

Research Results: Deem

September 2015



WAKEFIELD

Research Prepared for deem

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Key Findings



Key Findings

Managing Indirect Spend Is Challenging for Procurement Decision-Makers (PDMs)

Procurement Decision-Makers face many challenges while managing their company's indirect spend. These decision-makers are reluctant to admit to challenges at first. Only 1 in 5 claim the process is challenging. But **once they begin discussing specific processes, significant challenges are revealed** such as:

- Nearly all (93%) have exceeded their budgets for travel, office supplies, employee dining, and / or shipping expenses
- Nearly all (98%) of their employees don't always use the lowest price available for purchases
- Only 1 in 3 (37%) say it's very easy to report visible savings on indirect spend

These PDMs Demonstrate a Strong Need for the Deem Platform

Procurement Decision-Makers **don't have effective control over indirect spend.** They struggle to ensure their employees are using approved vendors and follow the pre-approval processes for travel and spend. As a result, Procurement Decision-Makers end up using 13 different systems - on average - to manage their indirect spend.

Key Findings

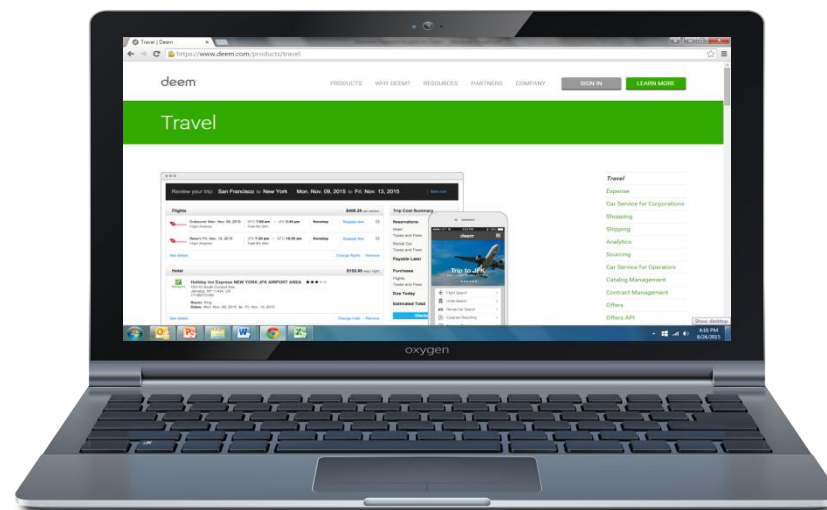
Procurement Decision-Makers Would Use and Recommend the Deem Platform

Procurement Decision-Makers see the value in Deem and the benefits it would provide. More than **8 in 10 (85%) would use Deem after learning about it**. These decision-makers like Deem's consolidated, all-in-one platform. They recognize the value in consolidating their different systems.

Essentially, all decision-makers (92%) think that Deem would **improve their ability to manage employees' indirect spend**.

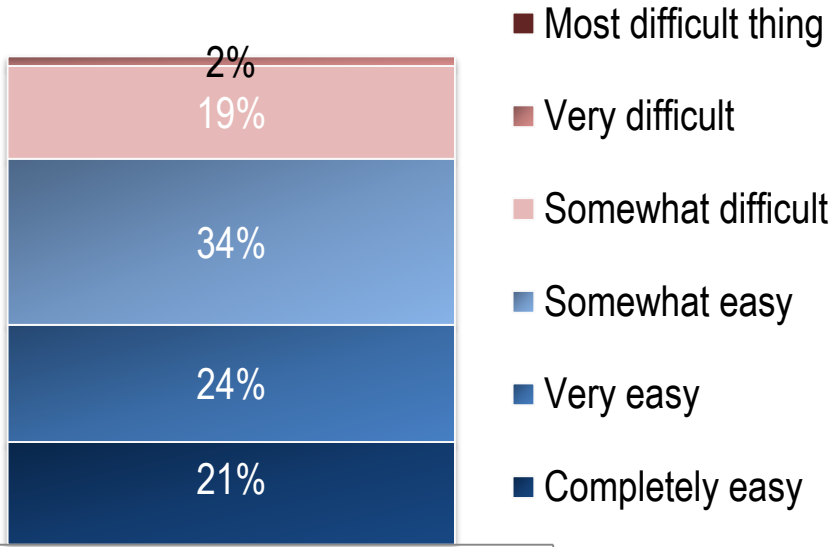
As a result, **more than 8 in 10 (83%) PDMs would recommend that their company purchase Deem to manage indirect spend**. These decision-makers understand how a consolidated system would benefit their company, as well as their employees, and make it easier to report visible savings.

