



TCG Consulting

Transforming Organizational Payment and Spend Optimization in 2021

How CFOs and CPOs can drive broad spend under management beyond Travel, Meetings, Payment and Expense (TMPE)

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S-U-M and the Modern Enterprise

At TCG, we have learned that scalable and sustainable organizational growth resides with the sponsorship of senior leadership from finance and procurement. With 77% of Chief Financial Officers saying that their role is expanding to oversee the digital reinvention of their enterprise, the executive suite is hungry for a fresh, data-driven approach to creating measurable value. That is why we have identified the deployment of cardable expansion, embedded by broader Spend Under Management (S-U-M), as a key strategic imperative for many of our clients.

The Solution

Starting with the validation of a card spend baseline and transitioning to a bird's eye view of broader cardable spend targets, progressing through a spend maturity and volume curve. The modern solution should not be solely funded from within through incremental supplier revenues, but should now address legacy manually-driven processes. Such processes do not provide a platform for new opportunities to transform payment and fulfill an integral and value driven role within end-to-end workflows. Broader organizational benefits include new revenue streams and advanced competitive positioning in the market.

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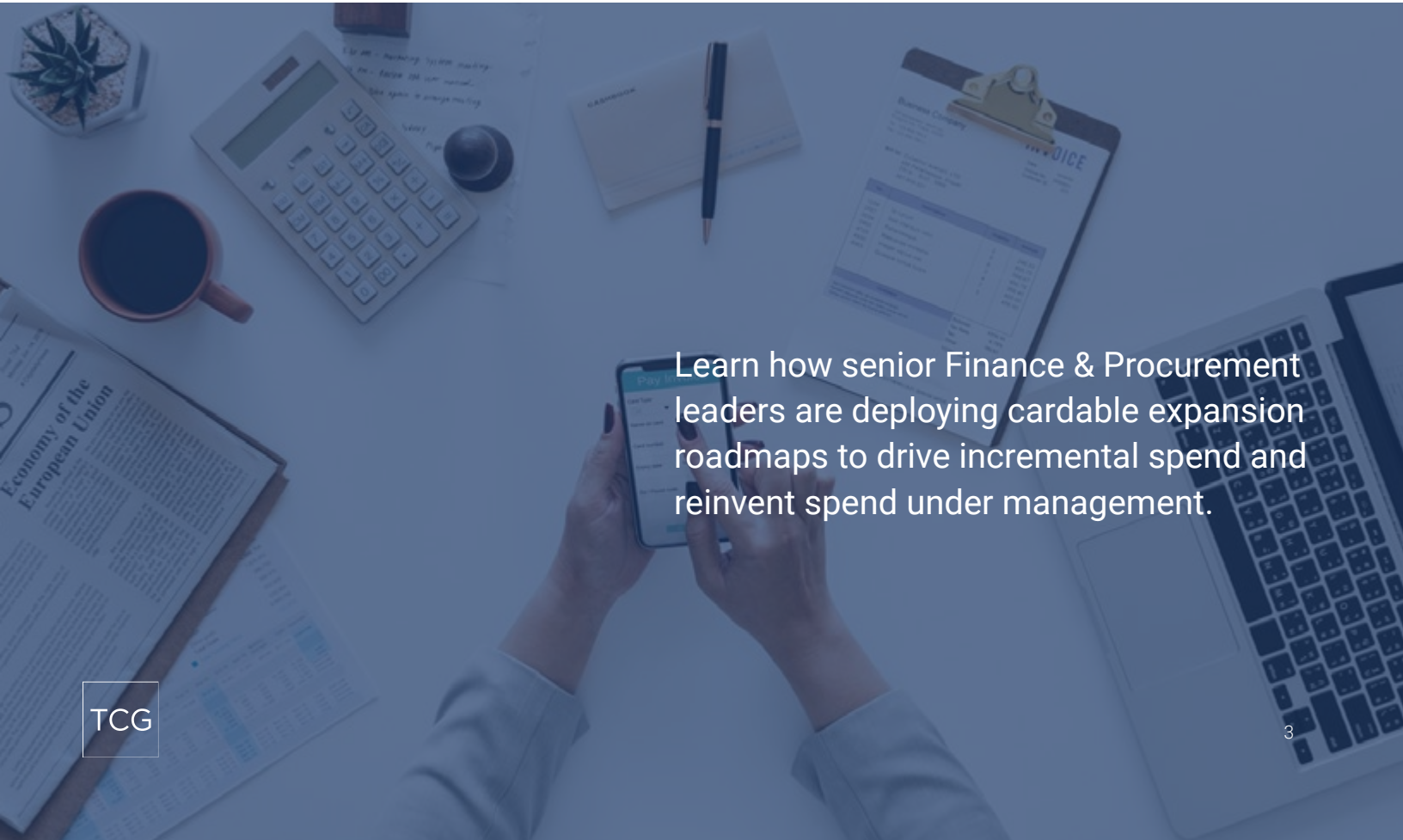
The Importance of Increasing S-U-M

