

## **Spend Analytics Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

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### **Report description:**

The spend analytics market is expected to reach a CAGR of 17.9% over the forecast period 2022-2027. A new generation of solutions is quietly gaining significant traction with AI approaches. With the increasing need for supplier and market intelligence, technology giants such as IBM, Coupa, and TAMR are up to some very innovative developments which are expected to gain traction in the future.

#### Key Highlights

Spend analytics is the process of gathering, cleaning, classifying, and analyzing spend data using either specialist software or one-time spend cubes. Spend analysis evaluates spending data to reduce expenses, improve efficiency, or strengthen supplier relationships.

The market studied is expected to have more opportunities to expand in the next years due to the increasing popularity of mobile applications and the increased demand for cloud computing technologies. Big data's expanding importance and cloud computing technologies are two key factors that impact a company's requirement for business intelligence. Data generation increased tremendously due to digitization, which also altered the use of data. A key accelerator for digital transformation is cloud. It offers flexibility by eclipsing conventional data processing and accessing possibilities by delivering real-time synchronization across the cloud or on-premise. The market studied appears to be expanding overall.

Advanced analytics, quick insights, and cloud strategies transformed the digital landscape around personalized customer experiences, omnichannel networks, and agile supply chains. IBM and Oxford Economics study indicated trends in retail, with a shift to cloud hosting environments expected to gain traction for the retail sector. The study showed that, on average, only 22% of applications were in the cloud in 2018, going up to 40% in 2020, and estimated to reach 57% by 2022. About 61% of respondents stated investing in the cloud became the most crucial thing in 2021, signifying a quick transition to seeing huge benefits. Such a rise in the adoption of the cloud by retailers is expected to increase the demand for the deployment of cloud-based spend

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analytics.

However, the market studied for spend analytics faces several difficulties, including maintaining uniformity in business semantics and interpretations, fears about data privacy and security, and issues with a positive return on investment (ROI). Additionally, the market growth may be constrained by the difficulty of migrating from legacy systems. The future expansion of the spend analytics business may also be hampered by the lack of a defined process, the abundance of data sources, and the difficulty in transitioning from legacy systems. The market studied for expenditure analytics may also be severely hampered by the increasingly strict regulatory regulations on data security and breaches.

For instance, in March 2022, Xeeva, the AI-driven Spend Management and Procurement software firm serving hundreds of locations and enterprises globally, were thrilled to announce the release of Spend Analytics with Intelligent Opportunities and a new appearance. This new release allows Xeeva clients to analyze and act on application-generated savings and sourcing opportunities with an updated user interface.

The COVID-19 outbreak enabled companies to incorporate new features in their existing products to cater to a wide range of customers' needs during the COVID-19 pandemic. For example, SpendHQ is assisting clients in analyzing and comprehending the impact of the COVID-19 crisis on their supply chain and procurement requirements. The company created pre-built interactive dashboards using its SaaS spend analysis technology to enable clients to make crucial operational decisions as they navigate the crisis. Examples of such use cases include healthcare organizations managing their inventory of essential personal protective equipment (PPE) throughout their network of providers by using data on daily infection rates by county.

Since the pandemic, the market's growth has been rising gradually as companies focus on becoming more efficient, changing customer habits need companies to adjust to their needs, and companies of all sizes look to the future.

## Spend Analytics Market Trends

### Retail Segment is Expected to Hold Significant Share

With the increase in digitalization across the retail industry, the development of multi-channel operations, and the evolution of retail analytics solutions, the retail market has become dynamic. Since retail businesses have to manage an enormous amount of customer data, such as customer buying behavior, every interaction and data point offers an opportunity to make the retail industry more efficient and successful. Retailers can thus leverage the spend data analytics for effectively targeting customers through personalization.

Spend data analytics also allow retailers to make smart, efficient decisions based on customer behavior. This data can be viewed in real-time, allowing businesses to adjust prices quickly or alter merchandise offerings. Expanded access to valuable customer data helps companies in the industry to create a consistent experience across all channels.

The key players in the market are focusing on improving their spend management solutions and involving in strategic acquisitions to remain competitive and increase their visibility.

