

A photograph of a man in a dark suit and blue sweater, smiling as he looks at a tablet computer. He has a bag strap over his shoulder. The background is a blurred city street. A large blue triangle is overlaid on the right side of the image.

4 Trends Shaping
the Finance Function
for Government
Contractors in 2024
and Beyond



Introduction

Amid an ever-evolving landscape, aerospace, defense and government contractors must ensure their financial operations are future-ready. Here, industry expert Miriam Rayward, who serves as Senior Value Consultant for Regulated Industries at [SAP Concur](#), a leading provider of travel, expense, and invoice management software, explores four trends that are set to shape finance and spend management practices for contractors in the coming years. Rayward delves into cybersecurity, organizational dynamics, new technology, the modern workforce, and how SAP Concur solutions can help prepare finance teams for anything.

Anticipate updates in cybersecurity

As cyberattacks and data breaches increase in sophistication and frequency, cybersecurity is top of mind for government and defense organizations heading into 2024. It is imperative for contractors to maintain the integrity of their data and financial systems, balancing that with the need for an infrastructure that is flexible enough to accommodate economic fluctuations, regulation changes and priority shifts.

Recent legislation has recommended that organizations migrate to cloud infrastructure moving forward, which can provide contractors with the computational, data storage and organizational abilities to help meet these evolving needs.

“Cloud is able to enhance scalability, achieve cost reduction and at the same time ensure that you have an infrastructure that can adapt to new security or regulatory requirements,” says Rayward. “It also provides a level of flexibility, which helps future-proof processes.”

While cloud can safeguard systems and put the right controls in place, finance divisions must also have the ability to constantly evaluate their infrastructure. Systems, processes and policies must be both secure and aligned with an organization’s overarching strategic goals.

“If we’ve learned anything, it is that the only constant is change. It’s important to have a strategic view and understanding of the things that are going to be constant, then fitting in nuanced approaches to achieve those outcomes,” explains Rayward. “Look forward and ensure that the tactics and policies flow from that strategic view.”

Leveraging data and analytics provides the means to assess and optimize spend management operations. However, controlling access to sensitive financial data is crucial. Hierarchical access levels and data anonymization can protect sensitive information and maintain compliance.

“Implement the infrastructure that allows for that data privacy and security, but then establish the right hierarchy of who has access to what,” says Rayward. “This is where the cloud is pivotal again. It is at the forefront and at the center of ensuring the right access to the right people at the right time.”

Where SAP Concur can help:

In addition to its global commercial platform, SAP Concur offers [Concur Cloud for Public Sector](#) built on AWS GovCloud specifically for government and government-adjacent organizations. These solutions ensure the highest security standards for organizations to meet specific needs, while still providing the level of internal flexibility necessary to meet the complexities of changing requirements.



Break down silos

Amid an increase in mergers and acquisitions, finance teams must also create a more cohesive and efficient approach to spend management. Within many large organizations, separate departments have grown accustomed to operating with their own legacy processes and systems, resulting in silos that hinder communication.

“You may have accounts payable (AP) on one hand, running their show, procurement on the other running a very different show, and sometimes you have a separate travel and expense manager, all reporting to the chief financial officer,” says Rayward. “The IT teams are also in the mix trying to put the right systems in place, but need guidance from AP, travel, expense and finance to make the best decisions. So how do you bring everybody together to ensure that you’ve got the right technology for the right teams addressing the right challenges?”

The path to streamlining operations and improving collaboration involves engaging various stakeholders. All relevant parties should be part of decision-making to ensure that resources and processes align with the organization’s broader strategy. And technology should act as the enabler that brings together disparate departments and aligns efforts.

“If you have no technology integration within different systems that map out to different processes, you have a huge risk of lack of visibility and transparency,” says Rayward, noting that when systems can effectively communicate and share data, it becomes easier to identify inefficiencies and bolster collaboration.

Where SAP Concur can help:

SAP Concur’s platform breaks down silos by integrating travel, expenses and AP through [Concur Travel & Expense](#) and [Concur Invoice](#). And tools like [Consultative Intelligence](#) help gather advanced data and analytics and can produce customized reporting and dashboards tailored to the unique needs of different departments. These insights allow government contractors to strategically fine-tune their systems to meet user expectations and adapt to changing needs.

