



THE MOMENT IS NOW

Futureproof Your Financial Health: The 4 Stage Model for Financial Maturity

Designed for finance leaders, this guide:

- Helps you take stock of your company's financial health
- Demonstrates how visibility, control, and financial performance affect financial health
- Introduces a way to maximize business value through harmonizing a broad range of spend and liquidity-related processes
- Proves how Procurement, Finance, AP, and Treasury teams are smarter together



Ask five finance leaders how they've coped with recent economic uncertainty and you'll hear five different answers:

“Financially, peer-to-peer fundraising was devastated. We had to accelerate many cost-cutting projects. And we had to, very quickly, manage a lot of information coming in about which financial obligations we had to which suppliers and where we could contain costs.”



“So much pain; vendors were shutting us off on deliveries. In other cases, we were paying vendors in less than 10 days, so we weren't maximizing payment terms.”



“Our senior management asked us at the beginning of the crisis: Can you support us to protect our cash and EBIT? Can you provide continuous visibility of impact and execution? And we needed to respond quickly.”



“Overall, we had planned to advance on all of these topics: innovation, quality, cost and cash, sustainability and digital transformation.... Essentially, we followed the business need. If there were things that supported navigating the crisis directly, then we accelerated the heck out of that.”



“Community Intelligence has helped us stay agile to change rapidly in the face of unexpected events, enabling us to keep factories running without disruption.”



The Moment Everything Changed

Following one shared moment of economic shock, every finance leader has had to find a unique way forward for their organization. But regardless of whether their companies faced severe downturns in revenue or sudden spikes in demand, these finance leaders all faced the same set of difficult questions:

- *How much cash do we have now?*
- *Can we make payroll?*
- *What projects can we pause so that we can maintain liquidity?*
- *How much money do I request from the government to keep my business afloat?*
- *How do I plan in the face of high trade and FX volatility?*
- *When and where can I safely invest to fuel growth?*

Even as stability returns, the potential for sudden disruptions is now a fact of life—there's no avoiding them.

During the past year, many organizations relied on a combination of crisis management and recovery actions to keep running, including practices such as hiring freezes, or canceling or deferring investments. While these sorts of emergency actions are effective in the short term, they're not sustainable forever, and ultimately they hamper financial recovery and growth.

When can finance leaders regain control over financial health?

The moment is now. As counterintuitive as it may seem, there's never been a better time to build toward a more secure future. By making some simple but critical changes, finance leaders can optimize their organizations' financial health in ways that better equip them to navigate any disruptions ahead.

Preparing Now Pays Off Later

“Resilients”—as described by McKinsey—are businesses that perform better financially at both the outset of a downturn and after. Here, performance is measured in terms of total returns to shareholders (TRS). Simply put, resilient companies prepared sooner, faster, and more strategically to handle disruptions in profitability, cash flow, liquidity, and growth.

Between 2007 and 2017,
the cumulative TRS lead
of the typical resilient grew
more than 150%
over the non-resilients.*

* Based on an analysis of approximately 1,100 publicly traded companies, across a wide range of industries and geographies, with revenue exceeding \$1 billion.

How do resilient companies pull ahead and stay ahead?



They create flexibility by bringing their balance sheets in order.



They prepare sooner, respond faster, and commit to cutting costs with greater precision.



They prioritize growth—especially in countercyclical sectors—even if the initial price tag is higher.

Investing in Your Financial Maturity

The key to regaining control over uncertainty and disruption is financial maturity. What capabilities does your finance organization have to make decisions quickly and accurately to optimize working capital, invest in growth, or control costs? The more advanced in financial maturity an organization is, the better it can plan for uncertainty while also responding deftly to disruptions.

No matter where your organization is on the financial maturity journey, there are some specific steps you can take to advance. This guide provides a model for getting ahead and best practices to help you:

- Assess the financial health of your company and determine the best path toward more secure footing.
- Understand how visibility, control, and financial performance affect financial health across spend, payments, and liquidity.
- Learn how unifying financial data across your business creates a strong foundation for reducing risk, improving operational performance, and optimizing spend and liquidity.

