airbase

The Definitive Guide to Spend Management

How automation offers a new and better purchasing process.

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Foreword

A word about Airbase.

From innovation to best practice.

Since the first edition of this Definitive Guide, published in Feb 2021, the number of companies on the G2 Grid® for the Spend Management category has skyrocketed from a handful to around 50.

The spend management category gathers new fans every day. That's because it solves an urgent and important problem for most organizations. Yet, not all solutions are equal.

Some are narrowly focused on specific aspects of spending, while others may be broader but lack feature depth. Airbase is proud to offer a comprehensive platform that provides a full range of products, excellent integrations, and deep features, including an intake module called Guided Procurement. With Airbase, employees are directed through the procurement process, navigating the complexity of multiple stakeholders, like IT, legal, and procurement, information, and document requirements.

Ultimately, spend management exists to improve efficiency and profitability while controlling risks — but those goals rely on full visibility. Airbase unlocks spend management's full potential by bringing all spend data into one location for an easily accessed 360-degree view of all spending. The analytics provide insights for lowering costs and improving productivity of spending processes and cycle times.

Airbase's spend management platform earns top rankings on review sites, not only because it meets those objectives, but also because everyone loves to use Airbase.

It's why forward thinking finance leaders turn to Airbase.

01

What is spend management?

Spend management is an automated process to control and optimize an organization's non-payroll spend. It involves tracking, analyzing, and controlling all expenditures to ensure cost efficiency, compliance, and budget adherence.

This includes leveraging spend analytics to enhance visibility and decision-making across all spend, including procurement, invoice processing, expense management, and payment workflows.

How does it work?

Spend management is collaborative software for the many stakeholders and workflows involved in spending company money. All data and related documentation flow across all touchpoints, including employees, approvers, accounting teams, other business unit systems, all landing in the GL. Payments are scheduled, executed, and booked from an easy-to-use dashboard. A full audit trail is created of all spend activities and real-time dashboards provide comprehensive analytics to inform data-backed decisions.

Spending involves operational, accounting, compliance, and reporting requirements and plays out across four areas:

- Guided Procurement.
- Accounts Payable Automation.
- Expense Management.
- Corporate Card Programs.

Save time, improve accuracy by automating the following:

- Purchase request (intake).
- Stakeholder routing.
- Approval workflows.
- Real-time analytics to support data-driven decisions.
- Accounting entries.
- Payment scheduling and execution (ACH, card, check, international, vendor credits).
- Direct syncing to the GL.
- Easy capture of, and access to, transaction data.
- Spend policy compliance (through automated approvals and spend controls).
- Vendor management.
- Reconciliation.

02

The benefits of an innovative spend management strategy.

Two words: visibility and control.

The status quo for company spending in companies with 50 to 5,000 employees is broken. It consists of messy tech stacks of siloed solutions that give rise to manual work, a lack of control, wasted spend, and unnecessary risks. The benefits of shifting to spend management are tangible, measurable, and are felt across the whole organization.

- Elimination of confusion and chaos.
- Better data for 360-degree insights into spending.
- Cleaner processes.
- Improved vendor relations.
- Automated workflows from spend request to final booking.
- An efficient and easy-to-use process for accounting teams and for all employees who need to spend company money.
- A single source of truth for all non-payroll spend.
- Improved spend culture across your company.
- Faster time-to-close.
- Automatic compliance.
- Customizable controls in line with budget and policy.

> “Before Airbase, we had multiple systems to support the same use cases, so Airbase allowed us to consolidate into one solution and use it across our entire organization. It's easy to keep track of individual spending, team spending, and project spending. One system of record has been incredibly helpful.”
>
> **G2 REVIEW***

*G2 is a top-ranked review site. All reviews are from verified users and can be accessed by visiting their site.

Decentralized vs. Centralized Spend.

It's not an either/or world — your systems should handle it all.