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Learn how senior Finance & Procurement leaders are deploying cardable expansion roadmaps to drive incremental spend and reinvent spend under management.

The Importance of Increasing S-U-M

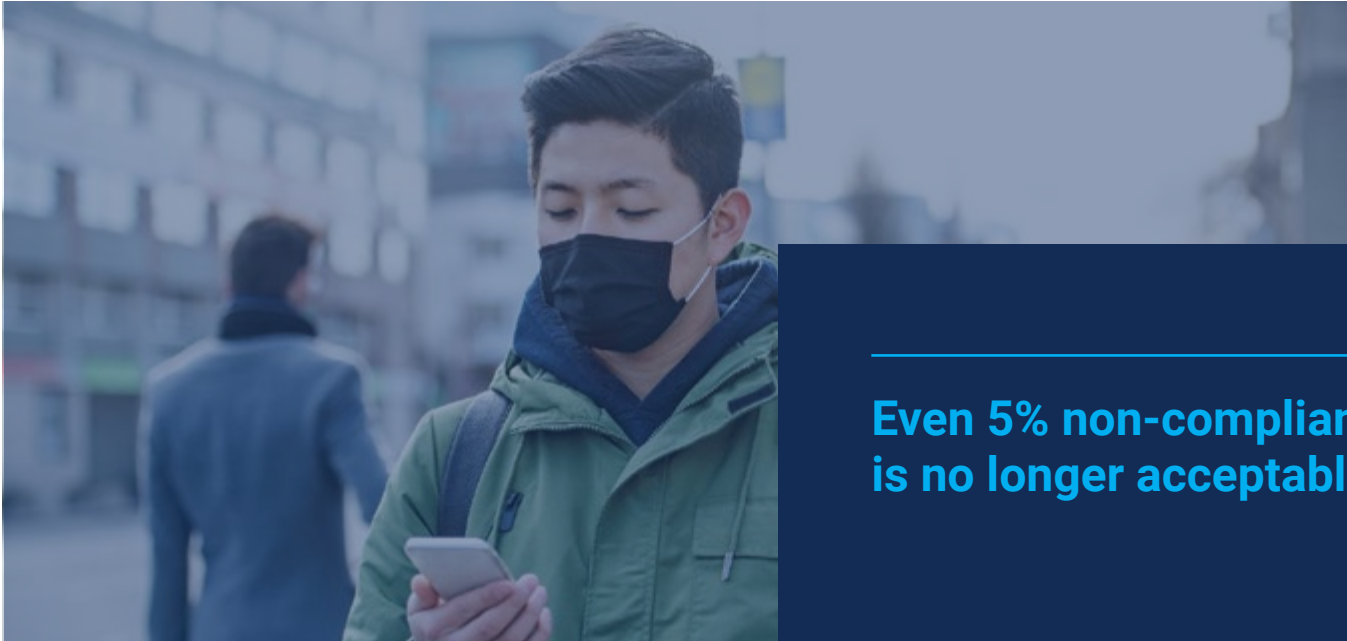
What is Broad Spend Under Management?