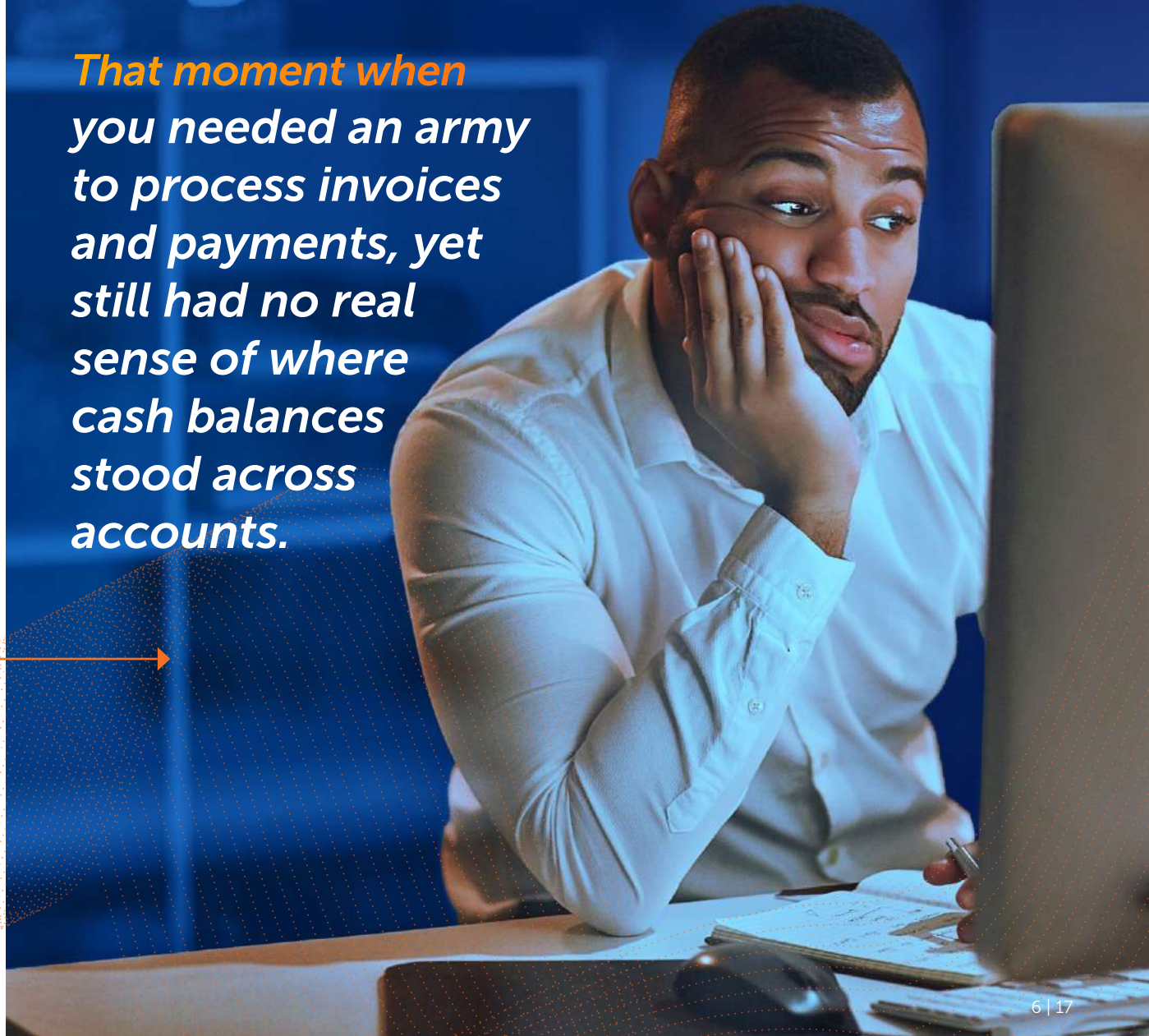


Starting Out on Your Financial Maturity Journey

You're Reactive

At this stage, you're typically managing processes manually on paper or spreadsheets. This might be natural for a small team starting out, but as your organization grows, this way of working doesn't scale. It's time-consuming, error-prone, and inefficient. Getting things done quickly—let alone improving accuracy—becomes more and more difficult as the different functions that impact financial health, like Finance, AP, Treasury, and Procurement, grow entrenched in their silos.

