

GETTING BETTER MILEAGE BY AUTOMATING EXPENSE MANAGEMENT

BY CRAIG FEARON

Regardless of your industry, right now employees in your company are traveling around the country or around the world. They may be the sales professional who spends most of his or her time on the road or the occasional business traveler, headed to an annual conference. Some will mail in slips of illegible receipts taped to a piece of paper and others will return with no receipts at all, lost somewhere on the journey. Either way, they're spending the company's money, which has to be accounted for: how much did they spend, where did they spend it and why? Your company also has to reconcile these expenses against internal company policies and external government regulations.

With an Expense Management Automation (EMA) solution, businesses can gain a better handle on expense management and realize a significant ROI. EMA not only helps reduce the costs of processing expense reports, but also allows companies to achieve greater control over travel, entertainment and other business expenses while improving employee productivity and satisfaction.

While many companies have migrated to an automated solution and are realizing the benefits of a streamlined and accurate process, a surprising number of organizations – spanning all sizes and across all industries – continue to manage expenses manually with paper- or spreadsheet-based reports. In today's business environment, especially in the case of global organizations, this is not only a risky, but an expensive way to operate.

Paper or manual processes contribute to excess labor and processing costs, pose risk for calculation errors, compliance violations and fraud, and create bottlenecks in the approval, reimbursement and reconciliation processes. These circumstances can lead to budget overruns, hefty fines and ultimately affect employee satisfaction, all of which can impact the organization's bottom line. With automated management, businesses can control and re-examine expenses on a regular basis and gain insight to company spending habits.



TAKING THE WHEEL: WHY AUTOMATE EXPENSE MANAGEMENT?

After labor costs, employee business expenses are the second largest controllable expense. When companies need to tighten their belts, they often look at discretionary expenses first. By automating the expense submission, approval, audit and reimbursement processes, organizations gain valuable insight into their employees' business expenses, spending patterns, compliance to corporate policies and preferred suppliers. Administrators in accounts payable, finance, procurement, travel and other key departments can manage policies, spend and preferred providers while reducing fraud and gaining key analysis into employee business expenses and spending patterns.

Control how company funds are spent. Spend control / policy compliance management can result in savings of 5 percent to 10 percent on total spend via real-time policy validation. With visibility into who is spending how much, what those dollars are being spent on and with whom, managers can make informed decisions before approving reimbursement, with the added ability to make adjustments if necessary.

Ensure compliance. An EMA solution provides a mechanism for the approval and audit of expenses relative to corporate governance and financial reporting requirements such as Sarbanes-Oxley. In some cases the cost of non-compliance to reporting requirements can be much greater than the savings realized through automating your expense reporting.

Detect and prevent fraud. With an automated solution, approvers and auditors detect "padded expense reports" and cases of abuse much easier than in a paper-based environment. Furthermore, an EMA system can easily plug gaps in controls once identified.

Achieve operational and procedural savings. Increase efficiency and savings through Value Added Tax (VAT) recovery, exchange rate leakage, timely re-billing of expenses, IRS deductions, unused airline ticket tracking and increased corporate card rebates. Enjoy additional savings associated with procedural costs – courier/postage fees, photocopy, paper storage and redeployment.

Conduct regular vendor analysis and negotiations. EMA dramatically improves data analytics and provides drilldown reporting to measure

spend to find new opportunities for negotiated corporate rates and preferred vendors.

Improve employee satisfaction and productivity. Save the business traveler time in creating and submitting their expense report, and reduce and ease the reimbursement process. Further enable frequent travelers with mobile capabilities to keep them productive during travel downtime such as when waiting for a flight or working in a hotel room.

Reallocate time and resources. Once expense reporting is automated, shift resources away from processing related tasks and move them to more value added activities such as analyzing expense data to identify additional areas for controls and management. Plus, with access to advanced metrics, organizations gain visibility into business expense patterns and can take proactive steps to reduce overall spend through improved communication, policies, compliance and vendor negotiations.

GOING THE EXTRA MILE: VALUE -ADDED FEATURES

When implementing an EMA solution, consider the features and additional options they can provide to make the most of your company's investment.

Corporate Charge Card Programs: Most EMA solutions can take feeds directly from corporate charge card providers and include advanced levels of data – such as airline ticket information, hotel folio and itemized purchase data. These feeds will be presented to business travelers who can easily pre-populate their expense reports from the charge card transactions, with the click of a button. This ensures 100 percent accurate transactions are entered for the expense report and relieves the business traveler from having to manually key expenses into their report.

Online Booking Tools: The challenge faced by most organizations is to bridge the information gap between the corporate travel booking and expense management solutions while not overburdening or impacting business travelers. Integrating travel booking data with expense report data gives companies answers to questions such as what

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was booked versus what was actually expensed, and ensures that employees are following travel policies and leveraging negotiated rates.

Receipts Digital Filing (RDF): Government regulatory agencies, such as the IRS, require receipts for business expenses to be stored over a certain threshold. So, what is a best practices approach to handling all of the supporting paper receipts with electronic expense reports? Available through most EMA solutions, RDF allows travelers to fax, email or scan and upload required receipts with a printed, barcoded transmittal page of their expense report. The report and receipts are electronically matched, indexed and stored at a centralized imaging server where approvers, auditors and administrators can easily access the report and receipts when needed. RDF can dramatically reduce the labor associated with managing paper and the cost of having travelers send in their paper receipts. As the receipts are now electronically maintained, they can be retained for as long as required.

Mobile Capabilities: A recent Ipsos-Reid study indicated that 92 percent of knowledge workers read, send, make or take work-related communications in non-work situations. They also found that most BlackBerry® Smartphone users can turn 53 minutes of downtime

AUTOMATION CAN BOOST YOUR BOTTOM LINE:

A \$550M revenue organization achieves \$25M in EBITDA, and spends \$20M annually in T&E expenses. EMA can help increase their EBITDA without impacting business output; the organization can save 5 percent of their T&E expenses, equating to \$1M per year. This savings has the same impact on the bottom line as \$26M in new revenue.

into productive work time each day and that BlackBerry Smartphones can increase the efficiency of an entire team by nearly 30 percent. By nature, business travelers are a mobile workforce, and in many cases spend more time out of the office than in. More and more companies are bringing EMA solutions directly to the traveler with a mobile app. Employees are able to access their EMA applications anytime from anywhere through their BlackBerry Smartphone, for example, streamlining the expense reporting process for both the traveler and the company.

THE ROAD BETTER TRAVELED

Travel and business expenses are an essential piece of every organization's costs. As many companies struggle to balance budgets and reduce expenses without affecting business output, automation becomes an effective business strategy. Because companies have

better insight and control over employee expenses – from travel and entertainment, to mobile phone use and corporate card purchases – they're better able to ensure that all spend is in accordance with company policies and negotiated rates.

With new process efficiencies, businesses are able to save on labor, storage, and postage, and streamline practices for more timely and accurate reporting, review and reimbursement. End-to-end, automated solutions are designed to simplify expense management, for improved employee satisfaction, and a bottom line that stretches for miles. ■

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