Broad Spend Under Management (S-U-M) simply means, EVERYTHING. For CFOs & CPOs to become stewards of meaningful transformation based on all sources of cost, comprehensive S-U-M considerations must be on the table for vetting.

From flights and hotels to technology fees and office supplies, there is no stone left unturned. By implementing this approach, companies and their end users will enjoy a multitude of benefits through broad spend visibility.

Common costs lacking visibility:

- ✓ Supplier and technology fees
- ✓ Total office or utility costs
- ✓ Cost of interviews, new hires or contractors



Even 5% non-compliance is no longer acceptable.

T&E program bypass is a thing of the past.

More than ever before, you always need to know where your travelers are located, with an intelligent plan to mitigate risk with contingency plans in place, even before approving the expense.

COVID-19 changed our responsibilities and priorities. A major outcome of the pandemic is the acceleration of card-related spend. This has prompted the race for companies to adopt a broad Spend Under Management (S-U-M) strategy.

Your organization must instill new procedures to evaluate each trip and ensure protocols and

policies are adhered to at the onset, including a plan on how things will be paid for while away. Working with key internal stakeholders and suppliers requires data, coordination, contingency planning, and communications.

To manage, you need an immediate and long-term solution to address the following:

- ✓ Visibility of Travelers and Purchases
- ✓ Traceability of Employees Around the World
- ✓ 100% Compliance and Spend Visibility

Why CFOs & CPOs Can Steward Transformative Initiatives

As the Chief Financial or Chief Procurement Officer, profitability, compliance, and cost management are continuously top of mind. Many roles and programs can create profitability, but what if you could confidently create an environment of sustainable profits, increased visibility, and digital acceptance?



A bird's eye view across the entire organization.

- ✓ CFOs and CPOs have the unique ability to engage all relevant stakeholders and bring them to the "decision table"
- ✓ CFOs and CPOs are tasked with operationalizing the organization's strategic vision and work alongside the CEO
- ✓ Company numbers will not add up without finance and procurement strategic alignment and ownership
- ✓ Within company transformative initiatives, especially the workflow that integrates Travel, Meetings, Payment & Expense (TMPE) other departments are critical puzzle pieces, that require assembly to turn a vision into something great

Good CFOs and CPOs focus only on T&E to cut costs (stopping at the expense report) and work to encourage employee compliance. Great CFOs and CPOs increase S-U-M across the business, deploying various payment tools that drive user acceptance.

How Cardable Spend Is Moving Beyond T&E

Transforming beyond traditional T&E.

Originally, corporate cards were set-up to facilitate travel and payment to agencies while generating company benefits, including reporting and compliance features and remove the risk/burden from employee personal cards. Today, successful programs capture 85% or more of T&E related spend (up from 62% in just three years) and are displaying other characteristics of maturity. Remaining compliance gaps, incremental rebates & savings (company) and other benefits (company and users), have plateaued & stagnated.

So, why has Cardable Spend moved beyond T&E?

Digital transformation, the global advancement & integration of technology and disparate legacy systems have paved the path for card to evolve beyond T&E. This has accelerated during the COVID-19 pandemic.

- ✓ Increased costs of manual/non-electronic transactions
- ✓ Workforce that is now (also) virtual and incurring expenses
- ✓ Expedited reporting and reconciliation expectations
- ✓ Quantifiable threats of fraud and government regulations
- ✓ New global integrated technologies
- ✓ Broader acceptance of card payments across the globe

It's time to advance beyond the traditional boundaries of T&E and evolve towards broader S-U-M.

Office Space
Utilities
Contingent Labor
Meetings
Direct/Indirect
And so much more...

S-U-M is a platform, not a plastic card.

The card is a solution-based platform, not a component. It is a mechanism and solution to make payments anywhere in an organization – it is a holistic platform that directly links to increased S-U-M (Spend Under Management) and revenues.