That moment when you needed an army to process invoices and payments, yet still had no real sense of where cash balances stood across accounts.



You're Reactive

● What are some common experiences at this level?

- Processes are largely manual:
 - Payment files are individually uploaded to and downloaded from the ERP.
 - Processing invoices and expenses is paper-based or email-based.
 - Balances and transactions for cash management are entered into spreadsheets.
- Finance leaders spend significant time managing increased headcount, unexpected accruals, budget overruns, late payments, and reporting delays.
- Users log into different bank portals and access multiple accounts using individual key fobs.
- Some spend is approved after the fact.

● What are the biggest gaps?

- AP spends considerable time chasing approvals, posting accruals, and updating suppliers on their payment status.
- Ensuring compliance with financial regulations is labor-intensive, tedious, and prone to error.
- Payments are subject to error (made too early or too late, sent to the wrong supplier or with the wrong amount), impacting working capital and supplier relationships.
- Lack of centralized, real-time visibility into liquidity limits the view of your financial picture and prevents you from making informed decisions when hours matter.

● How do you get to the next level? →

- Digitize and automate manual processes in procurement, invoicing, payments, cash management, and expenses through a unified and common data platform.
- Make first attempts to consolidate financial information into a single source of truth.
- Begin building awareness across functions around the need for consistent and automated secure-to-settle processes.

Achieving Initial Financial Visibility

You're Operationalized

Beyond the initial phase of financial maturity, you can confidently show auditors that you're financially compliant and reliable at meeting regulatory and reporting requirements. This is possible thanks to a single source of truth for financial data across the organization. A single platform runs your payment management in one key region with other regions following in a phased rollout. This arrangement delivers some upfront visibility and control. Obtaining the full picture of your financial health and improving risk management, however, calls for a global rollout of your unified source-to-settle processes.

That moment when you closed the books before the next day's audit. It took minutes instead of hours to reconcile payments. Manual invoicing? Gone.



You're Operationalized

What are some common experiences at this level?

- Data is digitized in distinct areas such as procurement, invoicing, payments, and expenses to improve visibility.
- Payments are made on time, and payment runs are optimized to maximize working capital.
- You're starting to identify categories of siloed spend at varying costs across the organization, as well as rogue expenses that should be pre-approved and purchased on-contract for better rates and terms, to get greater ROI.
- Touchless invoicing and automatic reconciliation ensure separation of duties, reduce errors and fraud, and increase AP's operational efficiency.
- Onboarded suppliers are up to date on their invoice processing and payment status.
- A multi-banking portal has been established, offering universal accessibility for global, domestic, and ERP invoice payment processing in a secure environment.

What are the biggest gaps?

- Negotiated terms and pricing in contracts are not adhered to consistently, resulting in excessive costs and missed opportunities to leverage payment terms.
- Bottlenecks still occur when automated, time-critical transactions such as loan repayments are held up by manual processes elsewhere in the business.
- It's difficult to gauge global liquidity needs because subsidiaries' cash management and cash forecasting data and reports may still be captured locally.
- Fraudulent employee expenses and payments can still occur and go undetected.
- Only a portion of the supplier base is screened for risk, creating opportunities for cybersecurity breaches and other illegal or unethical supplier activity to threaten your business.

How do you get to the next level?

- Increase ROI by consolidating spend and renegotiating contracts to optimize costs.
- Use a unified spend management platform that enables you to negotiate contracts, review auto-renewals well before the notice date, and enable employees to make purchases against contracts easily.
- Focus AP resources on managing payables to optimize Days Payable Outstanding (DPO) or early payment discounts, depending on your cash management strategy.
- Leverage AI-powered technology to detect fraud automatically before it occurs.
- Automate screening of every supplier for risk affordably and quickly before they do business with your employees.
- Benchmark your percentages of pre-approved spend, electronic invoicing, first-time match rate, and automated payments against those of your peers, and set goals to increase performance on these KPIs and monitor progress regularly.

