

BOX

SCALING FOR GROWTH

-  **CUSTOMER**
BOX
-  **LOCATION**
Los Altos, CA
-  **INDUSTRY**
Technology
-  **COMPANY SIZE**
1,000 - 1,500

Box (www.box.com) has been a Silicon Valley success story, growing rapidly for a decade before its successful IPO in 2015. Box transforms the way employees share, manage and collaborate on their most valuable corporate information. Box allows every employee to securely work across teams, with customers, and with partners - on any device, anywhere.

Box's rapid growth in the years leading up to the company's IPO brought challenges as well as opportunities to their Finance and IT teams. As the company's operations grew, it became difficult to keep up with the pace of growth. The company's Accounts Payable (AP) team found itself drowning in a sea of paper invoices and emails from suppliers. Precious time was wasted waiting for approvals. In 2013, the company launched an initiative to take Procure-To-Pay (P2P) processes and tools to the next level in order to fuel further growth and prepare for an IPO. The main objectives of the initiative were:

- Efficiently Scale for Growth
- Improve Purchase Order Compliance
- Better Visibility and Accrual Management
- High Adoption by Users and Suppliers

The Box team selected Coupa's industry-leading Spent Management solution as a strategic extension to their NetSuite ERP system, consistent with their cloud-first IT strategy. The Coupa solution was implemented and rolled out across to the entire company around the world, including integration and user training, in 6 weeks.

TAKING FINANCE TO THE NEXT LEVEL

In 2013, Box realized that it needed to gain visibility into and more actively manage its rapidly growing spend. The company was adding employees and suppliers at a record pace to fuel growth. While the Netsuite ERP system at Box provided a strong foundation, it was clear to the Box Finance and IT teams that a more robust solution was needed. They simply were not getting the results they hoped to achieve. End users found the existing tool cumbersome, even for basic functions. Users often went around the system. Lack of adoption fueled more lack of adoption. The team suffered from limited visibility into corporate spend, all the



BY THE NUMBERS

- ▶ 3,500+ SUPPLIERS ENABLED, DOING BUSINESS FROM 35+ COUNTRIES
- ▶ 90+% CONTRACT COMPLIANCE DRIVES SAVINGS AND SERVICE LEVELS
- ▶ 400% INCREASE IN USER ADOPTION
- ▶ 80% REDUCTION IN TIME TO CREATE A REQUISITION

"It all starts with getting users in the system and being able to accurately capture what you're spending"

**ANDREW CHAPELLO,
MANAGER, BUSINESS
SYSTEMS,
BOX**

way from initial requisitions through invoice processing to supplier payment. Getting suppliers to stop sending paper invoices and move to electronic invoicing had been difficult. In order to take its financial operations to the next level, Box needed a best-in-class strategic extension to its ERP system.

The Box team was careful to strike a balance between solving immediate problems and improving longer-term processes in preparation for an IPO. They knew that quick and easy adoption by employees and suppliers would be crucial to achieving success.

Rather than simply rebuilding their current processes inside a new tool, Box carefully reviewed their spend management processes for opportunities to improve efficiency and to ensure prudent spending. The Box team understood very clearly that every dollar of realized savings would fund additional growth and increase the value of the company. Some of the key improvements included (i) Simplified Approvals to reduce cycle times and improve user adoption, (ii) Pre-Approved Purchases, ensuring that Box spent money against negotiated contracts, thus avoiding unnecessary spend, and (iii) Approver Tools, giving purchase approvers the right tools to make better decisions and maximize budget compliance. The Box team worked hard to define their desired end state early - this meant that they could evaluate spend management vendors against clearly-defined success criteria and truly partner with their vendor of choice to drive real results and savings.

RAPID GROWTH AND SCALE CHALLENGES

High-growth companies often struggle to keep up with the rapid expansion in purchases, suppliers, and invoices. AP teams become overwhelmed in a sea of paper, and suppliers are left feeling underserved and largely ignored. Some of the common symptoms of trouble in Accounts Payable include duplicate payments and late fees. This is where Box found itself in 2013. Box's team realized that they needed a unified spend management solution that was "dead simple" so that employees and suppliers could pick it up with no training required.

RAPID ROLLOUT AND ADOPTION

Box selected Coupa's Spend Management solution to extend NetSuite using Coupa's easy-to-manage workflows, in-context analytics, and the Open Business Network to ensure best-in-class financial processes and supplier adoption. Configuration of workflows, data model, and business rules was driven by the Box business team, minimizing the burden on the IT team and accelerating timelines. With out-of-the-box integration tools and the help of Coupa's integration team, integration was quick and easy. Training was completed in a single week. Videos and FAQs were created to help employees as they learned the new system, and live sessions were held for a small number of users who would manage more complex back-office tasks. Suppliers were notified by email that Box would be moving to a new system. The entire global rollout took approximately 6 weeks from signing of contracts to implementation, testing, training, and rollout.