Concerns & Issues of Procurement Decision-Makers



Initial Disconnect in What Procurement Decision-Makers Say and Do

Procurement Decision-Makers may initially say managing spend is “easy,” but there is a disconnect between what they say and the challenges they face regularly. 4 in 5 decision-makers say managing indirect spend is easy. But, when asked about their company spend, **almost all (98%) say that employees don’t always use the lowest price available.**



Managing Employee Indirect Spend

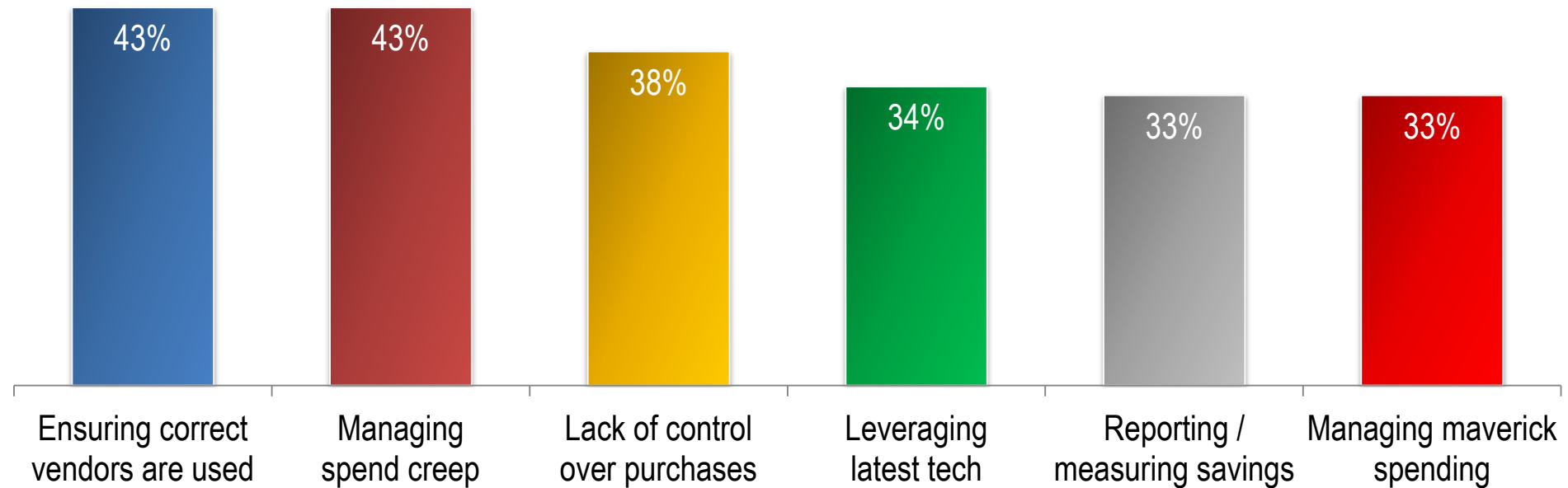


Currently, would you say managing employees' indirect spend at your company is easy or difficult? In general, what percent of the time would you say employees use only the lowest prices available when purchasing travel, shipping packages or purchasing office supplies?

Lack of Control Over Indirect Spend is The Most Common Issue

The **most common procurement issue companies face is gaining control over employee spend habits.** These issues include ensuring that employees are using the correct vendors and also managing those employee purchases.