Learn more
about KPIs

Achieving Partial Financial Agility

You're Orchestrated

Your financial transformation is starting to accelerate now, and you're seeing the first real signs of financial agility. Finance collaborates with Procurement and Treasury on working capital management. Cash projections are easier (though manual data upkeep introduces errors and slows down processes). With better visibility into your suppliers, you're able to develop more strategic relationships with them and deliver even greater value. Automated supplier screening allows you to vet every supplier for risk before they are allowed to do business with your company. Thanks to AI, routine, proactive fraud monitoring has helped reduce your financial risk and freed you up to focus on more strategic goals. But when it comes to executing on those goals, from targeted investments to being able to cope with volatility and disruptions, the capabilities you need seem just out of reach.

That moment when the threat of internal, supplier, or payment fraud no longer kept you up at night.



You're Orchestrated

● What are some common experiences at this level?

- Group-wide, real-time, and third-party data from a single source underpin better, faster decisions.
- Spend is compliant against negotiated contracts, preventing spend leakage and maximizing ROI.
- AI proactively screens and flags potentially fraudulent expenses before they are paid.
- Strong cybersecurity measures ensure that only assigned users can access information and reports on cash flow, working capital, and other sensitive data.
- Payments are made on time and are optimized to increase either working capital via early pay discounts or DPO by maximizing payment terms.
- Virtual cards maximize bank rebates and offer an additional way to get control of spend.
- Subsidiaries tend to arrange their own external loans, facilities, and FX transactions.

● What are the biggest gaps?

- There are still opportunities to unlock additional working capital in areas such as managing payables, turning invoices into cash, and freeing cash trapped in inter-company payments.
- Without in-house banking, funding is inefficient, resulting in unnecessarily high borrowing and FX costs.
- Liquidity planning can't adapt to an unpredictable environment because cash flow forecasts are based on incomplete or outdated information.
- Risky suppliers may still be slipping through the cracks.

● How do you get to the next level? →

- Identify and mitigate potential disruptions to cash flow by running scenario analyses during cash forecasting and liquidity planning.
- Consolidate subsidiary exposure and streamline intercompany transfers with centralized, group-wide payments, cash pooling, and simple intercompany account structures for all subsidiaries.
- Optimize intercompany financing and hedging.
- Improve your rate of return on capital, maximize DPO and early pay discounts, and free up cash flow trapped in intercompany payments with multilateral netting.
- Track the percentage of on-contract spend and the percentage of your suppliers that are outside your vetting process. Then onboard all suppliers based on automated and scalable supplier assessments.

Experiencing Full Financial Agility

You're Optimized

No matter what disruptions may come, no matter what external forces suddenly threaten, you are ready. And you know it. With revenue lower than expected, your finance organization is able to look quickly at its real-time spend and cash flow, and implement policies to control costs and maximize working capital all in one seamless workflow. Data silos have disappeared and the entire business operates from a single source of truth. Teams in Procurement, Finance, AP, and Treasury are actively collaborating on a regular basis to optimize financial health. An excellent risk management framework and the right supply chain financing also help your organization retain profitability through the disruption. Your financial maturity journey has led you to a place where you have many different levers to pull, depending on what the moment calls for. You're confident you can meet unpredictability with agility.

That moment when disruption hit and sales decreased. But your organization stayed profitable because you had complete control of your spend and liquidity.



You're Optimized

What are some common experiences at this level?

- A seamless technology platform provides proactive, up-to-date financial forecasts and insights for your entire organization.
- A real-time picture of cash flow across your global organization is available within a few clicks, making it easy to maximize your liquidity and investments and proactively manage spend and debt.
- Treasurers manage strategic projects, such as due diligence support, impact analysis, and funding planning.
- Financial status reporting is flexible, streamlined, and complemented with data visualization across all tracked financial assets and liabilities.
- Benchmarks based on real-time data from organizations like yours drive continuous improvements in day-to-day operations, such as reduced cycle times.
- You have significantly reduced supplier risk by vetting all your suppliers at scale using AI and digital assessments.

