

Note: Full transcript edited for clarity and brevity.

Introductions

Katja Gagen: Welcome, everyone. Thanks for joining our webinar to learn how Scale AI transformed their expense management. My name is Katja Gagen, and I work in external comms at Brex. I'm excited to bring you today two awesome speakers to talk about something that's top of mind for every finance leader: How to deal effectively and efficiently with expense management.

Erik Zhou: Thank you, Katja. My name is Eric. I'm the Chief Accounting Officer here at Brex. Josh and I actually go way back to Uber's early days. I was on the Price Waterhouse team when Josh was getting the company ready for IPO. I'm not sure how many folks would actually voluntarily choose to be in the same room — even virtually — as their previous auditors. So I just think it speaks to your grace, Josh, and I want to thank you for joining me today.

Josh Waldron: Thank you, Eric. I appreciate that, though I've never kept any hard feelings with my auditors. I'm super excited to talk with you today about Scale and Brex. My name is Josh Waldron, the VP of Finance and Accounting at Scale AI.

Josh Waldron: Brex Empower is one amazing platform that can empower companies to help transform their expense management processes and systems. That aligns with us at Scale, where our mission is to accelerate the deployment of AI by providing the infrastructure needed to power all of your ambitious AI projects.

About Brex Empower

Erik Zhou: Brex Empower is Brex's corporate card and spend management solution. We offer a single view of all of your company's T&E spend through this platform. Not only do we provide the software to support your processes — we're also the direct issuer and lender on the cards themselves, through the combination of both the software and the financial service. Our main focus is to make it easier for employees to adopt your company's spend management policy.

Erik Zhou: That makes it easier for accounting and finance teams to implement spend controls, monitor compliance, and maintain your books and records. And what we want to do is try to highlight how Scale has really brought this to life at their company.

Josh Waldron: Before I jump into Empower — one of the things I thought would be good to mention is how I approach everything when it comes to preparing for an IPO or scaling your processes. I use a model that I refer to as PPS — People, Processes, & Systems.

Josh Waldron: It's about ensuring, first, that you have the appropriate People in place. All of those People then feed into your Processes, making sure that you have efficient and effective processes that can capture your information accurately and timely. Then lastly, there's Systems. Ensuring that you have the Systems that will scale with your business and support you in helping to create those efficient Processes.

Josh Waldron: As we move into Empower... I would say a lot of businesses that I've worked with and audited in the past — struggle with expense management. For instance, right now at Scale one of our main issues was the follow up. And, constantly, the struggle that everyone deals with — trying to get the receipts from your employees. Or, you have an expense report that's been submitted, and it doesn't have all the information.

Josh Waldron: So there's the constant back and forth. Or just that, you know, you get a receipt that has one line on it. And you're like, okay. What did you actually spend? And what was it spent on?

Josh Waldron: Empower has transformed our ability to receive accurate information in a more timely fashion. We've increased our efficiency, eliminating a lot of back and forth and saving us hours.

About Brex Empower's accounting journal

Josh Waldron: One of the great features that I really appreciate is something that I call the journal entry feature. But through Empower, I now have the ability to go in — we'll call it just clicking a button — and it will output an Excel file that allows me to upload that into NetSuite. And so I would say there's not too many solutions out there that make it that easy for me to close the books around my expense management. It's saving us time and really making it much easier and efficient on my team.

Erik Zhou: It's a core feature — the idea of budgets and what those budgets mean. With Empower, we're bringing configurable budgets to life, making your spend management process easier across the board.

Erik Zhou: Within the budget, you can apply different aspects of your policy for specific departments and different folks. This helps them have an easier time when they're spending funds to maintain compliance. And, in turn, if they have an easier time maintaining compliance, this should give accounting and finance an easier time to perform its functions.

Erik Zhou: There's a really broad range of what's configurable for budgets. You can talk about specific limits by department or use case. You can include — or not include — specific spend categories that are allowable. And, I think, in general, this allows you to really get a lot more comfort over the issuance of corporate cards to your employee base. And it should make spend management a lot easier.

Erik Zhou: Now we can move on to a couple of use cases that Scale has implemented and how they've really helped your team.

How Scale AI uses Brex Empower

Josh Waldron: In this particular use case, we'll refer to our sales department. So, we'll set a budget. And, in this particular instance, we've set a budget for our sales team. Within the sales team, we know that they're going to be traveling to visit customers. They'll be having meals. They'll be doing plenty of different things in order to ensure that they're selling the product. We want them to be able to focus on that, rather than focus on them worrying about all the receipts. Or worrying about how they're doing as far as their budget. This monthly budget we've set allows them to essentially go out, spend on their corporate card, and it automatically applies against that budget.

Josh Waldron: The great thing about Empower is that it integrates with our HRIS system. We use BambooHR. So, anytime I have a new individual that joins the sales team, it will automatically kind of throw them into the bucket of sales. Then, they can apply against that budget of sales. So it makes it really easy to be able to ensure that — Hey, sales had a budget of let's say \$20K. And, anytime someone else joins the company, I don't have to worry about them going and spending whatever they want. But, rather, they're automatically input within that respective sales budget.

