



The Keys to a Successful Enterprise Expansion

Fact sheet: Financial Services

Growth may be a good problem to have, but it is rarely easy. Heavier workloads, changing processes, and unfamiliar regulations in a new market can add complexity for even the best-run enterprise during an expansion.

To understand how successful companies meet these challenges, SAP Concur and Oxford Economics surveyed 350 finance and IT executives around the world at large firms—those with more than 1,000 employees—that have launched a growth initiative in the past year. We identified a group of respondents—we call them cost-conscious enterprises—that say that spending and cash management were important factors in their business growth.

While correlation does not imply causality, we found that a cost-conscious approach—with clear visibility into spending across the organization and careful attention to cash flow—supports successful growth.

In this fact sheet we focus on responses from Financial Services businesses, comparing them to that select group of cost-conscious companies, as well as global totals.

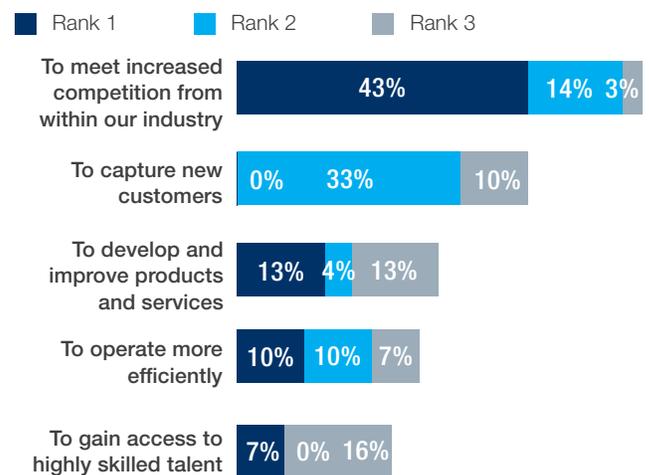
Results show that enterprises in the FS industry are have a better grip on costs than most, but report going over budget and challenges in a number of talent-related areas.

Why are enterprises in the financial services industry expanding?

Enterprises are eager to meet increased intra-industry competition

- Our research found cost-conscious companies are less likely to experience challenges associated with expansion and are more likely to stay within their budget.
- 77% of financial services respondents say that spending and cash flow were important factors in their expansion decisions (vs. 74% of enterprises overall).
- That same percentage (77%) say they would benefit from focusing on efficiency and cost control (vs. 81% total).

Top reasons financial services enterprises underwent expansion



Challenges of expansion

How challenging have the following processes and activities been since your organization expanded?
“Extremely challenging” and “very challenging” responses
Top-three responses for financial services enterprises

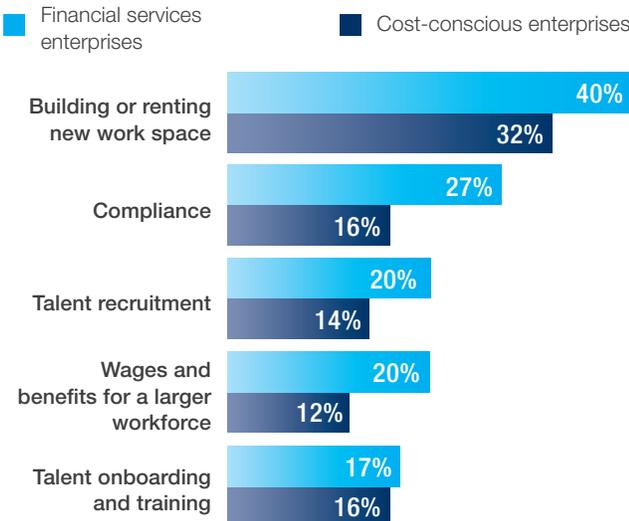


While size can be a plus in handling additional tasks and data, scale can also multiply challenges.

- Planning an expansion brings its own difficulties in a number of areas. One-third (33%) of financial services enterprises said developing or investing in new technology infrastructure was a challenge as they planned their growth.
- Although FS respondents report difficulty dealing with more data, only 10% of respondents reported having difficulty making meaning from the data they collect, (vs. 11% of all enterprises).
- More than a quarter—27%—of FS enterprises agree the different parts of their businesses tend to be siloed. A lack of collaboration could impede successful expansion.

The importance of spend visibility

How closely did the following expansion costs align with your budget?
“Significantly over budget” and “Somewhat over budget” responses



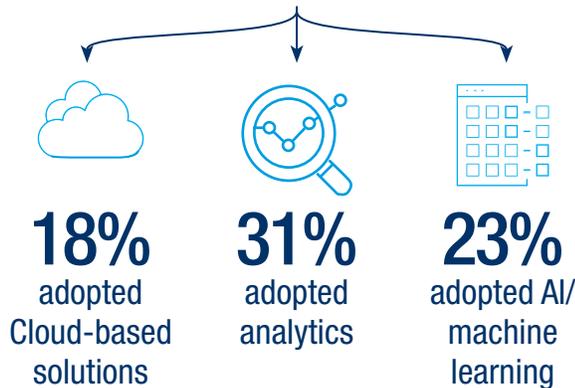
Across the board, Financial Services enterprises are less successful than cost-conscious enterprises at controlling their growth initiative budgets.

- Financial services enterprises are more likely than cost-conscious enterprises to go over budget on a number of talent issues, including recruitment, onboarding, and wages and benefits.
- That may be because 33% of FS enterprises say that finding and hiring the right talent has been a challenge since expanding, significantly more than the total (22%) or the cost-conscious (14%) .
- And financial services respondents are slightly more likely to say that they have difficulty gaining visibility into spending at their organizations (37%, vs. 36% total and 22% of cost-conscious enterprises).

Technology supports expansion efforts

18% of expanding enterprises have already adopted new technology to aid their growth efforts.

Of those...



Technology adoption has the potential to ease some of the headaches of expansion—but it also can create additional problems.

- IT must be a key player in expansion planning—63% of financial services respondents said IT was a strategic partner in planning their expansions, on par with total respondents.
- More than half of financial services respondents said that they spend more time collaborating with IT on technology upgrades since expanding (vs. 47% total and 53% of cost-conscious enterprises).
- Expanding companies must integrate legacy systems—just 13% said that was a challenge when planning their expansions.

Conclusions and recommendations

Expanding financial services enterprises would do well to pay close attention to the needs and additional costs of a larger post-expansion talent pool.

To maximize the chances of success when undertaking an enterprise expansion, we recommend:

- **Emphasize cash flow early.** 77% of FS respondents are cost-conscious in their expansion decision making—this gives them a leg up and our research shows they will encounter dramatically fewer challenges. But spend visibility remains a challenge for most.
- **Facilitate internal collaboration.** 27% of financial services respondents say their individual business units tend to be siloed. These companies should consider investing in technologies that encourage better data sharing and communication.
- **Focus on cost visibility and efficiency.** 37% of respondents say they have difficulty gaining visibility into spending, and FS respondents report going over budget in a number of talent-related areas. When data on spending across the organization can be easily accessed and analyzed, executives gain insights that help them boost efficiency.
- **Consider automating spend management processes.** Freeing employees from rote finance tasks allows them to do more value-added work.

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