Procurement Issues Companies Have Faced

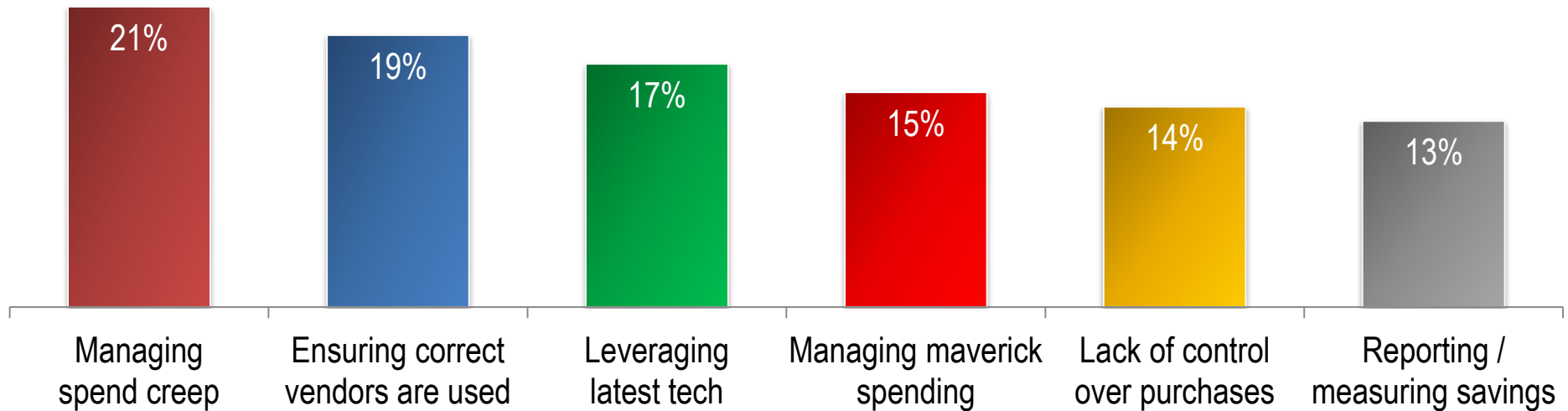


Which of the following procurement issues has your company ever faced?

Managing Spend Creep is The Hardest Issue to Mitigate

Of all the issues that decision-makers face, managing **spend creep** is the most difficult issue to resolve.

Most Difficult Procurement Issues to Mitigate



Among those who face a procurement issue: Which of the following procurement issues is the most difficult for your company to mitigate?

Procurement Decision-Makers Are Exceeding Their Budgets

Procurement Decision-Makers don't have control over their indirect spend. **93% have exceeded their budget** for either travel, office supplies, employee dining, or shipping expenses.

93% of Procurement Decision-Makers have exceeded an indirect spend budget



Only 7% have not



Budget Area	% of PDMs Who've Exceeded Budget Here
Exceeded travel budget	81%
Exceeded office supply budget	74%
Exceeded employee dining budget	72%
Exceeded shipping / postage budget	70%

For each of the following items, please indicate if your company has ever exceeded their budget.

The Pre-Approval Process is Not Being Followed

Employees are not following the pre-approval process, making it difficult for Procurement Decision-Makers to rein in spending. During a typical quarter, PDMs receive 30 reimbursement forms on average that have not been pre-approved.

Procurement Decision-Makers receive an average of 30 reimbursement forms each quarter that have not been pre-approved.