Most companies view the card as a physical, plastic “thing” that helps keep most company expenditures in one place and helps facilitate some levels of travel. Today, the accessibility, acceptance and cardable spend adoption is higher than ever before – and trending up. Cards now take on many forms – physical and virtual. With its inception as a T&E spend capture mechanism, a successful card platform now brings with it so much more.

Employee personal card use is becoming prohibitive...

Each household with a credit card carries an average of \$8,398 in credit card debt. It is becoming harder and harder for employees to float the company’s costs on their personal cards. As this problem is solved by adding additional employee company cards, the unnecessary interactions with various company stakeholders or reimbursement have an impact including reconciliation of client invoices and beyond.

For the company, personal card utilization hinders visibility into total spend, bypass and potential fraud. It creates lengthy roadblocks as employees struggle to upload receipts and manual expense reporting costs extra time and money.



Steps to building a cardable expansion strategy

1. Utilize T&E Card Spend as Your Case Study
2. Identify T&E Card Bypass, Meetings and Other Travel Spend
3. Engage Broader Organizational Stakeholders
4. Build Target Across All Employee Initiated Spend

Case Study

A Fortune 500 company had a mature travel program. They had leveraged their costs across the organization and were seamless in their hotel and ground programs. However, they wanted to better manage their direct spend and requested TCG's support to optimize their travel (TMPE) program.

We helped them look deeper into how they could identify gaps in their program by expanding their card management program. We discovered through this assessment, that they were only managing 42% of their end-to-end travel spend.

Client Challenges

The client lacked true visibility into their travel spend. Their issues included:

- A partially managed program
- Limited internal resources to design and implement cardable expansion
- Limited resources to manage ongoing spend expansion and audit requirements
- Multiple card providers were utilized globally
- Lack of a strategic card management team

Solution

TCG expanded the client's spend under management with a card program to produce self-funding through incremental savings. To support future program growth, we also expanded their shared services group and implementation of a cross-functional global governance structure to drive change across their global markets and lines of business.

Client Profile

- Top 11 markets representing over 80% of Total Direct (Agency) Spend
- T&E Spend represents 97 BPS of total company revenue
- Program was managed at an Agency-Direct level – less than 50% of total end-to-end travel spend currently being managed

Services Provided

- ✓ Comprehensive Card Expansion Assessment
- ✓ Expanded Shared Services Group
- ✓ Total Cost of Ownership for Travel Meetings, Payment & Expense (TCO-TMPE®) Platform
- ✓ Establish Self-Funding TMPE Program

Result Highlights

6:1

ROI projections for incremental savings from an expanded card program over a 3-year period

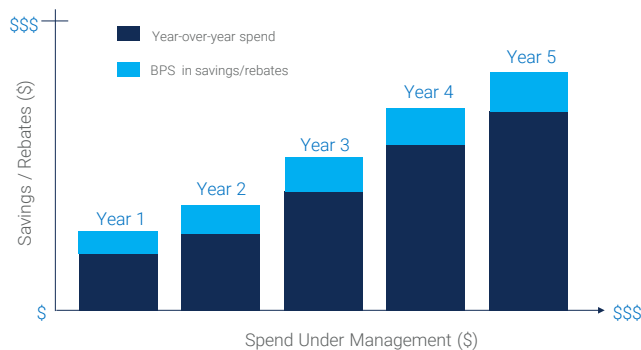
80%

of total spend captured in 2-years of program inception

How Does the Program Pay For Itself?

Increasing spend under management (S-U-M) yields incremental supplier rebates year-over-year. Additional and sustainable savings can be found when cash rebates are reinvested into a larger broad spend strategy.

Increase Card = Increase Rebates



The S-U-M platform is only the methodology - organizations begin to derive the initial and repeatable benefits through the adoption of a new cost baseline. This is applicable not only to Travel, Meetings, Payment & Expense (TMPE), but also to the exploration and strategic inclusion of all sources of company and employee initiated spend (EIS).

This roadmap consistently involves converting spend that is residing within a traditional

payment workflow (includes an invoice or purchase order) to a new cardable expansion plan. Non-T&E, direct, virtual, e-payments and B2B spend would now contribute to significantly increased commercial card rebates and revenues, which in turn provide organizational Payment & Spend Optimization.

