Vendor Profile

Soldo: A Centralized Way to Manage Decentralized Spending

Charles Aladesuru   Edyta Kosowska   Ashok Patel

IDC OPINION

The role of European CFOs has changed significantly in recent years. CFOs are no longer regarded as bookkeepers; rather, they are perceived as strategic business advisors that support growth and innovation and are responsible for compliance with financial regulations. Given the various economic and geopolitical turbulences they face at present, one of their main areas of focus is cost optimization.

To perform their evolving functions, CFOs need access to reliable, up-to-date financial and operational information. However, many organizations in Europe still face challenges in accessing real-time financial data, especially data about decentralized spend among business functions or business units. The data, which is often fragmented, incomplete, and outdated, hampers multiple financial processes, including month-end processes.

This access to low quality data, combined with the increasing complexity of corporate spend and manual approval workflows, often results in overspending, poor resource allocation, and uninformed decision making.

The understaffing of the finance function — which needs to perform a variety of tedious, manual tasks — is an additional pain point for CFOs. Consequently, finance teams often have no time to proactively improve and implement change. According to a recent IDC survey, 60% of finance representatives in Europe claim that the finance function is consumed by meeting the day-to-day needs of the business or making reactive (but necessary) improvements.

FIGURE 1

Finance Function Operations
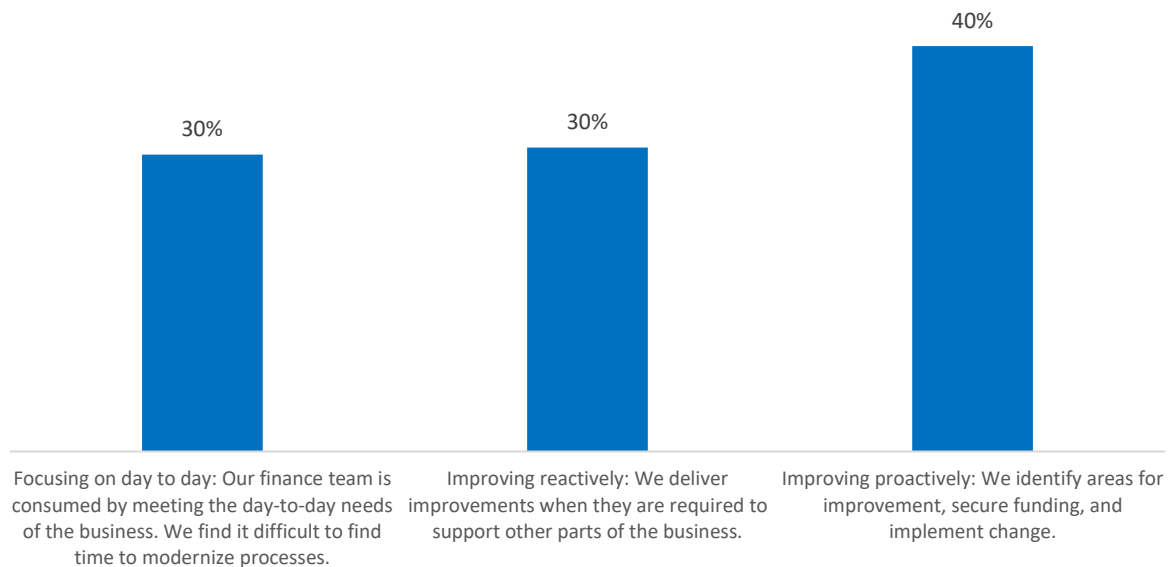
Source: IDC EMEA Enterprise Applications Survey, 2024, N=305

This IDC Vendor Profile offers an overview of Soldo, a U.K.-based provider of spend management software for multinational enterprises and small and medium-sized enterprises (SMEs).

SITUATION OVERVIEW

Company Overview

Soldo was founded by entrepreneurs and banking experts in the U.K. Established in 2015, Soldo is a financial services and software company that offers spend management solutions. Soldo originally referred to a low-denomination Italian coin used in the medieval period. The name is thus indicative of the company's aim to address the frequency by which organizations handle small additional expenditures.

Maintaining a healthy cash position has been a constant focus area for many organizations. However, with decentralized spend spread across organizations, the capturing of spend data and control over expenses remains challenging. Soldo aims to aid organizations in tackling these pain points. Soldo's cloud-based solution provides greater control over company spend while delivering real-time visibility and traceability for decentralized, cross-department spend.

