Travel and Expenses Management

How modern finance leaders balance control with employee satisfaction
Introduction

The way businesses manage their travel and expenses (T&E) is changing. Emerging technologies, an increasingly empowered workforce and new models of business travel have transformed the playing field for the finance team – even compared to just ten years ago.

During this time, the finance leader’s roles and responsibilities have also grown. They’re expected to oversee traditional finance functions, like employee expenses, as well as offer broader insights into company spend and forecasts that guide strategic business decisions.

But as more travel bookings and associated expenses are taking place outside of official channels, how can finance stay in control of the budget while gaining full visibility into spend before it occurs?

When employees go around corporate booking tools and travel management companies (TMCs) to find cheaper fares online and direct with suppliers, how can finance do what’s right for both employees and the business?
The evolution of end-to-end T&E processes

In the past, companies have not always made the link between business travel and expenses, as they’re often managed by different departments. But when you consider that around 90% of employee expenses are incurred during business trips, it becomes apparent that for finance to truly be in control of company spend, they need to have visibility and influence over the entire end-to-end process.

For that reason, many companies are aligning processes and investigating solutions that intuitively help the business manage both functions in a streamlined way. From the starting point of booking the trip to the final step of reporting and analysing spend, they’re looking for ways to remove manual steps, improve workflows and reduce costs.

Are all the expenses my team process within our travel policy?

Are our travel and entertainment receipts HMRC compliant?

Can I reclaim international VAT for employee expenses on overseas business trips?

What are we spending with our regular travel providers?
A typical business trip from start to finish

1. Book travel
   - After agreement with the employee’s line manager, the trip is booked by the company’s travel manager or directly with the corporate approved travel booking agency. Increasingly employees are booking independently through corporate booking tools, metasearch engines and directly with suppliers (decentralised travel).

2. Take business trip
   - The traveller takes the trip and incurs expenses along the way. Modern travellers use mobile technology throughout the journey for a range of services like flight updates, lounge access, seat upgrades and destination information.

3. Submit expenses
   - After the trip, the traveller submits a claim with all the relevant receipts either through a manual process like a spreadsheet, or through an automated expense system.

4. Approval of expenses
   - The claim is routed to a chain of approvers, including managers and the finance team, before being paid. This can prove long-winded and error-prone with a paper-based process in place.

5. Reimbursement
   - The employee is paid for business-related expenses incurred on the next payment cycle.

6. Reporting
   - The finance team should have access to T&E reports to ensure compliance with HMRC and regulatory laws, to predict cash flow and to identify spending trends.

80% of companies rely on T&E data that is entered by employees after the event or trip has occurred to gain visibility into spend."

---

The rise of the connected business traveller

It should come as no surprise to the finance team that their workforce is increasingly tech-savvy and mobile-reliant. According to Egencia, 75% of business travellers use their smartphones both for personal and professional reasons during their trips. Some bring as many as four devices along with them. The fact is, employees are very comfortable with digital devices and in many cases are leading the way for their employers. They’re used to always being on, especially when they’re on the go. And as the lines between private and professional become ever blurred, they expect the same level of connectivity and convenience from their company processes.

No more so than for Millennials or Generation Y employees. They make 42% more business trips than Baby Boomers (46-65 year-old group). They’re quick to use their smartphones to organise and book their own trips, often blending business and pleasure in what is being termed ‘bleisure’ travel. They’ve grown up with the internet and their expectations are higher in terms of web services, mobile applications, connection speed and personalisation. This is the generation most likely to shape the future of business travel – and to incur the most costs for the business in expenses.

A world of new travel options

At the same time, the rise of cloud technology, the sharing economy and a plethora of travel applications mean that business travellers now have more options at their fingertips than ever before. New models like that seen with Uber’s hail-from-an-app taxis, peer-to-peer accommodation like Airbnb and last-minute discount sites like Hotel Tonight are changing the travel landscape and putting more choice in the hands of business travellers.

It’s only natural that employees are trawling for better deals, more suitable travel options and ways to benefit from their membership to rewards programmes. To rise to the challenge, businesses need to give employees the right tools to succeed in an increasingly mobile- and cloud-enabled world.

---

Moving towards a decentralised model

A recent report by Egencia and Expedia found that in the UK, 60% of business travel is still centralised where travel is managed by an agency or company travel arranger\(^6\). Yet in the US, the reverse is true and 70% of companies enable decentralised travel booking (where employees don’t need to go through a travel arranger to book a business trip). The study suggests that a move to a decentralised model is likely and Europe will increasingly following in the footsteps of the US. The research also found that as businesses expand into new countries and the workforce gets younger, the higher decentralised travel will become\(^7\). Combined with technology trends, this shift would seem inevitable.

Challenges for the finance team

In light of these overwhelming travel, workforce and technology shifts, finance leaders who rely on traditional methods like spreadsheets and manual processes to manage T&E will likely feel control and visibility slip away. Without systems that can bring data together and integrate with third-party solutions, it will become increasingly more difficult for the finance team to maintain control when more and more bookings are being made outside of a central point.