What are the biggest challenges?

- With solid processes and technology in place, create the next generation of finance leaders by educating, mentoring, and empowering members of your Finance and Treasury teams.
- Maintain the momentum you've established through continuous optimization of spend, payments, and liquidity to drive financial health.
- Stay focused on strategic projects while maintaining strong collaboration between AP, Finance, Treasury, and Procurement.
- As times change, continuously adjust your crisis management strategy.

Where do you go from here?

- As your Finance and Treasury teams harmonize with better processes and the latest AI-powered technology, your commitment to improvement is ongoing. Your path is now steady and clear.
- Continue to drive greater returns on investment to fund innovation and top line growth, or to improve profitability and protect your bottom line.
- Optimize and achieve best-in-class results by continuing to track performance against KPIs (such as percentages of on-contract spend, pre-approved spend, and first-time match rate, as well as cash deployment against yield for capital and idle cash).

Business Spend Management and the Journey to Financial Maturity

Wherever your organization is right now in terms of financial health, a comprehensive Business Spend Management (BSM) approach can help you achieve optimal financial performance to give you more security and predictability, even in uncertain times.

This is where point solutions and manual financial processes fall short. Each one focuses on a narrow financial challenge, solving one problem but creating blind spots elsewhere for you and your team. When disruptions occur, these disjointed systems and manual ways of working put you and your organization in a precarious position. You're stripped of the wide-ranging visibility and control you need to safeguard cash and liquidity, maximize working capital, and improve risk management.

BSM is different because it's about much more than just procuring, sourcing, invoicing, making payments, managing contracts, managing suppliers, or doing any other business process alone. It's about harmonizing a broad range of spend and liquidity-related processes together so that overall business value is maximized.

With the right technology and a BSM approach, you have more data, giving you greater visibility into the big picture so that you can respond faster and better to changing market conditions.

1 Unlock the complete picture

Real collaboration happens when everyone in Finance relies on a fully digitized single source of truth. Help your entire organization manage spend and liquidity wisely and **gain agility, reduce risk, and add monetary and strategic value.**

“Before, we had to toggle between various systems to find information or research something, whereas now we just have one source of truth.”

—Manisha Goel,
Director of Accounting, Couchbase



2 Access actionable insights all in one place

Alone, departments are smart. But they're far smarter together. A BSM platform enables multiple departments and disciplines in finance to **deliver more value together**.

“For finance, we're able to manage a level of transactions that has now grown four to five times what it was a couple of years ago without any increase in staff or time of our people. It's fair to say that we achieved a trifecta that's rare—we got it better, faster, and cheaper.”

—Jay Shukert,
Chief Financial Officer, Sutro Biopharma



3 Learn from your peers

It's impossible to know everything and that's okay, because you don't have to. On an AI-powered BSM platform you can find insights based on real transactions from thousands of organizations, giving you **prescriptive recommendations on every aspect of your spend management to help achieve your goals**.

“Coupa Community Intelligence helps me manage public funds more efficiently and scale accounting by prescribing steps that have helped increase electronic invoicing almost 50% and cut approval cycle times in half.”