Josh Waldron: So every time they go out, and they spend, that budget is reduced at any point in time. You can go in, take a look, see where you're at within your budget, and make sure that you're able to effectively manage and utilize the budget to the fullest capacity in order to maximize that. And so it makes it very easy to monitor, to implement, and to follow the policies. Brex Empower has been a wonderful tool that we've been able to leverage in that particular example.

Josh Waldron: Moving into the next slide — one of the great things that I had mentioned earlier is all about receipts. So much time can be wasted trying to get your itemized receipt that you're seeing here. Whether you go out to dinner and you need to get the itemized receipt versus the receipt that just shows the total amount. Well, this is kind of taken care of through Brex Empower. This is an example of a receipt for a flight. You can

see that it shows the economy class. It shows WiFi, and it has that itemized detail behind it.

Josh Waldron: Which is one of the things the auditors are going to be looking for — to understand things that are supported, our expenses that are supported, and, through Empower, we've been able to be provided with these itemized receipts. It saves time, instead of my team having to go back to the sales team and say, "Hey, I saw you flew somewhere, but I need the receipt that we'll need for IRS and for auditing purposes." So, it's there, and it makes it easy. Like I said, it's a great great feature and a great product.

Erik Zhou: I know you're going to go into the accounting functionality here in a bit, because ... at the end of the day, we get all the receipts, we get all the transactions in those budgets, and we can map it to the right GL code. I think one thing that's also been very helpful for Brex, because we implemented this ourselves here — we use budgets for our sales team as well. Our sales leader can actually see all the budgets that've been handed out to the sales folks. And that person can monitor in real time, throughout the month, all the spend on T&E for all those trips that we're making to visit customers, etc. And, for that leader, that's important. It's important that he has a method in place to monitor progress against that budget, to hold himself and his team accountable.

Erik Zhou: It's been very helpful for us. So now it's not until after month-end where we allocated everything to the sales department, and that person or the leader can see it. He can see it right now, live, mid-month. And it's been a really helpful tool for us there in that way, too.

Josh Waldron: I will point out, as you can see, on the left-hand side — the accounting tab. The one thing that you want in a solution is a solution that will support you in closing. Obtaining your information as quickly as possible. So, that way, you can use that and leverage it in order to close your books. Because once you're public you have a specified number of days that you need to close in. So I would say a lot of the bottleneck can occur as you run into just obtaining or getting that information. And, so, within this accounting tab, you have the ability to access a bunch of different reports in order to get the information you need to close your books.

Josh Waldron: We have really utilized and leveraged the accounting journal in our close process. That's where I can obtain a download of all of the expenses. With Brex Empower, everything is mapped, allowing me to create the journal entry in NetSuite and close out all of our expenses for the month. It's a wonderful feature.

Erik Zhou: I think, from Brex's standpoint, this is one of my favorite features in the whole product. Because, as the Chief Accounting Officer, my main priorities are books and records, and external recording, and budget versus actual here. But, the cool thing is, I

also get to work with the product team a lot and be the first tester of a lot of our features. I just feel like my team has a lot of fingerprints on the design of this thing. And it's really been helpful for us in our own processes. And I'm glad it's been helping you and your team at Scale.

Erik Zhou: We do a lot of automation at Brex, so the tools have been really powerful. We get the transaction data directly from the corporate card spend because we're the card issuer — we're not going to some third-party issuer and trying to get the data from them. We have all the data from the card network ourselves. All the Level 2, Level 3 data for all these transactions.

Erik Zhou: That's really rich, because it tells us that the merchant category is definitely correct. And we have this other receipt data, and therefore we can automate a lot. We can say all these types of spend will create a rule where it always goes to, say, airline travel. Or, this particular spend, because it's WiFi, it'll go to an account for an in-flight WiFi if you choose to segregate it out like that. So there's a lot of just powerful customization features for the automation here that we've been able to use at Brex. And it's really sped up our accounting process.

Erik Zhou: I recall, before this feature, my team would do a weekly upload of all of our expenses. It would take us a few hours, at minimum. And, if it was high volume, even up to 6 to 8 hours. So one whole person's full day to do all that work for the week. Now, we just run this. We spent time configuring it, but, after that, it's a press of a button. And it gets all of our entries into NetSuite pretty efficiently.

Josh Waldron: You can see where significant spend is occurring. That's an opportunity to go back and look for additional savings by combining your spend with a particular customer or even negotiating rates with a vendor. There are a lot of uses with the information that's captured in the platform that you can leverage to your advantage.

Josh Waldron: Then, the last thing I would say that I have really appreciated with the partnership with Brex is... As I look for solutions, the People, Processes & Systems, on the System side, something that I look for is something that will scale with our company. The last thing I want is to put something in place and then, a year later, you're like, "Well, we've outgrown that." Then you need to start looking for a new solution.