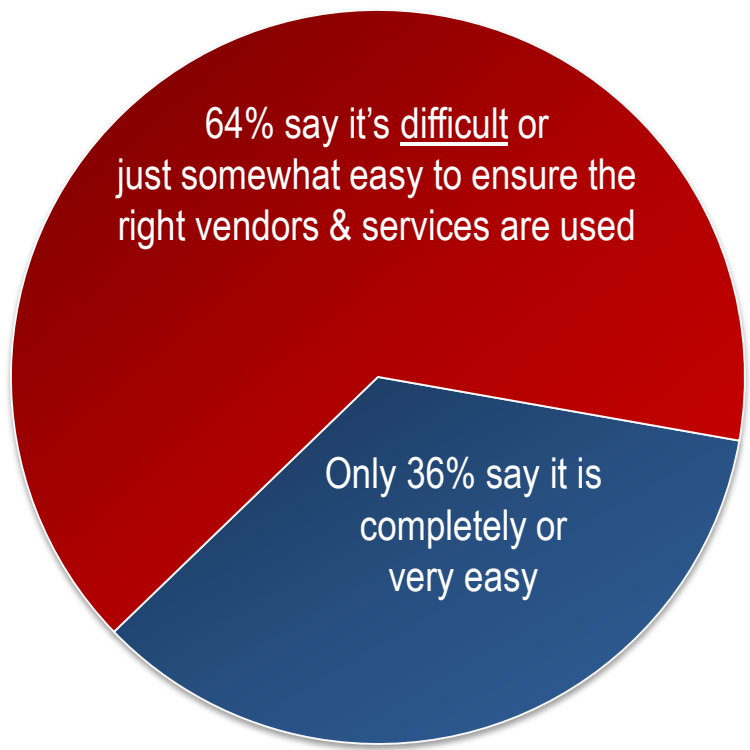


Among those with a pre-approval process: During a typical quarter, how many times do you encounter employees submitting reimbursements for items that have not been pre-approved?



Contracted & Approved Vendors Not Always Being Used

Procurement Decision-Makers are struggling to ensure employees are using the correct, approved vendors. Only 1 in 3 say it's very easy to ensure employees are using contracted vendors and services.



Among those with contracted vendors: How easy or difficult is it to ensure that employees are only using contracted vendors and services that have been pre-negotiated?



Company Travel Policies Are Ignored

Among PDMs with travel policies, 60% deal with employees disregarding their policies frequently – meaning it happens 5 times or more in a quarter.

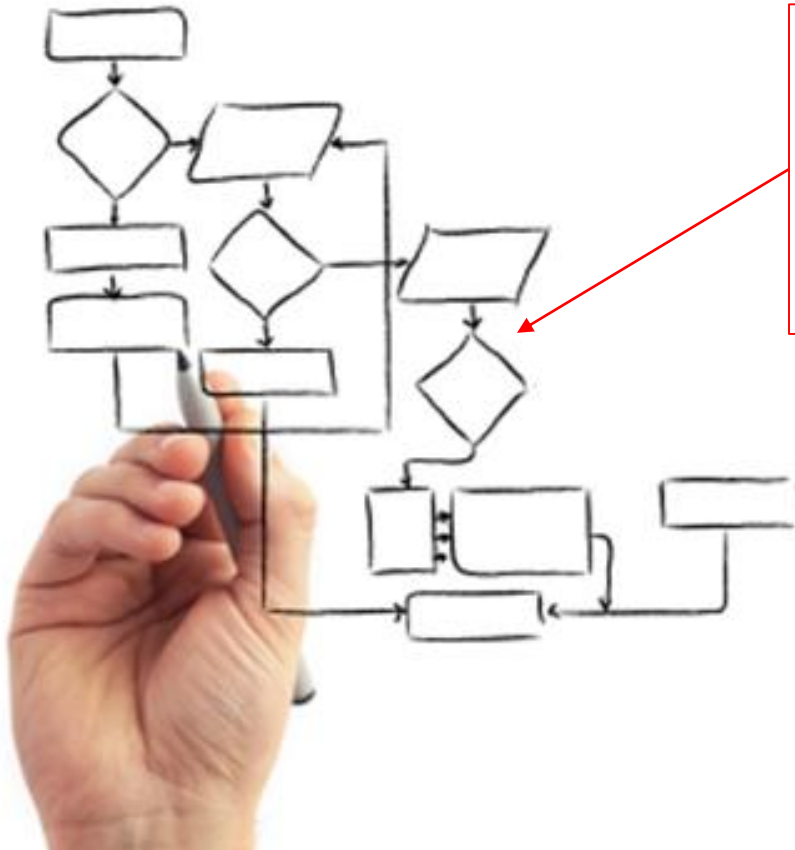
60% of Procurement Decision-Makers encounter employees disregarding travel and spend policies at least 5 times per quarter



43% encounter employees disregarding policies at least 10 times per quarter.

Among those with a travel policy: During a typical quarter, how many times do you encounter employees disregarding company policies regarding travel or spend?

Multiple Systems Create Problems



Procurement Decision-Makers are using a mix of software platforms, online tools and internal tools to manage indirect spend.