—Breann Aragon,
Controller, South Metro Fire Rescue



**SOUTH METRO
FIRE RESCUE**

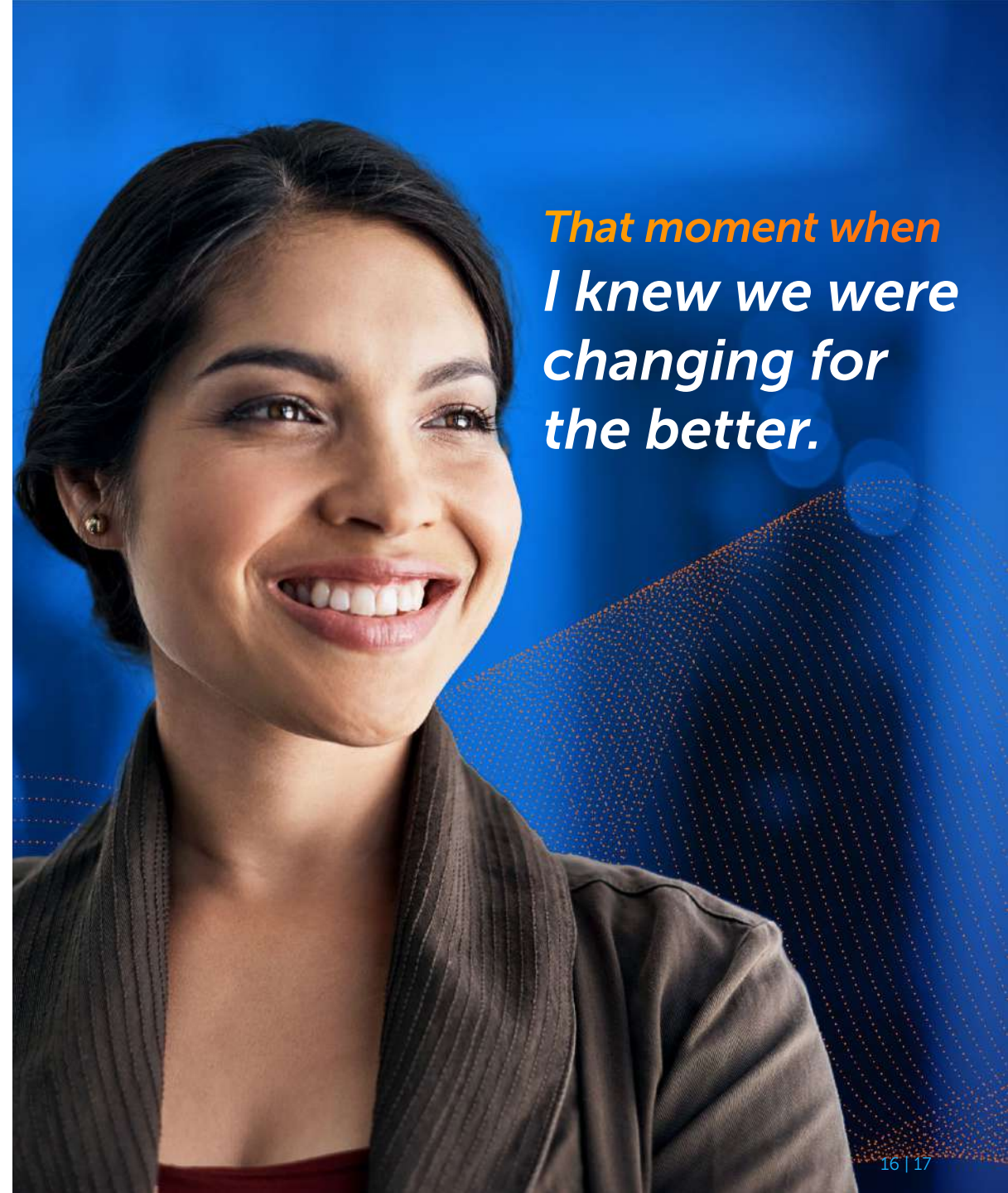
Your Moment of Action

Implementing a **Business Spend Management (BSM)** solution is a decision that finance leaders will be glad they made even several years from now.

When you take a comprehensive and unified approach to BSM, you're choosing to optimize your financial health by

- Gaining visibility into and control over spend, payments, and liquidity
- Quickly adapting to changing priorities as needed
- Reducing costs to boost your bottom line
- Accelerating digital transformation
- Demolishing financial data silos across Procurement, Finance, AP, and Treasury
- Harnessing the power of big data across businesses and within industries to answer previously unsolvable financial questions, together

Seize the moment. Get started today.



*That moment when
I knew we were
changing for
the better.*

ABOUT COUPA

Coupa empowers all businesses—from Fortune 1000 companies to the world's fastest-growing organizations—to unify their supply chain design and planning, procurement, payments, and treasury processes in one comprehensive, cloud-based Business Spend Management platform. Coupa's community of 2,000+ customers uses the platform to maximize the value of more than \$2.3T of spend to date.

For more information, visit coupa.com.



Smarter Together.