Following the initial implementation, Box's selection of Coupa began to show results very quickly. Users appreciated Coupa's ease of use and the ability to complete approvals directly from email without having to log in to the system. Adoption by employees and suppliers was extremely high with minimal training. The Finance team was able to close the books in a timely fashion for the period immediately following the rollout. This smooth rollout and lack of business disruption was achieved at a time when volumes of transactions and suppliers were growing exponentially. The number of invoices processed increased by more than 10 times, and the number of suppliers grew by more than five times.

EFFICIENT OPERATIONS

With Coupa, Box improved operational efficiency in spend-related processes end-to-end, from supplier onboarding to invoice payments. The process review completed at the beginning of the project let Box simplify processes in some areas while formalizing processes in other areas where they had been lacking, such as in vendor management. This resulted in more streamlined and better-adopted processes. The time needed for users to create purchase requisitions fell by 80% following the implementation of Coupa. Today, approvals can easily be completed from email on a mobile device by a busy manager rushing between meetings, reducing approval cycle times to less than one day.

Suppliers end up winning as well. With Coupa, suppliers can go fully electronic with the added ability to receive status updates by email or check the status of a PO or Invoice at any time through the Coupa supplier portal. Reduced paper processing and fewer supplier escalations have reduced the workload of the Box AP team. With Coupa, duplicate payments and late fees have fallen drastically, putting the AP team firmly back in control. "Giving the people who manage our supplier relationships new tools that let them deal with 100 things, where they used to be able to deal with 10, lets our AP team operate with the highest degree of leverage and efficiency", said Andrew Chapello of Box.

As a leading provider of enterprise IT solutions, Box looks for IT solutions that are best-in-class from both the user experience and IT perspectives. User-facing software should be intuitive and easy to learn. Applications should be easy to implement and integrate with other systems. Applications must be secure and provide robust access control, reporting, and access to data. Coupa provides all of the above, along with simple administrative tools that make it easy to manage business rules and set up new locations around the world. "From an IT perspective at Box, the maintenance burden for Coupa has been very low", said Chapello.

ACCURACY IN ACCRUALS

With any company, sound financial reporting and cash management depend on having an up-to-date and accurate picture of liabilities. It is often difficult to accurately report on the outstanding commitments that haven't yet been accurately invoiced by suppliers. AP needs processes and tools to match invoices against what was requested and what was actually received to realize this accuracy.

Box was able to achieve this accuracy by ensuring that purchases are made against POs and that invoices are submitted by suppliers through Coupa. Invoices are reviewed in Coupa where necessary to determine if additional goods or services were received beyond the invoiced amount. All POs and Invoices passed to NetSuite via integration and any accruals are entered in the company's general ledger in NetSuite.

PUBLIC MARKET DEMANDS

As Box's executive leadership began to consider an IPO, the finance organization understood that investors in the public markets and the company's auditors would have very high expectations in terms of accuracy in financial reporting and stewardship of company resources. Experienced leaders were added to the team who brought new vision on how to handle the growth in operations and put the necessary processes in place without slowing down the business. This new leadership emphasized the need to have clearly defined spend management policies and processes. The company would need to have a very accurate understanding of current liabilities. Company processes around budgeting and approvals must be well developed and systematically executed. Questions such as "who can approve what?", "who needs to be notified?", or "how is this reported?" must be clearly answered and codified into operational tools. Investors in the public markets expect accuracy in financial reporting, that the company's money is spent wisely, and that profitability targets are met or exceeded.

SPENDING WISELY

With Coupa, managers and employees can easily manage spend in smarter ways. For companies experiencing a high rate of change, budget compliance is very difficult. With Coupa, employees get an easy-to-use shopping experience which ensures that the company's spend is on-PO and on-Contract. The company's negotiated contracts can easily be supplemented with the Coupa Advantage program, providing 10% - 15% savings in common categories from Day 1 for no additional fee. Higher spend under management and a fuller portfolio of negotiated categories means that companies can stop paying full retail price without adding administrative burden or delay. Managers get real-time reporting on actual spend vs. budget. Each purchase request that a manager reviews includes the impact of the proposed spend to the manager's budget. Improved realization of negotiated discounts and terms, as well as more informed purchase request approvals, ensure that the company's money is spent wisely. In all of these ways and many more, smarter spend management with Coupa helps companies like Box manage the bottom line and improve long-term shareholder value.