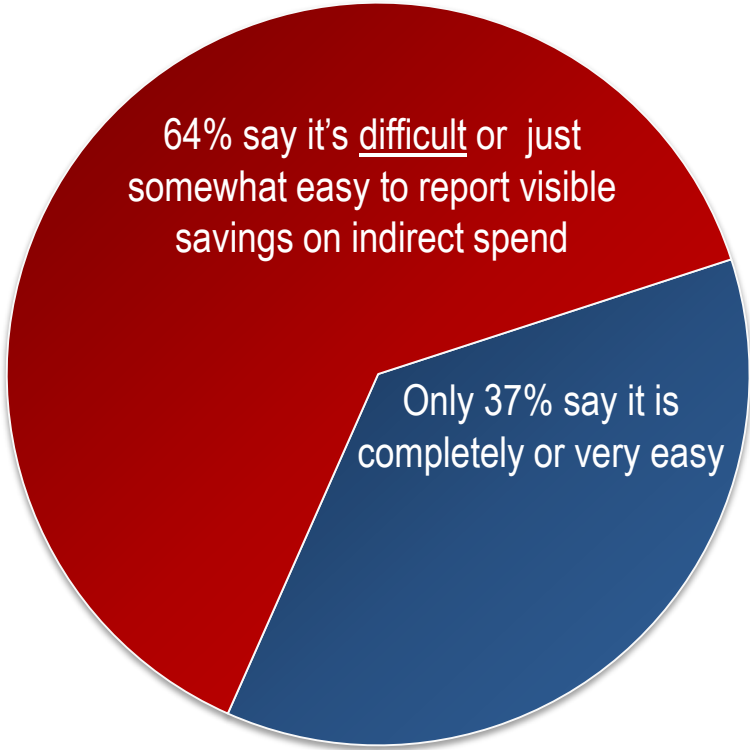
On average, they are **using 13 different systems to manage indirect spend.**

How many different systems does your company use to manage indirect spend such as office supplies, conference lines, package shipping, expense reports, and employee travel such as flights, hotels, ground transportation and dining? This could include tools like internal software programs, apps, vendor websites and other systems.



Decision-Makers Have a Difficult Time Reporting Visible Savings

Procurement Decision-Makers say reporting visible savings is difficult...or at least not as easy as it should be. Only 1 in 3 say it's actually very easy to report visible savings on indirect spend.



How easy or difficult is it for you to report visible savings on indirect spend?

PDMs Not The Only Ones Frustrated With The Procurement Process

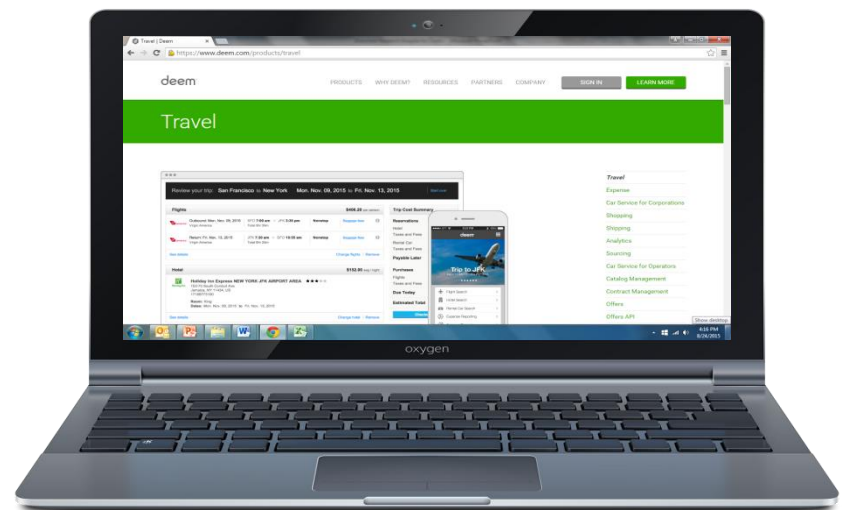
The procurement process is also **frustrating for employees**. Procurement Decision-Makers frequently receive complaints from employees regarding the process of managing indirect spend.