Our benchmarks project that S-U-M adoption may represent a baseline as high as 4.5X reimbursed T&E.

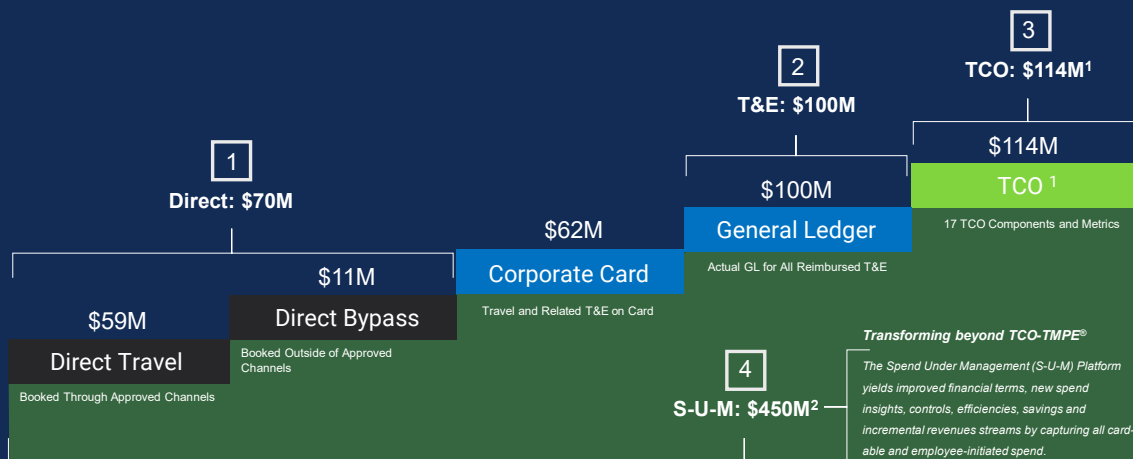
Aside from the process and workflow efficiencies and improvements that a S-U-M Platform provides, many of our clients have also used this platform to self-fund new initiatives across their organization, not just in TMPE.

The decision ultimately starts with a key organizational direction, how should you be managing your program?

TCO-TMPE® and S-U-M Transformation

Your program can be managed on one of the following platforms:

- (1) Direct Platform - air, hotel, car, rail
- (2) General Ledger / T&E Platform - capturing travel program bypass and related T&E costs
- (3) TCO-TMPE® (Total Cost of Ownership for Travel, Meetings, Payment and Expense) Platform - adding in meetings and workflow
- (4) S-U-M (Spend Under Management) Platform - employee-initiated and broader organizational spend



Where to Get Started?

Building the business case

- ✓ YOUR CEO needs transformative solutions that drive program adoption and user acceptance
- ✓ YOUR travel and expense programs have matured with diminishing returns
- ✓ YOUR non-cash payments and users have accelerated as a result of the COVID-19 pandemic
- ✓ YOU need to ensure 100% compliance - with proven contingency plans in place
- ✓ YOU are interested in projects that can self-fund and drive wider value

Start with an assessment

Questions we often ask before starting an assessment:

1. Is your travel and expense program mature?
2. Where are the gaps – what are the impacts?
3. What are the T&E costs as a percentage of total company revenue?
4. How many FTE equivalents support my program? What could it be?
5. What are my peers and market leaders doing?
6. How will Travel, Meetings, Payment & Expense be re-imagined post COVID-19?
7. How do we leverage procure-to-pay programs?
8. What is my Total Cost of Ownership (TCO)?
9. Do I have the right people? Am I doing the right things?
10. How will this all be measured?

Organizational stakeholders involved in Travel, Meetings, Payment & Expense include:

Executive Sponsorship
Meetings Management
Travel Management
Indirect Procurement
Marketing & Corporate Communications
Information Technology
Treasury & Tax
Security
Human Resources
Expense
Payment
Shared Services
Legal

Schedule a call with TCG Consulting to learn more about our assessment process and how to expand your spend under management!

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