

# FUELLED GROWTH:

## THE ROLE OF FINANCE IN THE ENERGY AND NATURAL RESOURCES INDUSTRY

In an era of unprecedented change and uncertainty, how can businesses in the energy and natural resources industry continue to thrive and grow?

In partnership with market research specialist Vanson Bourne, we asked finance leaders from this and a range of other industries about their strategies for managing growth and preparing for the future.

As we discovered, future-proofing the business means ensuring that finance teams are equipped with the tools they need to manage spend and control costs more effectively.

## Preparing for Growth

Despite the many challenges facing British businesses, finance leaders in general are optimistic about the future, with 96% still planning to grow.

The finance function is central to this growth. Some 92% of respondents in the energy industry see the finance team as playing a large or vital role in helping the business to achieve its growth objectives.

To support their business effectively both now and into the future, energy industry finance teams are hoping to improve cashflow (59%) and invest in new finance/IT systems (49%). Automation is especially important here: some 39% want to automate manual finance processes, much higher than the all-industry average of 26%.

## The Role of Finance

Finance teams are integral to business growth because they must make tough decisions about budgeting and spending to ensure the organisation remains cost-efficient and targets are met. Finance teams can also advise on where to invest and when to cut back, for example by overseeing and controlling employee spend across expense, travel and invoice costs.

Furthermore, the bigger the organisation, the more important the role that the finance team plays in shaping strategy. In the energy and natural resources industry, 31% of respondents describe financial insights as 'critical' to setting priorities, and a further 41% said insights from finance

drive many decisions. Yet over a quarter of energy businesses acknowledge that they don't currently have enough visibility over their finance data.

## Barriers to Effective Cost Control

Although visibility of financial data is important, many finance teams simply don't have time to collate and analyse the numbers in as much depth as they'd like. They're spending precious time dealing with data errors, manual processes and troubleshooting that could be better spent on strategic thinking.

Some energy businesses have invested in solutions to simplify the analysis of financial data. However, these systems are often outdated or inefficient and lag behind the progress made in other industries. Unless energy companies act, this problem is only likely to get worse.

Accessible cloud technologies can help with data analysis, but worryingly 15% of energy businesses have absolutely no finance systems hosted in the cloud – two and a half times the survey average across all industries.

Plus, in over 20% of energy businesses, the travel booking process is entirely manual. And financial analysis is mostly or entirely manual for 38% of respondents – another survey high.

Perhaps it's unsurprising that some 36% of energy businesses say that control over costs would be a key benefit of financial automation.



## Issues with Existing Systems

So, what other issues do existing, but outdated, financial systems create for businesses in general and the energy industry?

Top of the list of concerns was payment delays on expenses and invoices. Late invoice payments can lead to regulatory fines and late payment fees and put supplier relationships at risk.

When it comes to expenses, reimbursing employees late can cause employee dissatisfaction and throw off your cashflow predictions. Some 39% of energy businesses say that inefficient finance systems lead to employee dissatisfaction – an alarmingly high figure.

Inefficient finance systems are also blamed for an inability to plan and forecast financial figures by 31% of energy businesses – yet this is of

course a crucial function of the finance team in driving growth.

In fact, only 36% of finance leaders said their expense process was completely efficient. For travel processes, the figure was 30% and for invoice systems it was 43%. Plus many finance leaders admitted they're not confident that their expense, travel and invoice systems can scale with them as they grow.

## The Role of Technology

Of course, the thought of investing in new technology can be daunting. But there's a direct correlation between financial efficiency and the levels of automation implemented by finance teams. An investment in the short term is likely to lead to substantial savings in the long term.

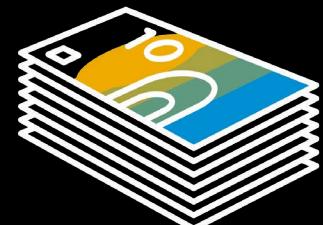
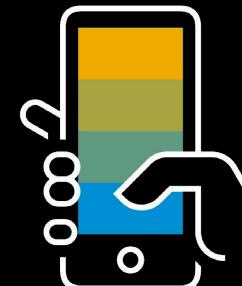
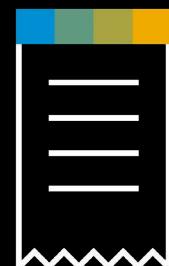
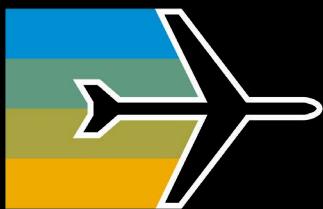
Unfortunately, however, 29% of accounts payable, 44% of expense and 54% of travel booking processes are still entirely or mostly

manual. This is surprising since 98% of all respondents believe automation would benefit their business. It can speed up payments, reduce manual data entry and improve cost control and insights.

Even more tellingly, 93% of respondents agree that connecting expense, travel and invoice processes is important to meeting objectives. So why aren't more energy businesses automating their financial processes?

Finance leaders said that investment in staff training (41%) and a lack of capacity in IT (32%) were the biggest reasons preventing the adoption of automated solutions.

But in fact, most automated solutions offer user prompts to reduce the need for employee training. Furthermore, many cloud-based solutions require minimal IT resource during implementation.



## **Future-Proofing Finance: A Strategic Priority**

The effectiveness of the finance team is so entwined with business growth that future-proofing this function will inevitably have a massive impact on success.

But if your tools and systems are not fit for purpose, it's highly likely your finance team will be spending more time than necessary on admin tasks. Not only that,

but efficiency gaps in finance tools and processes will divert resources away from planning and strategy. Low team morale and reduced productivity will be inevitable side effects too.

The businesses that will continue to grow are those that are prepared for every eventuality. Energy and natural resource companies must refine and future-proof processes today, so that they can remain agile and efficient in the future.

To see how expense, travel and invoice automation can help the energy and natural resources industry fuel business growth, visit [concur.com.au/energy-natural-resources](http://concur.com.au/energy-natural-resources) or call +61 2 9113 7358.



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