Spend Area	Average # of Complaints Made About the Process Last Year
Booking employee travel	27
Receiving employee reimbursement	24
Employee dining	22
Shipping packages	19
Purchasing office supplies	19

How often, if ever, do you receive complaints regarding the processes your company uses to manage travel, expense reimbursement, shipping, employee dining, or office supplies? Among those who received complaints: Last year, how many complaints (both formal and informal complaints) were made by employees at your company about each of the following.

Interest & Usage of the Deem Platform

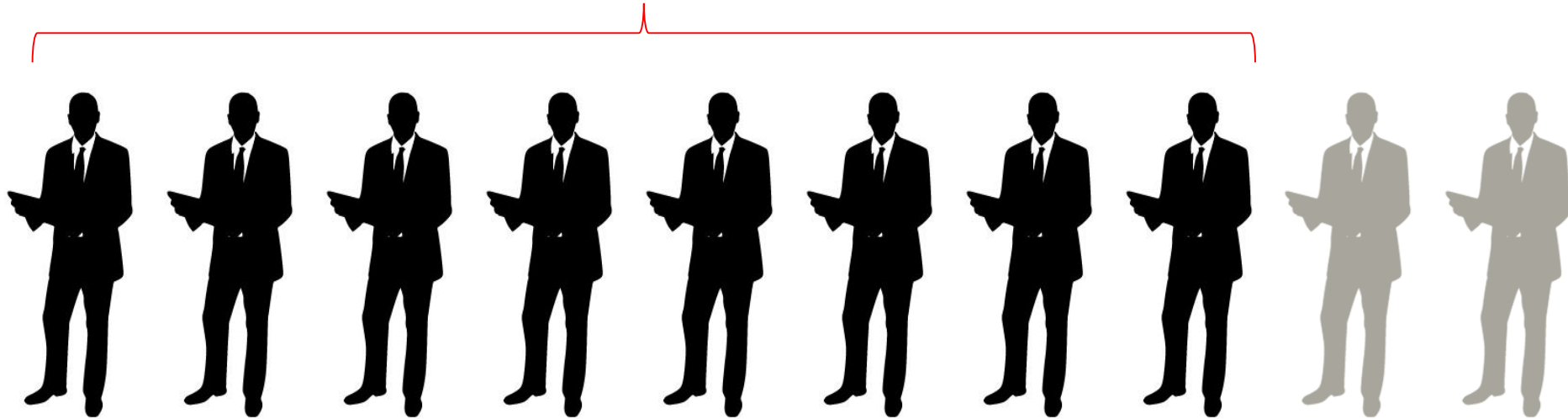




Procurement Decision-Makers Would Recommend Deem

More than 8 in 10 Procurement Decision-Makers would recommend their company purchase Deem to manage indirect spend.