Soldo creates alignment between traditional finance and operational spend-related processes via its payment and spend management platform. It does so by automating all spend-related financial processes, from the decision to spend to reconciliation.

IDC has observed the following:

- Soldo raised $180 million in its most recent round of Series C funding in 2021, led by Singapore-based investment company Temasek.
- After onboarding its first customer in 2017, Soldo has since garnered an impressive 25,000+ customers across 30 countries. Some of its notable international clients include Warner Bros, Brooks Running, and Bauli.
- Soldo currently has four office locations across Europe – one office in the United Kingdom (serving as its headquarters), one in Ireland, and two in Italy. Soldo solutions are available in France, Germany, Spain, the Benelux region, and other European countries.

Company Strategy

Soldo's strategy focuses on helping organizations simplify their spend management operations and transition to proactive (rather than reactive) spend management. It does this by combining prepaid physical and virtual cards (that are managed by Soldo's financial services organization) with spend management software that is accessible through a user-friendly web platform and mobile apps. Through these cards and software, the vendor enables users to gain real-time control over spending and take more a centralized approach toward decentralized spending across their organizations. Additionally, the vendor relieves administrative and employee overheads by reducing manual processes, boosting efficiency, and improving visibility for the finance function.

Soldo caters to a diverse array of organizations, from startups and SMEs to large corporations. The CFO is Soldo's obvious customer within large organizations, as its software aims to resolve the challenges such financial executives face in managing decentralized spending. However, given the broad use cases of Soldo's physical and virtual cards, operations and procurement heads, as well as marketing, sales, and other business leads, can also be natural clients of the company (as the commonplace ad-hoc and nomadic spending in their departments can cause challenges). In smaller

organizations, Soldo is likely to be of interest to company leaders and accountants owing to its ability to help reduce the risk of unauthorized spending through prepaid cards, easy-to-manage permissions, and fund-access processes.

From a spend perspective, Soldo aims to revamp three core types of decentralized spend:

- **Nomadic spending:** This covers spending linked to travel and expenses. This spending will often be subject to specific corporate policies that can be managed through Soldo's application.
- **Planned decentralized team spend:** This covers procurement expenditure that is budgeted for and part of an employee's day-to-day role, but not covered by the structured centralized procurement process.
- **Unpredictable team spending:** This covers spending that is unpredictable in terms of timing and amount, but which would be included within budgets.

While Soldo can thus act as a travel and expense management system, it has the potential to capture a much broader variety of spend across an organization. The inclusion of decentralized team spend – both predictable and unpredictable – is where Soldo strives to stand out from the competition and set itself apart from more traditional expense management solutions on the market.

Soldo's platform allows users to proactively set fund allocations and decentralized spending rules in advance, establishing set funds for specific teams and allowing financial controllers access to granular permissions that can tailor each card to a user's specific needs. This capability enables employees to freely spend pre-allowed funds via corporate cards without the risk of unauthorized spending. Through such approach, organizations can benefit from increased:

- **Governance**. Managers and the finance function can limit spending via a range of filters, including countries, segments, and even specific retailers, ensuring cards can only be used in line with an organization's policies. This limit can be adjusted in real time, adding significant flexibility to the organization's spend management.
- **Cost control.** The finance function can get real-time visibility of decentralized spend, thereby enabling more accurate and frequent forecasting and proactive cash flow management.
- **Employee empowerment.** Employees are given solutions that allow them to perform their tasks more efficiently and dedicate more time to more value-adding activities.
- **Business agility.** Employees can spend when needed, without unnecessary delays, enabling organizations to be more agile in answering ever-changing market conditions.

Tackling spend management in isolation, while somewhat useful, can only add so much value to organizations. For this reason, Soldo's solution seamlessly integrates with various accounting and financial software, including Sage, Xero, Quickbooks, NetSuite, Microsoft Dynamics 365 Business Central, and SAP Concur. Through the Workato platform, Soldo offers hundreds of integrations with systems such as SAP Business One, SAP HANA, Oracle EBS, Workday, FinancialForce, as well as human resource platforms such as BambooHR, Personio, and Taleo.