Decentralized spending has long been a hallmark of company purchasing, from travel and entertainment, to purchasing software subscriptions, employees are better served when they can get direct access to the tools and services they need. But decentralized spend creates challenges for those charged with accounting and oversight. Increased remote work and global expansions have compounded the risks and confusion.

Decentralized spending: Transactions undertaken by employees distributed across various locations of the company.

When employees pay vendors directly using a corporate card or their own personal funds before being reimbursed, or contract with a vendor that will require payment from the AP team, it is referred to as decentralized spending.

Purchases can be made by individual employees without scrutiny by an intermediary (e.g., an IT or procurement team) before they're executed.

- **The good:** Empowers employees to easily and quickly get access to the services and tools they need to do their jobs.
- **The bad:** Without spend management it's impossible to have visibility into, and control over, this type of spending.

Centralized spending: An oversight intermediary has insight into spending — and therefore control — before it is committed to or carried out.

Common in enterprise-level companies with formal procurement teams. High-level managerial access and oversight occurs over spending. Funds are not necessarily accessible to other employees.

- **The good:** Visibility and control over all spending.
- **The bad:** Tends to overburden employees administratively, and creates friction in getting access to the tools and resources to do their jobs.

Finding the right solution to support company spending at scale.

LEGACY OPTIONS

NEW OPTION

UPSIDE

DOWNSIDE

Series of point solutions.

Appropriate for small and early-stage companies with simple purchasing processes. Handles decentralized spend. Automates key functions.

Messy tech stack, inefficient at scale, cost of multiple subscriptions. Restricts easy visibility into all spend. Creates multiple processes. No clear audit trail.

Spend Management.

Great for companies with 50+ employees with complex purchasing requirements (e.g., multi-subsidiary, FX, multiple stakeholders). Rapid time-to-value with out-of the-box solution that is still configurable. Supports scale and agility. Guided workflows for all spend to ensure compliance and provide transaction-level audit trail for all spend.

Reliant on cloud-based systems. Configurable but not fully customizable.

Procure-to-pay solutions.

The accepted default for large enterprise companies with 5k+ employees and/or complex procurement requirements. Fully customizable. Handles centralized spend. Lots of support for vendor selection and management. Deep support for inventory management, and vendor selection and management.

Expensive, heavy implementation/build/change management requirements. Hampers agility. Partial non-payroll spend audit trail.

03

Four modules of spend management.

The functionality of each area is essential. The combination is magic.

Guided Procurement

Accounts Payable Automation

Expense Management

Corporate Cards

These modules can be configured to address the needs of your company. Let's take a look at each of the areas.

Having **full visibility and control** over non-payroll spend **would save** firms **5% of total spend.***

* Key Performance Indicators for B2B SaaS Companies. A PYMNTS & Airbase Collaboration, June 2022.

> "On a weekly basis — between the automation, and everything being in one platform — I'm saving at least 15 hours a month. That time is much better spent making further improvements and serving the company."
>
> **SHAINA BEESON, STAFF ACCOUNTANT AT OPENGOV**

1. Guided Procurement.

It can be confusing for employees to know what types of purchases are allowed, how much can be spent, who needs to approve, and what information and documentation must be collected.

Guided Procurement is Airbase's intake process and it directs employees to gather necessary information and documentation, and automatically routes it to all stakeholder systems for their approvals. This innovation provides clarity, reduces friction, and ensures compliance.

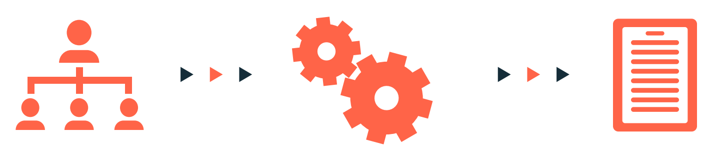
Using flexible, no-code workflows, rules can be dynamic depending on the type and amount of spend.

An intake process gives additional stakeholders, like legal, IT, and procurement, complete control and visibility from the moment a purchase request is initiated.