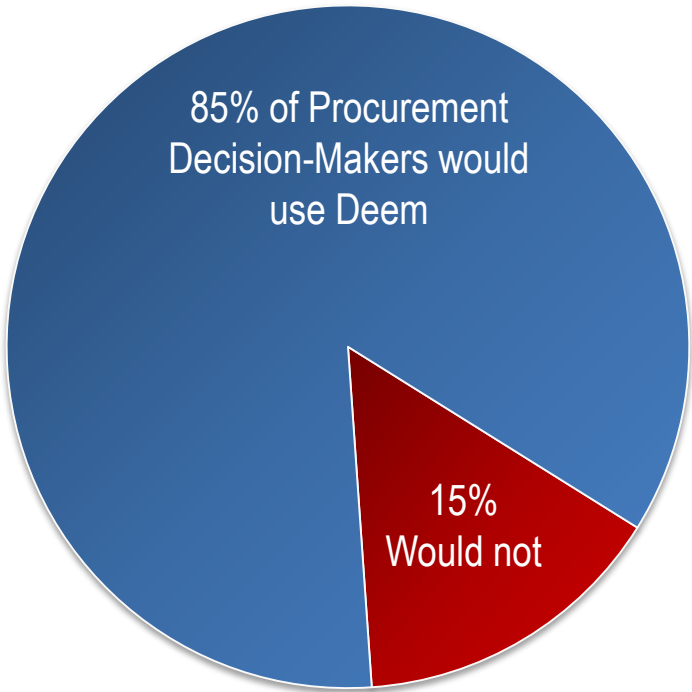
83% would recommend purchasing Deem



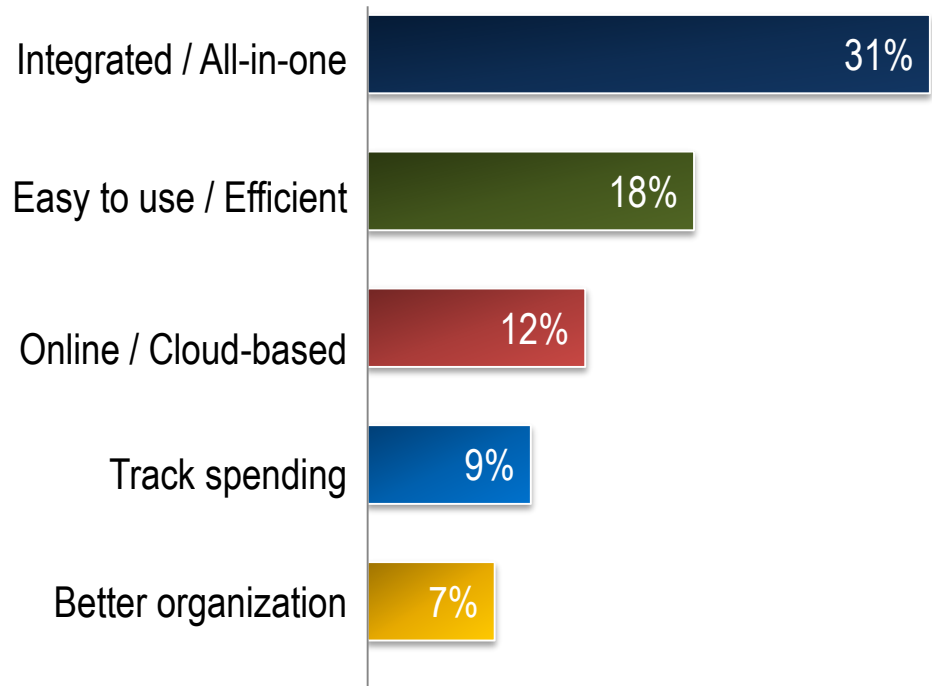
Based on what you know so far, how likely or unlikely are you to recommend that your company purchase Deem to manage indirect spend?

Procurement Decision-Makers Would Use Deem

85% of Procurement Decision-Makers would use the Deem platform after learning about it. The most appealing aspect of Deem is it's a consolidated, all-in-one platform.



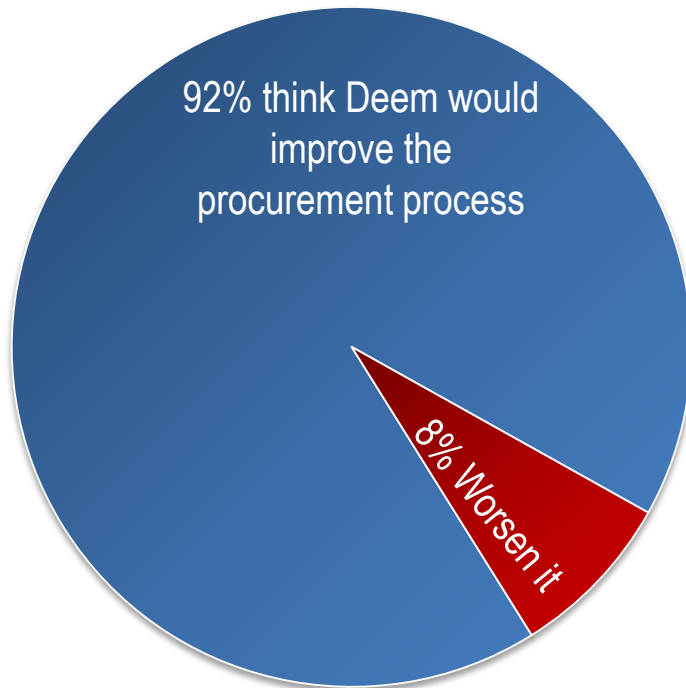
Top Reasons for Using Deem



If Deem were available to you today, how likely or unlikely would you be to use it? Among those who would use Deem: Specifically, what about this platform would be most useful?

