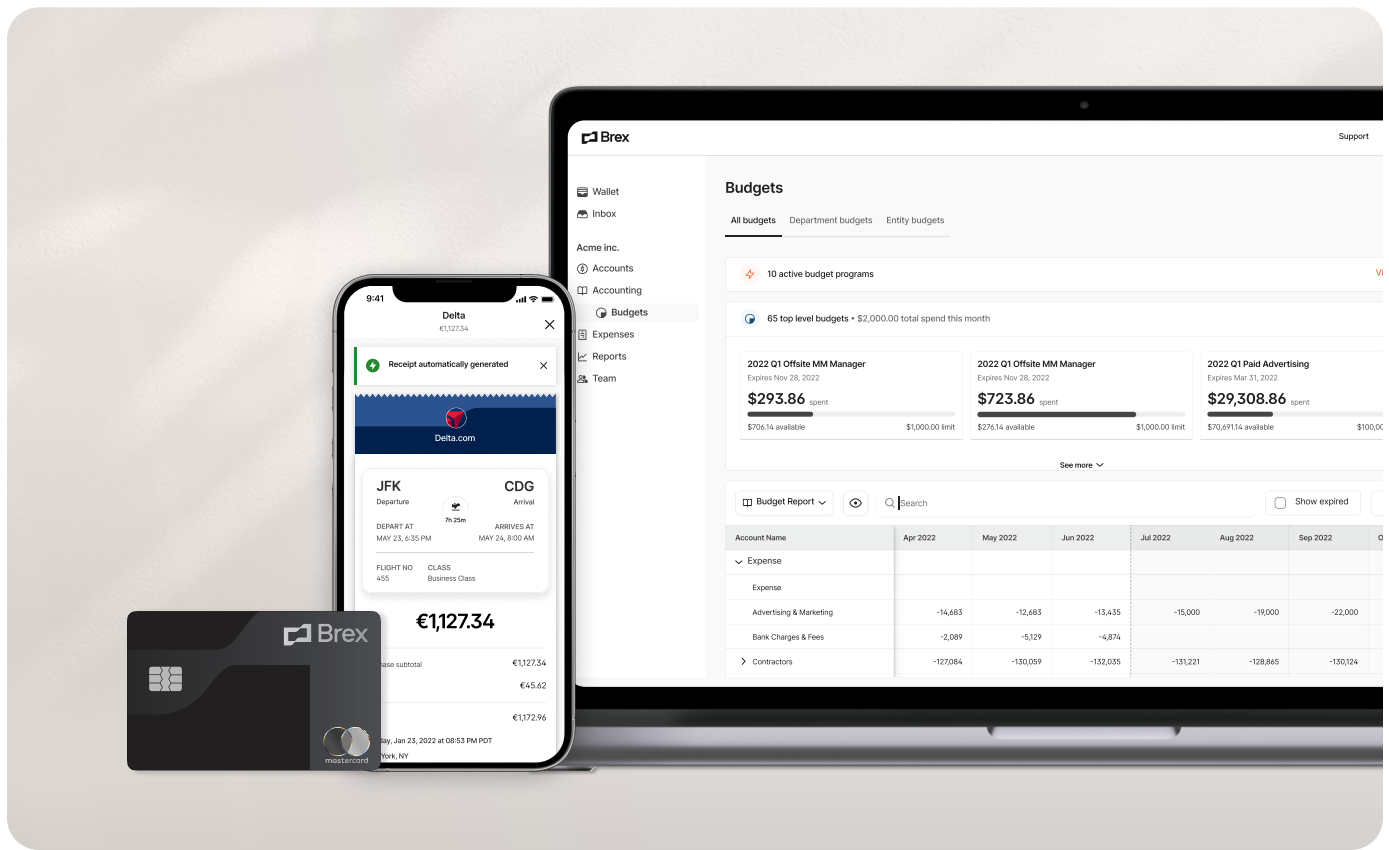
Why Brex?

Every business knows that spending is necessary for growth. That's why Brex is helping companies use money as a strategic asset.

Brex's global spend solution enables the strategic use of money in every economic environment by making compliance with expense policies easy; creating a trust-and-verify model for budgets and associated spend; and establishing real-time, global spend visibility and accountability tied to business context.

The Brex card gives employees access to funds on the go, whenever and wherever they're needed. And finance teams have visibility into the entire org, and can understand in real-time where spend is happening and which teams are close to hitting budgets for vendors, trips, and off-sites. This allows for quicker decisions on where to reduce spend, breaking down the silos of separate systems, and giving accounting teams more automation and accuracy — all while keeping leaders financially accountable and moving faster than ever.

"All of our Brex Empower participants said, this is how expenses should work. DoorDash wouldn't go back to how we submitted expense reports in the past."

— Mike Kim, VP of Finance, DoorDash

Five years ago, many companies — especially startups — had a difficult time getting access to credit cards, business accounts, and decent spend management software. Today, Brex is fortunate to serve tens of thousands of startup, midmarket, and enterprise customers and process tens of billions of dollars every year for the most ambitious companies on the planet.

See what Brex can do for you.

Get in touch to learn how our spend solution can increase financial efficiency and speed for your company.

Contact sales | Open an account