

# Coupa Business Spend Index Reveals that Business Spend Sentiment is Gradually Improving for Third Consecutive Quarter

Modest gains in Retail, Financial Services, and Manufacturing drove overall improvement, but spend sentiment remains below trend

SYDNEY 10 FEB, 2021 – Coupa Software (NASDAQ: COUP) has published the findings from its Business Spend Index (BSI), Q1 2021 Outlook. The Coupa BSI analyses billions of dollars of aggregated and anonymised business spend decisions across Coupa's platform, often serving as an early indicator of macroeconomic health over the next three to six months. The Q1 Outlook shows that business spend sentiment is gradually improving (an increase of 2.9 percent), but is still below trend.

Data from the past quarter shows the following year-over-year changes in business spending:

96 percent decrease in business spending on air travel  
25 percent decrease in business spending on office supplies  
11.5 percent increase in business spending on technology, including hardware, software, and services  
22.8 percent increase in contingent workforce spend  
12.3 percent increase in business spending for shipping and freight

“While the Coupa BSI Q1 2021 Outlook shows modest improvement overall, a return to trend is unlikely until the number of new COVID cases reported daily has been significantly reduced,” said Jeff Collins, chief economist at Coupa. “Although government action to combat the economic consequences of the pandemic has likely mitigated the depth of the downturn, we do not expect the U.S. economy to return to ‘normal’ levels of output or employment in the next three to six months.”

Spend Sentiment by Vertical Industry:

**Financial Services:** Although below trend for the last four quarters, the sector is improving bolstered by refinancing activity, stimulative fiscal policy, and continued accommodative monetary policy by the Federal Reserve. Improved spend sentiment for Financial Services implies the sector is expected to contribute more positively to U.S. GDP growth for the next three to six months.

**Health and Life Sciences:** Spend sentiment for Health and Life Sciences declined sharply from the previous quarter. The sector has been hard hit by the resurgence of COVID-19 cases and is expected to remain below trend for the next three to six months.

**High Tech:** Confidence in the tech sector, which has remained high throughout the pandemic, is now returning to trend. Companies in this sector are expected to benefit long-term from changes brought about by the pandemic and continue to contribute positively to U.S. GDP growth for the next three to six months.

**Manufacturing:** Spend sentiment for Manufacturing rebounded, but is still well below the trend line. Demand is expected to increase as vaccinations and warmer weather reduce the negative impact of the pandemic on the sector.

**Retail:** The Retail sector continues to improve but is still below trend, as uncertainty caused by layoffs and business shutdowns persist. However, stimulus checks and low interest rates are expected to mitigate the impact of the pandemic in the months to come.

To view the Coupa BSI Q1 2021 Outlook in its entirety, visit [www.spendindex.com](http://www.spendindex.com).

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

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 analyses billions of dollars of anonymised transactions from the Coupa BSM Platform, which has cumulatively processed over \$2 trillion in business spend, 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 measurements related to business spend: (1) spend volume, (2) average time to approve spend decisions, and (3) average rate of spend approval/rejection.

The Coupa BSI is normalised to a baseline value of 100, which represents the weighted composite value of the three components in the baseline reference period (July 2016). The weighting methodology is periodically updated based on recalibration of the model. This was most recently done for Q4 2020.

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