Josh Waldron: With Brex, just within the last few months, there's continued to be more and more solutions or iterations, or even different product features that have been launched. And that's something that's great with a partner — someone that will constantly be iterating and looking for different types of things they can do in order to create efficiency and really support their customers. That's something I've really appreciated with Brex.

Audience Q&A with Josh Waldron and Erik Zhou

How does Brex Empower reduce chances of miscoding?

Erik Zhou: In the accounting journal, a feature that we recently released, we can take all the transactions that are conducted on the card and, based on the underlying information, you can create rules for exactly which GL account it's going to go to.

Erik Zhou: So it can be as simple as doing a merchant categorization for every transaction, meaning it's a restaurant or it's an airline expense or it's hotel lodging. Then, based on that automated merchant categorization, it'll feed automatically to the right GL account from that perspective. But you can create other, more customized rules.

Erik Zhou: For instance, you could do it by vendor. Sometimes you want a specific vendor that you have been spending on to go to a specific GL. You can set up that rule. You can also set up rules where, depending on which department the user is from, it will not only map to the right GL code, but it'll also map to that person's department. So you can kind of see spend being performed at that level, if you like. That's really helpful for my FP&A partners when we're doing budget versus actual. Those are different ways in which the accounting feature has been helpful for Brex.

Josh Waldron: That's exactly what we've done as well. Now you can go and create rules that will funnel your spend into those particular categories and ensure that it gets into the GL properly.

Erik Zhou: Now, the employee is no longer actually responsible for the GL coding. What we've done is taken the data that's available from our card platform itself to help automate that process.

My sales team is accustomed to using their own cards when booking flights and travel. How can I convince them to use a system like this instead?

Erik Zhou: For companies, I think there's a give and take. If you are looking for the ability to better control spend, that's a policy decision that you may want to consider. Start by telling them that Empower and the Brex card will make their lives easier, because there won't be as many reimbursement or expense reports. Now, their day-to-day workload will be lighter. And, if they want to keep using their own personal cards for spend, Empower supports reimbursements as well.

Erik Zhou: You can apply a budget and send it to a particular employee. That employee can spend on their personal card and still assign those expenses to that budget. And then

because they've seen the budget and the rules beforehand, by getting access to the system, that in of itself is preventative control of sorts before they go out and perform spend. I think there are ways to definitely leverage Empower and provide more spend control and encourage more in-policy spend, even if the employee is using a personal card.

Josh Waldron: We all love getting points by spending on our own cards, but I think you nailed it on the head. If your company wants to be able to really manage spend, see what everyone is spending on, and put controls around it, it becomes a policy decision. Do I want to leverage these tools to gain real-time visibility? Or do I want to continue with everyone using their own cards and then working through the Empower expense management system and getting reimbursed that way?

Josh Waldron: With Empower, it's easy either way. Our preference is for our sales to use Brex cards.

What's top of mind for you in 2023 when it comes to spend management?

Josh Waldron: In this current environment, it is definitely very difficult to determine what next year is going to hold for all of us. That being said, as a finance leader, one of the things that's important to me is just continuing to put the tools in place that are going to provide the visibility to the leaders that I would work with at the company to make decisions efficiently, effectively, and quickly. Having data that's available at your fingertips is critical to me.

Josh Waldron: For me, it's still around the PPS and ensuring that I am properly putting in place budgets that align with our budgets next year. Enabling us to maximize the spend that we have budgeted for — ensuring compliance while also saving my team time. It's all about obtaining accurate information so we can make quick decisions and pivot as needed.

Erik Zhou: Just for next year, one thing at Brex that we're definitely focusing a lot on for '23 is putting, and leveraging, your PPS system, Josh. I'm a big fan of that. And I think one of the things we're trying to do is expand on that for our financial planning Process. So, Empower is a big part of it. What we want to do is kind of make our allocation process for costs more robust.

Erik Zhou: That involves, Empower, as well as our NetSuite ERP and a few other softwares. But it's really expanding upon saying, "Okay, this is spend that occurred from this person or from this department." How do I best allocate it across all of the folks that benefited? Or different departments that might benefit from it. And we want to try to get a much more granular view of PnL by segment, by product, etc.

What are you most excited about for 2023?

Erik Zhou: I'm really excited about the direction that Empower is going in. Not only because it's our product. We're heavy Empower users at this company. It's brought a lot of efficiencies to the day-to-day life of most employees here. And there are also a lot of other cool features that we are releasing over the next few months. I think it's really exciting because we started off as a pure financial services company with Brex card and Brex Cash, our deposits program. But, going into this new vector, I think it's really interesting for our business. I see a lot of growth coming from it.

Josh Waldron: For me, I would say change. One of the things that I love is to look at process, look at systems, and see how I can get the most out of those by creating change within the organization. There is a lot to be done in 2023. A lot of change that will enable our business to close the books and make decisions quicker.

Katja Gagen: Thanks to you both, and all of our attendees, for joining us today. We will be sharing the recording with everyone so you can listen again. Thank you for joining us, and have a wonderful rest of the day!