For instance, in February 2022, Coupa Software, the provider of Business Spend Management (BSM) solutions, announced the launch of Community.ai, a suite of next-generation spend management solutions. Coupa transforms B2B communities and how buyers and sellers engage by combining the power of data-driven artificial intelligence with person-to-person relationships. SAP SE expanded its spend analytics footprint by acquiring Ariba Inc. in October 2012. Similarly, the company is open to partnerships and acquisitions for better platform reach. In September 2021, SAP SE announced partnering with Amazon Business to enable employees to tap into millions of items on Amazon Business directly from within SAP Ariba solutions and assist with compliance with corporate purchasing policies.

The National Retail Federation estimated that sales from over retail establishments in the United States would reach more than USD 4.86 trillion in 2022. In addition, retail industry sales are expected to increase between 6% and 8%, with e-commerce retail sales expected to reach USD 1.17 trillion by 2022 with a growth rate of 11-13%. Numerous growth opportunities exist in the retail market for retail providers of all sizes, including individual direct sellers or direct marketers, large 'big-box' store operators, and

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small to medium-sized franchise unit owners. Such growth opportunities are poised to create significant data generation from the retail sector and a considerable requirement for spend management solutions.

#### North America is Expected to be the Fastest Growing Region

According to OICA, in 2021, over 13.43 million automobiles were made in North America. The North American economy is heavily dependent on the production of vehicles. Due to increasing production costs, altered supply networks, and other factors, car production decreased in the region and many other manufacturing sectors in recent years. Such automobile production is expected to enable automotive manufacturers to deploy and spend analytics to track procurement spending and operational cost. There are many businesses in the North American region, particularly in the United States, where numerous stores exist. For instance, although CVS Health had 9,939 locations across the country in 2021, Dollar General has more than 17,000 locations across 46 states. Additionally, there are nearly 9,000 7-Eleven locations nationwide. The vast number of stores is expected to enable retailers to adopt and spend on analytics solutions or services.

According to a report published by Stormforge in April 2021, 18% of respondents from North America stated that their organization had a monthly cloud expenditure between USD 100,000 and USD 250,000, and 44% of respondents expected cloud spending to increase moderately over the next 12 months. Another 32% expected their organization's cloud spending to increase significantly over the next 12 months.

In January 2021, to enable legal teams to manage their legal business with data-backed insights, Epiq, a global participant in the legal services sector, announced the debut of their advanced spend analytics product. During this period of economic unpredictability, spending solutions are offered when budgets are unclear, and cost management is essential. As a result, clients require more focused data to make wise operational decisions regarding spending.

In Canada, retail sales in the store merchandise sector took a big hit in 2020 due to COVID-19-related store and shopping mall closures. A significant growth spike followed this in Q2 2021, which reversed the previous losses. This rebound is in the process of abating. Store merchandise retail sales were up to 7.5% year-over-year in Q3 2021, a lower gain than earlier in the year. However, it was still well within historical levels, as per Statistics Canada. Overall, the usage of analytics solutions increased during the COVID-19 pandemic.

#### Spend Analytics Market Competitor Analysis

The spend analytics market is fragmented in nature, as no single vendor dominates the market, as well as new emerging players, are thriving in intense rivalry. These players aim to gain an edge over the other players through innovative product development by investing in research and development and player acquisitions. Key players are IBM Corporation, SAS Institute Inc., JAGGAER Incorporation, etc. Recent developments in the market are -

April 2022 - SAS and Microsoft could collaborate to create deep technological integrations to make advanced health analytics more accessible to healthcare and life science enterprises. The collaboration could improve healthcare interoperability by facilitating the adoption of Fast Healthcare Interoperability Resources (FHIR) standards and integrating Azure Health Data Services with SAS Health on Azure.

January 2022 - SAP SE and Icertis announced expanding their partnership for improved contract management, helping companies increase efficiency, minimize risk, and realize the whole purpose of their agreements. The partnership could include a financial investment from SAP in Icertis. It is expected to lead to a joint product roadmap and deeper technological integration to help deliver enterprise-wide value, including greater compliance, faster negotiations, and AI-powered business insights and automation.

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