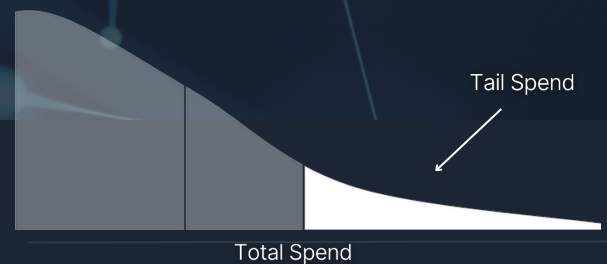


A Strategy to Improve EBITDA

A quick way to save millions by implementing a strategy designed to curtail spend leakage

What is Spend Leakage?

Spend leakage is the use of funds in a less than optimal fashion. It also applies to spending that does not conform to existing policies. Most of this occurs in the portion of spending called "Tail Spend" which is roughly 20% of an organization's total annual spend. Due to transaction volume and complexity, managing this spend takes a considerable amount of time and effort and a lack of diligence opens the door for spend leakage.



The Opportunity: A 20-50%* Reduction in Spend Leakage Is Big!

If spending on non-strategic spending and policies have not been carefully audited, the potential for savings can be significant. Some organizations can expect a 20-50% reduction in tail spend simply by performing a careful analysis of how money is spent and by whom.

The Tail Spend Savings Formula: A 5% Reduction in Total Spend*

A conservative 25% reduction in Tail Spend equates to a 5% reduction in overall spend. If your total spend is \$100M per year, this equates to a savings of \$5M per year.

* Results may vary.

What Causes Spend Leakage?

Polices Evolve Slowly

Blanket policies represent a trade-off between risk and cost. A blanket policy attempts to protect the company but with minimal effort. Tail Spend tends to increase when these policies become stagnant or no longer fit current conditions. These policies will need to be reevaluated and updated periodically otherwise the cost/risk balance begins to tip.

Corporate Culture

Out-of-policy spending occurs because either employees do not know any better, or because their actions do not have the consequences that would prevent them. A small deviation from policy might slip under the radar. What happens when these infractions begin to grow? What message is being sent to individuals when leadership lacks interest in what they are doing?

Complexity

Constant change coupled with a very complex environment degrades an organization's ability to react to changing trends. Employee turnover and leadership changes further exacerbate the situation. This makes it difficult for the organization to get a true perspective of its tail spending and limits their ability to address a growth in this spend.

The Fix

An intelligent approach to understanding and fixing non-conforming spend

Strategy: Leverage Advanced Analytics

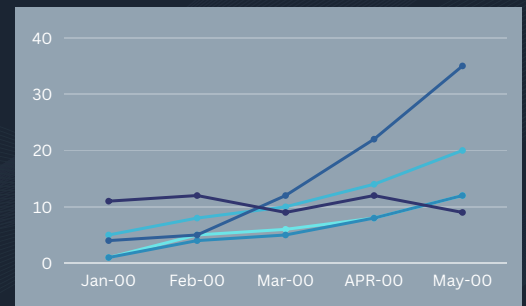
To effectively reduce spend leakage, organizations need accurate and timely insight into the who, what, how and why that describes how these funds are used. Process Tempo can help bring the necessary data assets together to help direct organizations towards the path of implementing positive change.

Blend Your Data

Combine purchase order information, purchase card data and employee expense reports in a common data repository for composite analytics.

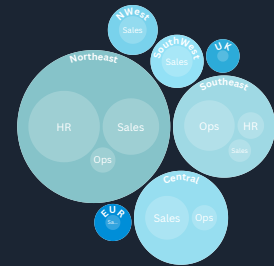
Perform Analysis

Apply advanced analytics to the composite data in order to easily highlight trends and anomalies that can be useful when making policy decisions.



Strategy: Apply Artificial Intelligence

Process Tempo offers a unique blend of expert know-how and proven technology, combined into a single, automated approach designed to help organizations detect outliers and spending trends. By applying Artificial Intelligence (AI) to tail spend, organizations can create smarter policies and detect drift from these policies faster.



Strategy: Improve Administration Capabilities

Identifying problems is just the start. Being able to create, manage and assess new policies will be equally as important. This will lower the chances of maverick spend and spend leakage in the future and reduce overall tail spend as the organization grows and adapts.



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