Challenge #1 – Lack of visibility

Besides the inefficiencies and errors that fragmented, manual processes bring, the biggest challenge is access to cohesive data. When data is sitting in numerous silos – or worse, scattered across the business in paper form – it’s impossible to get the full picture in a timely manner. For starters, can the finance team easily access and combine high-level data from the teams who manage travel procurement and employee expenses? Can this be integrated with other finance systems like ERP, AP and HR systems for a complete view of the company’s finances? Can this be further combined with marketing, sales and other third-party software for a completely seamless and connected approach to big data management? And then, can finance drill down to see spending patterns, irregularities and even individual over-spenders?

If finance can’t access the data they need when it’s needed, they won’t be able to predict company cash flow on a month-to-month basis. Not only that, they can’t add value to the business by compiling actionable reports for key stakeholders or providing insights the C-suite rely on to make business decisions. T&E could soon become the ‘blind spot’ for the business and finance could be pigeonholed as simply the business’s administrative number crunchers.

---

\(^6\) Ibid
\(^7\) Ibid

“Buyers are no longer enforcing policy compliance on travellers and hoping for the best. Instead, they are investing in processes and education to encourage them to make the right choices...”

David Chapple, Event Director, Business Travel Show
Challenge #2 – Lack of control
Without an automated T&E system in place, the finance team will find it increasingly harder to stay on top of decentralised and out-of-policy spend before it’s incurred. Employees booking on “supplier.com” sites won’t have the company travel policies top of mind and any violations won’t be flagged until they’re back from their trip and submitting their expenses.

The extensive T&E policy probably resides somewhere on the company’s intranet and when it is updated, employees typically have no way of knowing – and neither the time nor inclination to read such a lengthy document. They won’t know who the preferred providers are or if discounts have been negotiated. The finance team also have a tricky time ensuring T&E is compliant with government regulations, such as the Anti-Bribery act, as the spend has already been incurred. Finally, they will find it difficult to report on duty of care requirements such as tracking travelling employees’ whereabouts in real time. All this can leave the finance team feeling a loss of control.

Challenge #3 – Frustrated employees
Last, but certainly not least, a business that does not move forward with the times is probably causing its employees a great deal of frustration. Employees want to use the tools and technology they rely on in their personal lives to book business travel, manage their trips, capture their expenses and process their T&E claims. They don’t want to waste time trying to memorise the company’s policies or manually entering data into their expense claims line by line. If they’ve found a cheaper flight at a more convenient time that also gives them air miles with their preferred supplier, they won’t understand why they’re being restricted. And if they are venturing outside the T&E policy, they’ll want to be alerted before they travel.

And when they return from their trip, they’ll want to be reimbursed as quickly as possible, so any assistance making the expense claim process as quick and painless as possible will go a long way towards alleviating employee frustration.

In most cases, employees want to do the right thing by the business. Solutions that automatically apply T&E policies and guide employees along the way are therefore welcomed with open arms.
Innovations changing the T&E landscape for finance

Today’s finance leader needs to be an entrepreneur. They’ve got to be just as tech-savvy as the CIO with a finger on the pulse of the latest developments that can deliver cost and efficiency benefits for the business. And that doesn’t mean they need to compromise control and visibility. Research from the Business Travel Show recently highlighted that businesses, and in particular small- and medium-sized companies, are more willing to give their travellers greater freedom to book travel independently through new travel providers and apps. They claim this could actually be driving greater compliance as companies are adopting techniques that “engage rather than alienate or punish travellers”. Here are a handful of innovations that in recent years have begun to transform how T&E is managed in the business:

Innovation #1 – Mobile integration

As we’ve seen, business travellers are using their mobile devices to book flights, hotels and cars and to stay connected to information and services during their trips. But mobile is making the end-to-end T&E experience even smoother. Travellers can ditch paper receipts, which are notoriously hard to keep track of when travelling, by taking pictures of their receipts as soon as they get them. This can be uploaded straight to expense claims without the need to scan or email, straight from an app on their phone. Taking this one step further, smart technology can even read the data on the receipts and automatically prepopulate line items in the expense claim. This is saving claimants precious time as when they file their claims, more than half of the work has already been done.

Management is winning too as they no longer have to wait until they are in the office to action employee claims. They can review and approve expenses from their mobile devices, which keeps the process moving forward and results in employees getting reimbursed far quicker.

Innovation #2 – App integration

Innovative T&E systems integrate with partner apps and services that extend the value of the solution. These could be apps that give the finance team greater access to insights and data visibility or that improve the travel experience for employees.

As the next biggest innovation can come from anywhere at any time, finance leaders should ensure that their solution can connect to a growing ecosystem of providers and applications to take advantage of opportunities and meet future challenges.

