Reducing Business Costs
With Technology

Streamline your work and bring down costs with the help of technology, writes **Bhavin Turakhia**

For the longest time, organisations lacked access to cutting-edge workplace technologies. Engulfed in paperwork, Finance departments would manage tasks like employee benefits and vendor- and expense management manually, and human intervention was often required to ensure accuracy. Running these programmes efficiently meant huge investments of time and money. Today, though, we are well past this stage. Technology has become a huge enabler that not only streamlines work, but also substantially reduces operational costs.

Taking stock…

Many CFOs find their organisations at a cross-roads, with the known and familiar on one side of the path, and newer technologies on the other. Yet, in order to build and retain a competitive edge in the marketplace, businesses today must necessarily rely on technology. Moreover, customers and employees alike expect to work within an 'always on' environment.

Take, for example, the much-neglected area of employee benefits. A report by Towers Watson ('2015 Asia Pacific Benefit Trends') finds that around 17 per cent of Indian companies fail to evaluate their actual spends on employee benefits. The same report reveals that less than 30 per cent of Indian firms spend more than 20 per cent of their payroll on benefits. These figures suggest that the pay-off to

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offering benefits is low – which is why so many organisations choose to not offer employees any benefits at all, or if they do, why they tend to keep their offers to a bare minimum. Further, most firms run these processes manually – using systems that are plagued with issues like excess paperwork, manual verifications, delays in calculations, lost documents, tracking problems, and so on. Clearly, this is an area screaming for change.

The rebirth of employee benefits

As a rough ballpark, for every 100 users, technology solutions can save an organisation Rs 400,000 or more a year in terms of manpower, distribution and courier expenses alone. The actual figures will vary greatly, depending on the scale of the business, the number of employees, and the number of different locations, but even for SMEs, the reduction in business costs can be immense.

Take for instance, Delhi-based Nagarro, which recently digitised its employee benefits system. Earlier, it would take 15-20 hours each month for it to compile and distribute paper-based meal vouchers – the most basic tax-saving employee benefit of all – but this entire area of work is now completed in mere seconds. For their part, Nagarro's employees are able to access and use these benefits far more conveniently than before.

Simplifying expense management

Expense management fraud can cause substantial financial damage to a company. According to a 2012 study by the US-based Association of Certified Fraud Examiners, approximately 14.5 per cent of all asset misappropriations investigated in the US involved expense-reimbursement fraud. Closer home, with the Indian economy offering the perfect landscape for start-ups and mid-sized organisations, expense management has come to assume a mammoth scale. Business travel and on-field tasks, especially for departments like sales and marketing, or even for channel partners, are difficult to reimburse, and manually tracking physical bills is a severe challenge. Honest and unintended mistakes do happen all the time, given the

expanse of the work, and there is always a risk of losing bills. At the same time, there is often a lack of transparency and accountability in verifying bills – and fraud is not at all uncommon. Technology can bridge these gaps.

Bolstering vendor management

Vendor management can be greatly strengthened with digital tools. Building and maintaining vendor relationships takes time, effort, and money. Managing the process digitally on a cloud-based system can help streamline processes, making them more intuitive. This can also help organise and prioritise vendor payments, and the storing and accessing of documents. In fact, with digitisation, companies can cut down as much as 90 of the time and costs required for vendor management. Simply put, the process brings transparency and a more secure grip on the system, cutting down the time and effort needed for processing. Compliance-related issues are addressed as well, and with documentation available on-demand from the cloud, one

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can always ensure that things are on track.

More effective rewards and recognition

Boosting employee morale through rewards and recognition is a must to keep people motivated and focussed. Moving R&R programmes onto digital platforms offers a better way to engage with today's 'instant gratification' generation. Rewarding employees becomes instantaneous and happens on a medium they understand and love: smartphones and the Internet. Such programmes are usually customisable and self-sufficient, saving time and resources that would otherwise be needed to source gifts, physically send them to employees, and track and manage the entire process.

The way ahead

A business needs to spend money to make money. There will always be a battle to reduce operations costs and generate profits – and digitisation offers a very effective way to do this. There is no doubt that we have moved into an era where things can be done in less time and at a lower cost simply by using technology – and those who lead a company's financial decisions need to understand this issue well. It is time to think out of the box and tap into unexplored areas of potential cost-cutting. ∎

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