Embrace new technology

The proliferation of emerging technologies, notably AI and machine learning, is poised to revolutionize spend management for contractors. AI can improve efficiency and accuracy of expense management, working to cross-reference dates and verify costs, allowing its human counterparts to focus on more pressing tasks.

Moreover, automation can help enforce compliance with company policies and external regulations, which can be a daunting task when dealing with numerous receipts.

“How do you ensure consistency across the different auditors that are looking at the different receipts? Say a receipt has the word ‘Margarita’ without context — does that mean pizza or a drink? If it’s a drink there might be policy restrictions on expensing alcohol,” explains Rayward.

“Where you would normally have to go on the restaurant website, check the menu and prices to determine, artificial intelligence does all of that lift on its own and can apply different rules.”

However, it’s important not to become too caught up in the plethora of tools available. Selecting and implementing new technologies in the finance and IT sectors necessitates careful consideration. For most organizations, the primary factors in this decision-making process should be integration and security. New tools need to seamlessly integrate with existing systems, ensuring that data flows efficiently among different components of an organization.

“The right balance needs to be found between how we work, how we incorporate the new technologies and leverage all of the fantastic things that it can do without potentially exposing ourselves to an undue risk,” says Rayward.



Where SAP Concur can help:

SAP Concur has embedded AI technology within its platform to ensure seamless, integrated experiences throughout the travel and expense journey. From simplified booking with [Concur Travel](#), to capturing spend with [Expenselt](#), receiving a guided walk-through of the expense process with [Concur User Assistant by WalkMe](#), all the way to helping the back-office streamline the auditing process with [Verify](#) and [Concur Detect by Oversight](#).

To introduce even more intuitive functionality, SAP is also working to incorporate Generative AI into various tools set to become available later this year.

Adapt to the modern workforce

Just like the technology landscape, the workforce landscape is undergoing transformation. Remote and hybrid work environments are here to stay and, as the 'great resignation' changed who is in the government space and the 'great retirement' on the horizon, a new generation of employees are entering the workforce. Organizations must have the right tools in place to manage spending and expenses in this new era.

"As we're taking our work into our home, the expectation is that the same experience we have interacting with technology in our personal space is going to be matched, if not improved or increased, with the technology that we use for the organization we work for," explains Rayward.

User-friendly tools, mobile-friendly solutions, and streamlined expense reporting can enhance adoption and efficiency, making it easier for remote or mobile employees to manage their expenses and stay in compliance with company policies.

"Let's think about the travelers of the 21st century, they're booking their trips on the phone," says Rayward. "Organizations should have the tools that allow users to do that, different apps, like Uber, hotels, flights, etc., should be able to connect directly to expense reports so information seamlessly enters the platform."

As the lines between personal and business become blurry, especially with the uptick in non-traditional benefits like home wi-fi and gym memberships that are becoming more important to hiring and retention efforts, finance teams must always uphold compliance.

"One of the ways to do this again requires the breaking down of silos," says Rayward. "Every time a new benefit is added, everybody needs to be informed and on board with the policy change — whoever's going to be expensing it, travel managers if necessary, auditors, tax experts, and payroll."

Where SAP Concur can help:

SAP Concur's customer-centric approach has allowed them to develop and implement solutions that cater to the changing needs of organizations and their workforce. [Concur Travel](#) gives employees the freedom to book travel, upload data from anywhere and stay updated on policy compliance.

Additionally, [Concur Benefits Assurance by Blue dot](#) can automatically look through all expense reports, then classify line items that could potentially be taxable employee benefits, and send a report to all relevant teams, ensuring controls remain in place while still providing flexibility to employees.

Ultimately, with the right infrastructure, effective communication, and secure user-friendly tools, government contractors can successfully modernize their finance function and be ready for whatever the future brings.

"SAP Concur is uniquely positioned because we've been in this business and we have grown with our customers and their needs," says Rayward. "We evolve our solutions as we see these needs arise. We understand how the world is changing and are always getting feedback from our customers as their challenges change. This is how we're able to deliver the right technology and will continue to deliver the right technology."

[Learn more](#) about how SAP Concur can help your organization modernize financial operations.