For companies who are growing, but not yet in a position to implement an expensive legacy P2P system with heavy, lengthy implementation processes, a spend management system supported P2P process can provide a more appropriate choice — in function and cost.

What does Guided Procurement do?

- No-code customizable purchase and approval workflows.
- Automated, multi-step request submission process for employees.
- Customizable forms, approval matrices, and conditions.
- Integrations with IT, finance, and legal systems o[a] record, such as Jira, Ironclad, Vendr, and more
- Complete audit trail.
- A vendor questionnaire to gather all relevant information and documentation from vendors.
- Analytics showing important productivity, compliance, and performance metrics.



Vendor Management.

Features of vendor management:

- Customizable onboarding questionnaire to gather necessary info and documentation up front.
- Comprehensive vendor database.
- Tax compliance enforcement.
- Global payments in multiple currencies.
- State-of-the art fraud detection and control mechanisms.
- Tax ID verification.
- Self-serve vendor portal where vendors input payment information, upload contracts and tax documents, and track payments.

> Over 85% of finance and accounting professionals agreed that they wish they had more visibility, control, and automated workflows regarding company spend.*

* The Spendlightenment Survey of Finance Professionals.

2. AP Automation.

AP automation streamlines a function that has long been burdened with tedious manual processes. It automates managing and processing invoices by leveraging technology to handle tasks like data entry, approvals, and payments.

The result is a lot less manual effort, fewer errors, faster processing times, and enhanced accuracy.

AP Automation features of spend management:

- Bill creation.
- Purchase order automation.
- 2 and 3-way match.
- Tax ID verification
- OCR scanning of documents (auto-fill).
- Global subsidiary support.
- Amortization scheduling.
- W-9 compliance settings.
- Auto-categorization of invoices and transactions.
- Vendor portal.
- Vendor credits.
- Automated receipt compliance.
- Scheduling/executing payments.
- Real-time spend analytics.
- International payments.

3. Expense Management.

The expense management process requires:

- Employees to provide documentation.
- Accounting to book the expense.
- A non-taxable payment made to employees in the case of reimbursements.

Spend management systems eliminate cumbersome receipt chasing and reconciliations across expenses.

Previously, single-point expense management solutions offered limited functionality to effectively reconcile, report, execute, and review expenses; multiple solutions and systems were needed, but not anymore.

In the most modern spend management platforms, AI-powered OCR now provides a touchless expense reporting experience. Employees just have to snap a photo of the receipt and let generative AI and ML complete the necessary expense reporting fields, including GL category, date, amount, and purpose.

What does spend management do to help?

- Automatic receipt upload.
- OCR auto-scan of receipts and emails for details.
- Generative AI and ML to complete necessary fields.
- Automated requests and approvals.
- Review, clarification, and approval from within Slack and email.
- Deposit funds for expenses directly into an employee's personal bank account.
- Total audit trail of every detail, all synced to the ledger.
- Consolidated expense management process in one system — no switching between solutions.
- Automated approval workflows that expedite expenses while also enforcing compliance.
- Analytics on key metrics with custom reporting options.

> "Airbase Expense Management is a super smooth integration with NetSuite. I measure that success off of how few complaints we get from employees. To get nearly 300 employees onto an expenses process and have it go smoothly is a big deal."
>
> STEVE LAMPING, CONTROLLER AT INSTAWORK

4. Corporate Cards.

A corporate card used on a spend management platform is sometimes referred to as "software-enabled." This means that all transaction activity such as pre-approvals for spending, category, vendor, amount, and date are captured by the spend management platform and transmitted to the GL.

Corporate cards can refer to:

- Traditional physical cards.
- Virtual cards.
- Debit or credit cards.
- Spend management cards which are software-enabled.

Virtual cards can be generated for:

- Specific vendors.
- Specific initiatives.
- Specific employees.
- Specific departments.
- One-off purchases.
- Specific expiration dates.