* Buying Business Travel, 2015. SME’s Promoting Independent Booking to Drive Compliance.
Innovation #3 – Travel integration

When an estimated 40% of employee travel is booked outside of corporate travel systems and this trend is only set to rise, finance leaders need to consider technology that helps to bring all the business’s disparate travel data together. Technology like Concur TripLink can capture data from flights, hotels and ground transportation, no matter where travel was booked or how expenses were incurred. This gives finance visibility into the entire travel programme and prevents what’s known as “leakage” or blind spend. Simply by forwarding the travel e-receipt to TripLink or enabling automatic importing, all travel data feeds into a central location. Intelligent reporting reveals patterns and trends that equip finance with insights to take decision action far earlier in the T&E process.

If any bookings are out of company T&E policy, this is automatically flagged and managers are notified. And because this happens before the employee travels, the business can decide to cancel the travel, seek a refund or educate employees on the policy in the moment. Finance has a better view of future committed spend rather than only being able to see it after the fact when expenses are submitted. And with more information about supplier spend available, companies can negotiate better rates.

Employees can book through their preferred channels, while finance has the visibility and control it needs. Employees also benefit from having all their itineraries in a central app while direct connections with multiple suppliers automatically pulls receipts and populates claims in the backend, saving them valuable time.

“
We’re able to see the data...which allows us better negotiations and saves Cognizant millions of dollars in the long run.”

Kathleen Kaden, Global Travel Manager, Cognizant Technology Solutions

---

Apps that help finance:
- Maximise VAT reclaim opportunities
- Use connectors to integrate spend data across providers
- Built in time tracking
- Incorporate phone bills to monitor spend
- Combine meeting and expense data for a true event cost

Apps that help employees:
- Access advanced trip planning including centralised itineraries and flight alerts
- Benefit from automated expense entries
- Use handy translation tools
- Tap into destination information and safety tips

---

8 Egencia, 2013. The Impact of Internal Organisational Models on Travel Purchasing Behaviour.
How integration is the key to tackling big data

The most effective automated T&E systems operate as an open platform for integrating travel and expense data from internal systems as well as third-party suppliers. Whether it’s finance systems, HR systems, TMC data, credit card data, marketing and sales tools or an ecosystem of partner applications – the finance team need solutions that integrate across platforms seamlessly with minimal hassle and in real time. An integration-focused solution provides the business with one user experience, one set of reconciled data and one source for analytics and reporting.

Ultimately, an open and automated T&E system is the only way to provide the business with a holistic view of employee spend in near real-time, with parameters set up to measure the KPIs and financial metrics that matter.

Integration in practice

With an open T&E platform, finance can connect to CRM systems to perform an analysis on the true cost of acquiring a customer (including all the travel and entertaining that was involved). Similarly, by connecting to ERP systems and tracking expenses against project codes, the finance team can report on how individual projects are performing. Finance can even connect to their TMC’s data to automatically combine travel purchases with employee spend.

Can your finance department efficiently measure the metrics that matter to the business?
Top benefits of a best practice T&E system

**Greater Visibility**
No matter where travel is booked, merge T&E data, company systems and 3rd party accounts for a holistic view into business spend.

**Greater Control**
Integrate T&E policies and guarantee compliance, in light of constantly changing regulations, educating users along the way.

**Greater Satisfaction**
Empower employees to book travel in new and preferred ways. Grow an army of company evangelists.

**Enabled by the cloud**
A truly integrated end-to-end system is only made possible on a cloud infrastructure. This is because solutions built on a Software-as-a-Service model provide the speed necessary to keep up with the fast-paced changes in the industry. Cloud solutions are quick to deploy and update with changing regulatory and travel policies. Crucially, it can provide instant access to new providers through connectors to new data sources and to support system enhancements. It also provides a platform on which other service providers can build applications and is the best way to share combined data sets across the business.
Conclusion

Considering businesses spend upwards of 10% of their annual budgets on T&E\textsuperscript{10}, technology that can deliver better insight into that spend will ensure finance leaders have a front-row seat in the boardroom. But the meaning of control has shifted for finance. Mandating a corporate booking tool is not always practical, economical – or welcomed by employees. Tech-savvy business travellers expect their companies to keep up with the times.

Despite a technological revolution and complete transformation of T&E processes in recent years, there are still many organisations that rely on legacy processes and tools and who see travel and expenses as separate functions. This outdated approach is rigid, siloed and it doesn’t give finance access to the critical data it craves. It also doesn’t give employees the flexibility and choice they expect. The answer to this conundrum is to investigate modern solutions that successfully meet the needs of both parties – giving finance greater visibility and control, while empowering employees with technology that makes it easier than ever to manage T&E in line with their expectations.

If you'd like to find out more information about the technology covered in this whitepaper, you can talk to us on 01628 645 100 or visit www.concur.co.uk.

Follow the Conversation

- [https://www.linkedin.com/company/concur-technologies](https://www.linkedin.com/company/concur-technologies)
- [https://twitter.com/Concur](https://twitter.com/Concur)
- [https://www.facebook.com/Concur](https://www.facebook.com/Concur)