

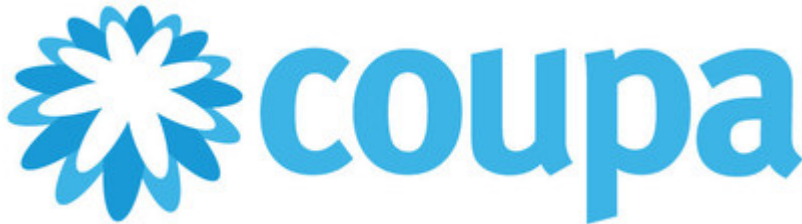


Coupa's Business Spend Index Signals Businesses Are Growing Increasingly Cautious About the Economy

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Q2 Report finds that business spend sentiment sharply dropped in response to COVID-19

SAN MATEO, Calif., June 9, 2020 /PRNewswire/ -- Today, Coupa Software (NASDAQ: COUP) announced the findings of its Q2 2020 Coupa Business Spend Index (BSI). The Q2 Report revealed that business spend sentiment dropped well below the trend line across all industry sectors with the exception of Health & Life Sciences, indicating that businesses have grown significantly more cautious about the outlook of the economy.



Leveraging billions of dollars of aggregated and anonymized business spend decisions, the Coupa BSI serves as an early indicator of macroeconomic health, giving businesses insight into where the economy is headed over the next three-to-six months.

Q2 Findings

While the BSI was already showing indications of a slowing economy as far back as Q4 2019, not surprisingly, businesses' economic concern in the midst of COVID-19 has increased significantly.

In the Q2 Report, **RFIs (the number of new requests going out to suppliers to procure goods and services) increased by 60 percent and average time to approve spend decisions decreased by 38 percent.** In prior quarters, the inverse relationship between these two factors indicated confidence in the economy. However, while the data in the current quarter followed a similar pattern as prior quarters, the interpretation is different. The increase in RFIs this quarter indicates that businesses are scrambling to find suppliers to fulfill their orders, and once goods are located, businesses are acting quickly to approve spend to purchase those items. This combination, as opposed to prior quarters, shows there is instability and uncertainty for businesses, leading to a murky outlook regarding near-term economic growth.

"The Q2 2020 BSI shows clearly the impact that the global pandemic has had on supply chains and businesses' confidence in the economy over the coming 3-6 months," **said Rob BernshTEYN, chairman and chief executive officer at Coupa.** "While uncertainty may remain a principal theme for some time, businesses can build resilience with their business spend. Today's modern technologies provide them with the visibility and control and supplier insights needed to not only navigate but emerge from this crisis stronger than before."

What to Expect in the Coming Months

- **Businesses Overall:** Sector data indicates that sentiment across most industries has fallen sharply, likely as a result of the global pandemic, with some industries more impacted than others. The Coupa BSI indicates that the U.S. economy may operate well below trend over the next three-to-six months.
- **Financial Services:** Sentiment for financial services, which had been relatively strong in prior quarters, was hard hit by the global pandemic. Declining economic activity coupled with interest rate cuts by the Federal Reserve have significantly impacted the sector.
- **Health and Life Sciences:** Despite being above the trend line, treating patients for COVID-19, coupled with the decline in non-essential services, has negatively impacted the revenue of the U.S. healthcare system, so overall sentiment has declined.
- **High Tech:** Data for the sector shows that sentiment is down slightly quarter-over-quarter. The modest decline is likely a result of trade disruptions with China impacting the shipping of technology, but positively countered by the increase in demand for technology as many people shifted to working remotely.
- **Manufacturing:** After several quarters of flat growth, sentiment for the manufacturing sector sharply declined. Just as trade tensions with China were improving, COVID-19 significantly impacted supply chains that were dependent on materials from China.
- **Retail:** Retail was the sector most heavily impacted by the pandemic. As a result, sentiment fell drastically below trend as consumers obeyed stay-at-home orders and moved to mainly shopping online.

To view the Q2 2020 Coupa BSI in its entirety, visit www.spendindex.com.

The Coupa BSI Methodology

The Coupa BSI is an early indicator of potential economic growth based on current business spending decisions of hundreds of U.S. companies. It

analyzes billions of dollars of anonymized transactions from the Coupa BSM Platform, which has cumulatively processed approximately \$1.8 trillion, to measure confidence around U.S. economic growth at an aggregate level, as well as an industry level within financial services, health and life sciences, high tech, manufacturing, and retail. The index is based on three key spend factors at a business: (1) spend volume, (2) average time to approve spend decisions, and (3) average rate of spend approval/rejection. The Coupa BSI is normalized to a baseline value of 100, which represents the composite value of the three components in the reference period (July 2016).

Note: In Q2 2020, the Coupa BSI methodology was updated with a new weighting model across all factors. The factors established in Q4 2019 remain unchanged.

About Coupa Software

Coupa empowers companies around the world with the visibility and control they need to spend smarter and safer. To learn more about how Coupa can help you spend smarter, visit www.coupa.com. Read more on the [Coupa Blog](#) or follow [@Coupa](#) on Twitter.

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