Meet virtual cards, meet card control.

The ability to quickly generate virtual cards is a defining benefit of using a spend management system. After receiving approval for a purchase, a quick tap generates a card number to share with the relevant vendor.

Virtual cards reduce fraud, support budget compliance, and are created instantly with ease.

- **Virtual cards are synced to the GL.**

  The categorization of spend and the transaction flow directly to the ledger for automatic booking.

- **Approval workflows are connected to the card in the spend management system.**

  This ensures compliance with company policies and leaves a clear audit trail of approvals.

04

Complex workflows and accounting needs.

Advanced approval and oversight workflows, 2 and 3-way match, amortizations, invoice and receipt processing, consolidated real-time spend analytics, multi-subsidiary and multi-currency support — spend management automates them all in one place.

1. Approval workflows.

Approval workflows mean spend will be accurately categorized, on budget, requested, supported with relevant documentation, and kept compliant under the watch of delegated observers or approvers.

Qualities of strong approval workflows:

- As simple or complex as required — customizable.
- Routed depending on size and type of spending.
- Easy to set up, update, and use.
- Applicable across all use cases (cards, PO requests, expenses).
- Manageable within a single platform.
- Reflective of company policies.
- Integrated with communication tools (e.g., Slack, email, Jira, Ironclad) minimizing time between requests, approvals, and follow-up communications.
- Avoids bottlenecks in productivity (e.g., establishing replacement approvers).
- Creates audit trails of approval process.
- Integrated with HRIS software to provision employees and capture organization hierarchies and changing employee status.

Making sure only the right spend happens:

Approvers: Approvers are the delegated party to approve or deny spend or expenses.

Observers: Observers are users who can be assigned oversight access without the explicit power of an approver.

@Mentions: Any others who might be involved in the communication about a purchase.

2. Additional stakeholders.

Spending company money often requires the participation, review, oversight, and approval of additional business units. Take, for example, IT review of software purchases, or legal review of contractor agreements. Airbase allows administrators to manage and customize the spend request workflows to automatically route these requests directly to the software systems these group.

3. Accounting automation.

AP processes: Approval workflows and receipt compliance: Basic AP features, such as bill amortization, payment scheduling, and payment execution are fully automated.

Assisted reconciliation: Save hours every month with a report identifying the reconciliation entries between Airbase and your GL, including timing disparities, transaction amount variations, synchronization errors, omitted entries, or manually created GL entries.

Approval workflows and receipt compliance: Automated approvals, as well as receipt and invoice processing, mean you have every detail on hand.

Auto-categorization for GLs: Using machine learning to improve its performance, auto categorization frees up substantial time for accounting teams.

OCR: Automated approvals, as well as receipt and invoice processing, mean you have every detail on hand. Automatically extract key information without manual input.

Compliance tracking: Additional oversight to ensure adherence to company policies.

Alerts and reminders: Fraud warning, missing W-9s, approval requests, invalid tax IDs, upcoming renewals, requests for subscriptions.

4. Purchase orders and 2 & 3-way match.

Invoice management: Automatic routing of invoices to an invoice inbox saves time, administrative work, and provides context. Scan emails to capture and add in any relevant additional information.

PO creation: When a purchase order is needed, the system should be able to generate one and match it against the invoice(s). The GL identification number of your ledger will appear on POs and bills to help organization and syncing.

2-way match: Prevent discrepancies and unauthorized charges before payment is made. For transactions that do not involve the receipt of inventory, POs are automatically matched against the invoice.

NetSuite 3-way match from Airbase: A time-tested verification and risk control procedure ensuring your company gets what it pays for. Airbase partners with NetSuite to create a fully automated, seamless 3-way match experience, keeping PO processes aligned with an up-to-date ERP.

Have you updated your PO process? To find out more about how automation is revolutionizing purchase orders, check out our ebook: [A Purchase Order Process Everyone Can Love].

