Automating Corporate Travel & Expense Management Processes

An ExpenseAnywhere White Paper

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"Dreaded Expense Reports … They Seem to be Painful for Everyone Involved"

It's safe to say that in general *nobody* likes to submit an expense report. Market research is rampant with stories about fraud on expense reports which adds yet another headache for managers responsible for approving reports, as well as those trying to track and control expenses. To get a sense for how traditional expense account reporting is viewed, here's a sampling of what others are saying:

- "The dreaded expense reports. Employees hate preparing them. Companies hate reviewing them. They seem to be painful for everyone involved, yet companies can't get away from them all together."
  - Fraud Files Forensic Accounting Blog[1]
- "People in general are overwhelmed by the clerical responsibilities in their life, and that includes expense reports. The irony is that when we are on expense accounts, we tend to buy and spend much more because we think of it as someone else's money, and that only increases the number of transactions we have to eventually account for."
  - Gary Belsky, co-author of the book *Why Smart People Make Big Money Mistakes – and How To Correct Them*[2]
- "The approval of an expense report is another burden that is placed upon managers and without proper policy or training, the path of least resistance is to simply approve the report and move on to other competing needs of the organization."
  - Michael N. Kahaian and Raymond A. Roth, III
    Stout|Risius|Ross[3]
- "Manual entry of expenses remains standard, even in companies that have automated reporting solutions in place. This manual entry situation is a reality for 80 percent of surveyed companies, where T&E data is entered after the event or trip by employees."
  - Forrester Consulting[4]
- "Applying statistics on fraud losses and expense reimbursement fraud losses to the current T&E spending, it is estimated that over $1 billion is lost each year to fraudulent expense reimbursement."
  - JP Morgan[5]

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[1] "Expense Report Abuse: Much Ado About Nothing" by Tracy Coenen, Fraud Files Forensic Accounting Blog
[2] *Why Smart People Make Big Money Mistakes – and How To Correct Them* by Gary Belsky and Thomas Gilovich, Simon & Schuster, 1999
[3] "The Impact of Expense Reimbursement Fraud" by Michael N. Kahaian and Raymond A. Roth, III, SRR Global Financial Services
[4] "The Power of Real-Time Insight: How Better Visibility, Data Analytics, And Reporting Can Optimize Your T&E Spend" by Forrester Consulting, May 2014
[5] "Corporate T&E Spend Benchmarks" by JP Morgan

Given all of the above, it isn't surprising that the Forrester study found managers ranking T&E as the second most difficult operating expense to control—just a single percentage point behind the category of maintenance and repairs. And as the JP Morgan study verified, T&E fraud adds up in a big way.

A Longtime Challenge: Controlling T&E Expense

Employee spending on business travel and related costs constitutes a significant portion of a company's operating expenses. However, for most companies, the expense management process still involves manual, paper-based processes that are time consuming, inefficient, costly, and error prone.

While automated expense management solutions provide customers with the ability to reduce significantly their operational costs, streamline business processes and improve internal controls, the solution must be comprehensive, well integrated, and easy to use.

Overcoming Tradition

Tradition and habit represent one challenge to overcome. T&E expense reporting has been paper-based for *centuries*. While historians are yet to track down the very first T&E submission, the terms *debits* and *credits* can be traced back to the time of

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Columbus, when an accountant in Venice published a book[6] in 1494 that among other things described the double-entry bookkeeping system in use during the Renaissance.

The paper-based expense account became engrained in business. It worked reasonably well, and in the era before computers, scanners, and smartphones, there wasn't an effective alternative. The system also worked well enough, although a penchant for padding expenses and outright fraud has been so widespread that it has entered the culture as something of a one-line joke, along the lines of: "I just put it on my expense account."

Unfortunately, many companies today haven't recognized the hidden costs fixed into the paper-based process. The challenges of this, really, are more social and cultural than economic.

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[6] *Summa de Arithmetica, Geometria, Proportioni et Proportionalita* by Luca Pacioli, 1494

Bringing Order to the Second Largest Controllable Cost

Even at the CFO level, managers have generally been slow to recognize the enormous benefits and savings to be gained by moving to an efficient automated system. Perhaps the greatest motivator for change comes when the economy tightens and the CFO and other C-level executives look for ways to reduce costs. Cutting payroll is usually the first step, but it generally doesn't take long to discover the huge need for automating the process of T&E accounting. This is because travel is the second largest controllable cost of most companies, yet they do not have a handle on how to efficiently control it.

Traditional T&E costs are high for a number of reasons, including:

- Travel demands are dynamic, and costs seem to only go up
- Paper-based systems defy uniform administration of policy, as when policies are administered manually, they become discretionary
- Paper-based systems provide poor visibility into how money is spent
- Paper-based systems are difficult to monitor for mistakes and fraud
- Paper-based systems don't support robust reporting or analytics
- Paper-based systems are labor-intensive, making them expensive to manage

Even senior management at many corporations have generally been slow to recognize the enormous benefits and savings to be gained by moving to an efficient automated system.

Much of the above could also be applied to poorly designed or Excel-based systems that lack back-end integration, analytics, and a user-friendly frontend to encourage adoption by users, and control by managers.

Bringing order to T&E accounting should begin with selection and deployment of a well-crafted, thoroughly integrated, and easy to use automated system that can improve organizational visibility into T&E expenses and incorporate uniform policy administration to help ensure compliance.