Deem Would Improve the Procurement Process

Procurement Decision-Makers believe Deem's platform would be effective. **92% feel that Deem's consolidated platform would improve their ability to manage employees' indirect spend.**

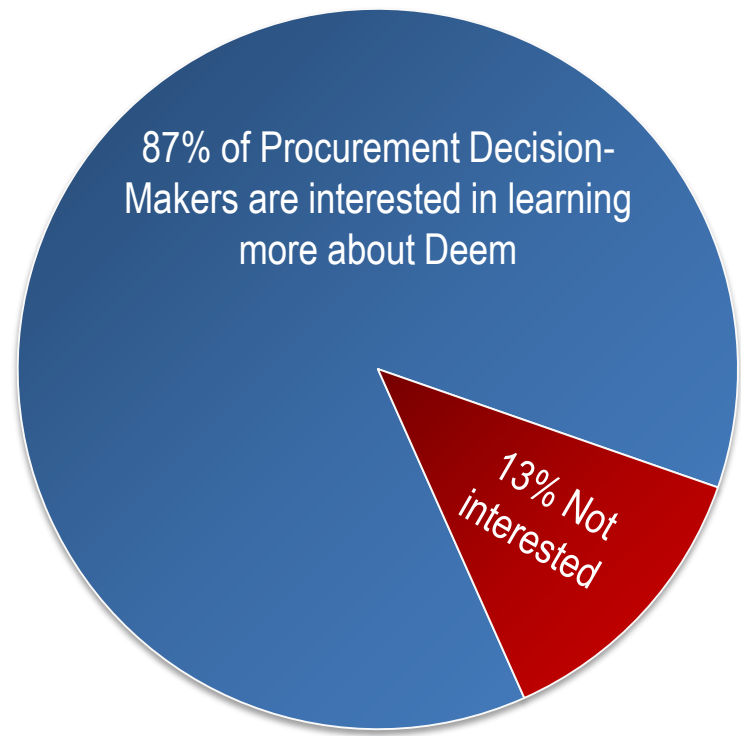


Over half (55%) believe that a consolidated platform, like Deem, **would completely fix or significantly improve** their company's procurement process.

How would having a consolidated platform, like Deem, to manage employees' indirect spend impact your company's procurement process?

Procurement Decision-Makers Want More Information

After learning about the Deem platform, **87% of Procurement Decision-Makers** are interested in learning more.



How interested are you in getting more information about Deem's platform?

Appendix



Main Problem PDMs Face When Managing Indirect Spend

Main Problem PDMs Face When Managing Indirect Spend (<i>Open-ended Question</i>)	%
Controlling costs and approval	15%
Tracking / tracking employee activity	13%
Expenses and recording them accurately	13%
General cost-related issues	10%
Accountability / compliance	8%
Specific issue (department, person, etc.)	5%
No streamlined process	4%
Finding the best deals / vendors	3%
Time management	3%
Communication	2%
Employee issues / turnover	1%
Other	5%
No issues	20%

In your own words, what is the main problem your company faces when it comes to managing employees' indirect spend?

#1 Thing Procurement Decision-Makers Would Change

#1 Thing PDMs Would Change About Their Current Process (<i>Open-ended Question</i>)	%
Have automated processes	16%
Improve the approval and spend process in general	15%
Improve budget and reporting	12%
Improve management and control of system	12%
Train staff to use / manage system	9%
Spend less or find better deals	8%
Consolidating / streamlining spending process	6%
Improve accountability	1%
Specific issue (department, person, etc.)	1%
Other	2%
No Changes / not sure	23%

Thinking of the process your office uses to manage travel, office supplies and services or reimbursement requests, what is the #1 thing you would change to improve that process?

Methodology

Between August 6th and August 27th, 2015, Wakefield Research surveyed 600 business decision-makers who work in procurement, including 300 at companies with 500-999 employees and 300 at companies with 1000+ employees, using an email invitation and an online survey.

The chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 4 percentage points from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.



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