5. Spend analytics.

Capture every detail of all spend as it happens to increase visibility and create actionable insights in real time. Find opportunities to save money

Airbase's spend analytics gives procurement and finance teams the data they need for informed decisions, including insight into:

- Spend metrics, including percentage of spend under management, spend by department or project, and spend by vendor or category.
- Productivity metrics, including approval timeframes, invoice processing cycle times, and percent of spend earning cash back.
- Compliance metrics.
- Customizable data analysis.

Capturing data and organizing it into a complete transaction-level audit trail also means that information is where it needs to be whenever it is needed.

6. Multi-subsidiary and multi-currency support.

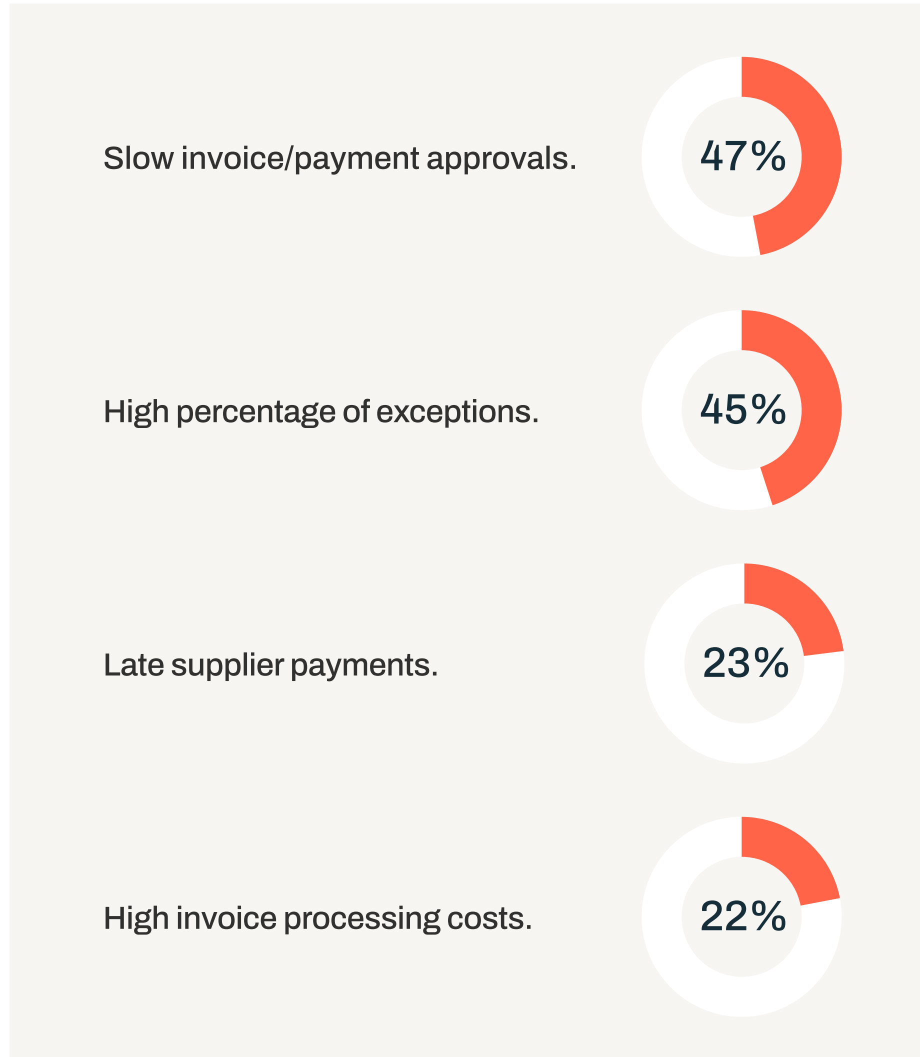
A comprehensive spend management system offers multi-subsidiary reports, multi-currency enabled payments, and reporting.