In addition, Soldo's solution supports the transfer of data to other enterprise resource planning (ERP) systems through custom templates. In cases where an existing connection does not exist, the vendor can work with end users to create custom templates in CSV or XLSX formats. Using such templates, users can easily export transaction data from Soldo in a format that is suitable and readily digestible by ERP systems and other applications. While this process may be less seamless than a direct integration, it allows organizations with heavily customized ERP systems to incorporate Soldo into their portfolios without affecting existing customizations and business processes. Moreover, the vendor is exploring opportunities to expand integrations with other types of ERP systems, in addition to human capital management (HCM) applications.

FUTURE OUTLOOK

From a market perspective, IDC data shows that the combined financial and procurement applications markets in Europe totaled $15.3 billion in 2023. There is considerable potential for growth, with the combined markets forecast to grow at a five-year compound annual growth rate of 9% through 2028.

From a vendor and product perspective, Soldo operates at the fringes of the financial and procurement application markets. It plays a key role in addressing a major pain point for organizations by allowing them to streamline processes across different functions. Soldo has thus found a market niche that was largely unexplored by most of the top application providers in Europe. This niche has already borne fruit for the vendor, and with the significant growth forecast of the enterprise applications market in Europe, it has the potential to expand its coverage in the region and significantly grow its European customer base.

ESSENTIAL GUIDANCE

Advice for Soldo

- **Ensure the clarity of messaging:** Soldo may face challenges with positioning its offering in the market. Soldo's offering is not a simple expense card management solution. Rather, it is a robust software solution that offers a comprehensive level of granularity (in terms of detailing spending and customizing card permissions). Soldo can therefore play a key role in helping organizations get to grips with their decentralized spend – an area that is often the bane of CFOs and finance functions. Soldo must ensure customers have full understanding of the depth and simplicity of the available customizations, including the ability to adjust permissions in real time.

- **Explore opportunities to expand into new markets.** Soldo is already present in several key markets in Europe, and continued expansion in the region should be a key short-term goal. Given that Soldo already supports spending in British pounds and euros, there is still huge potential to expand coverage in the Eurozone. However, there are some key markets the vendor has yet to tap into, including the Nordic countries, Poland, and Switzerland. Such expansion would add the extra complexity of dealing with additional currencies but could also present significant growth opportunities for the vendor. Similarly, the U.S. presents huge opportunities for customer growth since Soldo already offers dollar-based solutions. However, Soldo must explore the potential implications of expanding into these markets on its financial services business and ensure it remains compliant with local and international regulatory requirements.

- **Expand connections and integrations:** While current integrations offer considerable benefits to users, Soldo can do more. The vendor supports integration with many of the major financial applications; however, connections with ERP systems are limited, with Soldo preferring to rely on customized templates for CSV and XLSX files. While the vendor is already exploring new integrations with HCM applications, there is considerable potential to expand integrations with other ERP systems as well. With SAP and Oracle holding significant market share in key markets in Europe and a plethora of other ERP systems deployed extensively in the region, expansion of Soldo's ERP integrations could benefit both the vendor and its customers. Moreover, integrations with other systems, such as supply chain management systems, may also be worth exploring given that many organizations are ramping up their software investments, driven by their need for improved data flows.

- **Explore opportunities to incorporate AI, particularly generative AI:** IDC data shows that nearly 60% of end users say AI is critical or very important in their selection of enterprise applications. However, adding AI for AI's sake is unlikely to benefit Soldo or its customers. As such, Soldo must explore use cases with customers and determine where and how AI could be incorporated into its offerings. By doing so, it can ensure deployments are successful and guarantee AI serves as a value-add for customers.

Related Research

- *Yokoy: Applying AI to Invoice Matching and Expense Management* (IDC #EUR151976524, March 2024)
- *Generative AI Use Case Taxonomy: The Finance Function* (IDC #US51940924, March 2024)
- *Where does Generative AI Sit on Enterprise Applications Vendors' Priority List?* (IDC #EUR151978624, March 2024)
- *European Financial Applications Market Forecast, 2023-2027* (IDC #EUR151076523, September 2023)
- *IDC Market Glance: European Financial Applications, 1Q23* (IDC #EUR150546023, May 2023)

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IDC U.K.

IDC UK
5th Floor, Ealing Cross,
85 Uxbridge Road
London
W5 5TH, United Kingdom
44.208.987.7100
Twitter: @IDC
blogs.idc.com
www.idc.com