



Businesses Surge Ahead Despite Rising Delta Variant Concerns, According to Coupa Business Spend Index

September 2, 2021

Manufacturing and Retail showed significant improvement in business confidence and spend on Travel and Entertainment increased meaningfully

SAN MATEO, Calif., Sept. 2, 2021 /PRNewswire/ -- Business spend data showed continued improvement in Q3 2021, increasing nearly 3 percent from last quarter, representing continued confidence in the economic outlook according to data gleaned from the Coupa platform which is used by more than 2,000 companies.



The insights published today by Coupa Software (NASDAQ: COUP) in its quarterly **Business Spend Index (BSI), Q3 2021 Outlook**, leverage billions of dollars of aggregated and anonymized data on search, order, and pay activities to provide a predictive measure of confidence in future economic opportunity as defined by the willingness of businesses to commit to spend.

The entire Coupa BSI Q3 2021 Outlook can be accessed [here](#).

BSI Q3 2021 Insights in Key Industries:

- **Manufacturing: *Increased*** for the first time in three quarters, though this may put additional pressure on stressed supply chains as well as prices.
- **Retail: *Increased*** strongly, indicating business confidence in the sector is rebounding. Recent evidence suggests consumers are returning to brick-and-mortar locations.
- **Health and Life Sciences: *Increased***, modestly, and will likely perform near trend for the next one to two quarters though COVID variants could challenge the sector's growth.
- **Business Services: *Declined*** after three consecutive quarters of growth. We expect sector performance to continue to decelerate based on overall deceleration in the BSI.
- **Financial Services: *Unchanged***, the sector has remained stable throughout the pandemic. Income support will likely continue to prop up consumer demand in the near term.
- **High Tech: *Unchanged***, however global chip shortages could disrupt activity in the sector and reduce growth into 2023.

"Despite persistent supply chain disruptions, spiking COVID cases, and delayed return to work plans, spend per customer is up 20 percent year-over-year indicating business confidence is returning to pre-pandemic levels," said **Jeff Collins, chief economist at Coupa**. "The increases within Manufacturing and Retail are indicative of continued upward demand from consumers and businesses as the economy returns to normal."

BSI Supplemental Insights:

- **Category Insights** as measured by average spend per customer quarter-over-quarter show:
 - **Travel and Entertainment increased 106.8 percent** and **COVID Commodities decreased 31.0 percent**, indicating many companies have adjusted to existing COVID risk, and are beginning to redefine "normal" operations.
 - The **29.6 percent increase** in **Contingent Workforce** indicates that businesses are ramping up, thus needing more support as they return to normal levels of operation.
 - **Shipping and Freight decreased 25.2 percent**. Price and volume could be leading to this decline. Previous quarters saw substantial growth and supply chain bottlenecks that caused significant price increases, but supply chain disruptions are starting to abate.
- **Flow of Goods:** Orders per supplier from China to the U.S. **declined 8 percent**, a significant reduction from pre-pandemic levels. After continued supply chain disruptions, companies are potentially looking to diversify their global supply base to protect against continued risk.
- **Supplier-to-Buyer Ratio:** On average, companies **doubled the number of suppliers** they are using in 2021, as compared to pre-pandemic levels. This likely comes as companies make strategic shifts in how they operate to ensure long-term resilience.

"Looking at category-level spend provides insights into the speed with which business activity is returning to normal," said Dr. Collins. "The rise in Travel and Entertainment last quarter is an early signal that companies are becoming more comfortable returning to pre-pandemic levels of engagement, at least internally."

The Coupa BSI Methodology

The Coupa BSI is a predictive measure of business confidence, produced by combining the power of data on business spending within the Coupa Community with the intelligence of statistical models, and from which we derive 13 factors representative of business spend decisions grouped into three categories to provide clarity and preserve anonymity:

- **Search:** This set of inputs measure early-stage activity in the Business Spend Management (BSM) process. Search includes, for example, a measure of Sourcing activity indicative of improving or declining confidence in future economic opportunities.
- **Order:** A set of inputs that measure Purchase Order creation, which represents the commitment to spend. Order includes both spend and transactional volumes and is positively related to increased confidence in the economy.
- **Pay:** A set of inputs that measures Invoice and Expense volume. Pay comprises transaction volumes related to spend which has been incurred. This includes business travel spend which is highly sensitive to changes in business confidence.

We use our proprietary algorithm for variable selection from Coupa's Demand Modeler to choose the optimal group of variables to best predict economic activity. The Coupa BSI is normalized to a baseline value of 100, which represents the state of business spend in the baseline reference period (January 2018) computed using the dynamic factor model with the three grouped factors.

Disclaimer: The findings of the BSI are not necessarily indicative of trends happening with Coupa's business.

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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