When the GL supports multi-subsidiary reporting, spending can be easily booked to the subsidiary level. A unified and consistent approach to managing spend across multiple entities, and around the globe, adds efficiency to your finance operation.

See our ebook Managing Subsidiaries: Payments, Accounting, and Control to further understand the benefits of a spend management system for multi-entity businesses.

What's slowing teams down?

Top AP challenges identified by finance executives in an Ardent Partners* study:



* Ardent Partners' Accounts Payable Metrics that Matter in 2023 (p.4).

05

Conclusion.

Airbase is a Leader in Spend Management on G2, which is based on verified user reviews.

Modern solutions are holistic and collaborative.

Spend management solves the many problems companies face when it comes to making purchases. It's an innovation made possible because of advances in digital payments technology, APIs, no-code tools, and cloud-based collaborative software.

Modern finance teams see that automation takes low-value work off their hands while accurately capturing and organizing data and documentation. They also appreciate the unprecedented visibility and control to ensure efficiency, compliance, and cost savings that drop directly to their bottom line.

Spend management supports the increasingly complicated procurement workflows of modern company spending. It takes a holistic approach to eliminating risks and inefficiencies. It redefines best practices for the safe, efficient, compliant, and properly recorded use of company capital.

Ultimately, spend management shifts spending from a tactical to a strategic endeavor.

APPENDIX A: Value drivers.

	CASH BENEFITS	EFFICIENCY GAINS		SAVE MONEY
		FINANCE AND ACCOUNTING	ALL OTHER EMPLOYEES	
BENEFITS	• Increase cash rebate on spending with greater card adoption. • Reduce bank fees. • Improve ROI on ERP. • Optimize working capital with visibility and control.	• Eliminate manual card statement and cross-platform reconciliations. • Eliminate receipt and document chasing. • Eliminate manual GL coding. • Eliminate errors and save time sleuthing transaction details. • Eliminate confusion with automated approval workflows. • Automate invoice processing, categorizing, GL sync, amortizations, POs, 3-way match. • Identify bottlenecks and inefficiencies with actionable data.	• Save time on compliance with company expense policies. • Save time with intuitive, easy-to-use, consistent workflows. • Save time submitting for and receiving payment for out-of-pocket business expenses.	• Eliminate unnecessary or unintended spend. • Eliminate wasted spend — unwanted, fraudulent, zombie, rogue, maverick spend. • Reduce costs — consolidated solution means fewer tech subscriptions. • Gain insights into spending patterns to identify cost-saving opportunities. • Track subscriptions to optimize potential savings.
DETAILS	• Shift spend to cards for greater cash back. • Reduce reliance on fee-attracting bank functions. • Open access to ERP features and real-time data.	• Save time with automation to reduce time-to-close and to liberate valuable resources for higher value work.	• Intuitive, consistent, transparent workflows for rapid approvals, whether using a corporate card, raising a PO, or for expenses. • These workflows capture data and documentation for all types of spending supported by easy documentation upload.	• Visibility and control to stay on budget and protect against risks associated with company spending. • Alerts when company already has a subscription.

APPENDIX B: So, what does the system actually do for you every day?

	BEFORE SPEND	DURING SPEND	AFTER SPEND
Guided Procurement	• Vendor details. • Information/document requirements. • Automated, multi-step request submission process for employees. • Customizable forms, approval matrices, and conditions.	• No-code customizable purchase and approval workflows. • Stakeholder routing. • Integrations with IT, finance, and legal systems of record, such as Jira, Ironclad, Vendr, and more.	• Complete audit trail.
Accounts Payable Automation	• OCR invoice processing. • Invoice inbox. • Vendor portal. • Slack and email integration. • Pre-approval workflows.	• ACH, check, or card. • Multi-currency/international payment options. • Scheduled payments to arrive on exact due date.	• Clear audit trail of spend. • Readily available data for reporting or budgeting. • Vendor timelines and history. • GL is fully up to date. • Assisted Reconciliation saves hours of time.
Expense Management	• Employees bank account linked in Airbase app. • Expense policies can be viewed. • Request through app. • Spend policy and approvals accessible so spend is compliant.	• Immediate receipt upload available through mobile app. • Automatic syncing to GL. • Correct observers, approvers, and stakeholders have visibility into expenditure. • Touchless expense reporting - just snap a photo	• Easy receipt upload. • Request funds for expenses at the point of purchase through mobile app. • All spend details categorized and available for review in real time.
Corporate Cards	• Pre-approvals. • Spend limits. • Auto-categorizations. • One-time or recurring cards. • GL categorizations applied. • Pre-set budget and policy conditions.	• Approver and observer visibility. • Automatic booking, categorization, and sync to GL. • Virtual, physical, single-use cards. • Secure payment. • Multi-currency and international payments.	• Clear audit trail of card transactions. • Readily available data for reporting or budgeting. • GL fully up to date.

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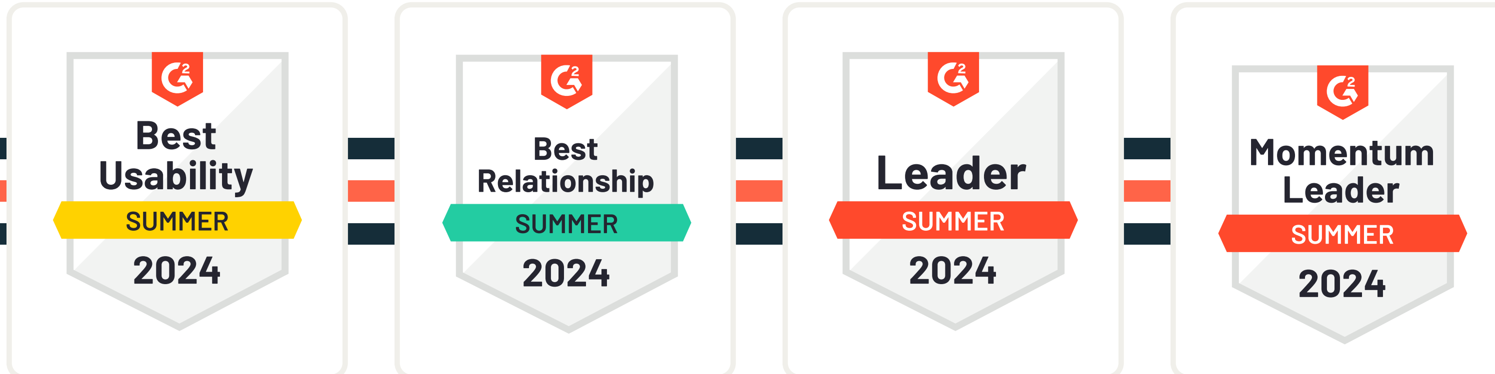
G2 awards.



Here’s what Airbase users say on G2 — and why we’re consistently a leader in spend management.

> “Very user friendly, with lots of functionality designed for frequent users. The interface and recognition tech built in makes it so you barely have to key anything in.”

> “Integrating our workflow with Slack has been a game-changer for securing faster approvals from my leads.The seamless integration has enabled us to keep everyone in the loop, ensuring that requests are swiftly addressed and approvals are obtained without delay. It's truly been a productivity booster for our team.”

> “There are very few times a relatively simple tool can fundamentally improve your work life. Airbase is one of those revolutionary tools.”

> “This is the most robust spend management tool I’ve used while still being incredibly simple. I have used 3-5 competitors and Airbase has been adopted into all aspects of our business across all departments including marketing, customer success, people ops, finance, accounting etc. I love that Airbase is easy for anyone regardless of department to quickly execute any tasks.”

* We use quotes from the #1 review site G2, which does not allow full attribution. All reviews are from verified Airbase users and can be accessed by visiting their site.