Ease of use is critically important so users *want* to use the system because it removes the pain and time drain associated with the much detested task of assembling expense reports. An automated system that provides real-time visibility into T&E expenses, enables policy enforcement across operations, and is embraced because of ease of use, can help organizations gain control of T&E spending—including reduction in losses from carelessness and fraud.

Automating Travel & Expense Management Processes

The Cost of Doing Nothing

Sticking with the old ways is a false economy. The money saved in not investing in an automated system is swiftly dissipated through the losses typical of paper-based systems. This is especially true when considering solutions that are offer software as a service (SaaS) deployment, which means none of the capital expenditures and time delays associated with actually purchasing hardware and software and managing it internally.

Business expenses are the second-largest controllable expenses for any organization. In most organizations, T& E expenses are one of the important and crucial component of business cost and can account for 20 cents of every operational dollar spent. Market research has shown that typically, a paper-based expense report costs an organization about $25 per submission to handle. The per-report handling costs go up sharply when dealing with complex policy enforcement, such as disallowing deductions for alcohol, or stipulating hotel room costs on a per city basis, or enforcing rules for when non-coach airline travel is allowed. Further monitoring effort is required when, for example, within the university environment costs need to be allocated across multiple grants; or, within the private sector when expenses are allocated across offices on a per square-foot basis. As complications go up, so does the cost of administration and oversight, and so does the risk of misappropriation of funds through error or outright fraud.

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The studies also pointed out that by Expense Management Automation

- The average cost to process an expense report could drop by 80%.
- The average time to enter an expense report shrinks more than 60%.
- The average time to settle an expense claim drops more than 90%.
- The companies can expect to pay 10% less for goods and services through increased contract compliance.

For most organizations, even a preliminary cost-benefit analysis shows that the opportunities for savings and efficiency gains by automation are substantial - often dramatic!

Fulfilling the Needs of Global Enterprise with ExpenseAnywhere®

ExpenseAnywhere® is synonymous with technological innovation. Its innovative end–to–end automated solutions transform the way companies manage their second largest controllable costs of travel and expense, supplier invoices, and purchase card transactions.

ExpenseAnywhere® is a world-class cloud-based solution that provides a comprehensive end-to-end automation of the entire Travel & Expense management process for the global enterprise. ExpenseAnywhere® is an easy-to-use comprehensive travel and expense management solution that addresses the complete life cycle of travel and expense management process. The system is "roles-based" and provides powerful and flexible business-definable workflow capabilities to implement best practices utilizing existing corporate approval and management hierarchy. The expense reports flow through the organization from employee to manager and then to accounting for approval, payment, and general ledger posting. The entire process is implemented to conform to the organization's business practices including multiple approval levels, auditing, and receipt validation.


Robust Feature Set

A sampling of its robust feature set includes:

- **End-To-End Travel & Expense Report Automation**.
  ExpenseAnywhere is an easy to use solution that gives business travelers the ability to book travel, create pre-travel authorization requests, and enter and submit expense reports for approval and payment processing.

- **Online Expense Entry and Reporting**
  ExpenseAnywhere provides an easy-to use expense report creation and submission. In most cases corporate card data and receipts are automatically matched and entered to the expense report. The system allows entry of additional specific supporting details, cost-code allocation. Integrated with MapQuest, mileage reimbursement is automatically computed. Systems
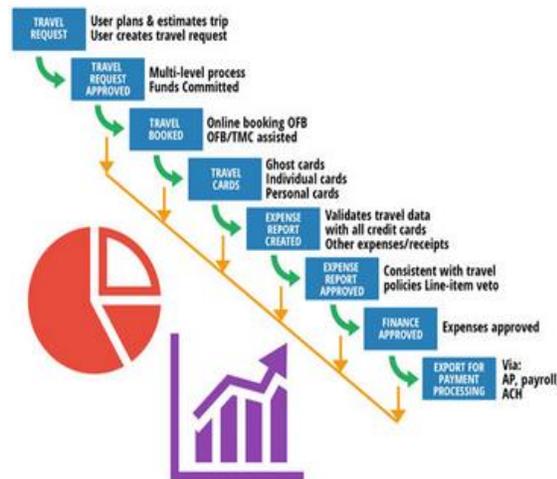
requires users to enter attendees for business entertainment. Each and every expense is automatically validated against company specific policies. Exceptions require user comments. The solutions has extensive audit rules built-in to minimize risk and fraud and prevent duplicate entry of expenses. The solution supports proxies to enter expenses on-behalf of their delegates, as well as setting of alternate approvers. With the dynamic workflow engine built-in to the application, the submitted reports are automatically directed through the approval process or escalated based on corporate approval process.

- **Integrated Travel Booking.**
  ExpenseAnywhere solution provides powerful integration with various travel booking tools to provide a complete set of functionality for booking travel and managing expenses. The solution is integrated with GetThere (Sabre Systems), Orbitz-For-Business, Expedia, Concur Travel, and Thomas Cook Click2Book travel booking system for India, to provide clients a choice of global travel booking solutions to utilize in conjunction with the expense management solution. Having said that, the system can just as easily integrate with any third-party booking tool of customer's choice.

- **Pre-Travel Approval.**
  The ExpenseAnywhere travel authorization module totally automates the management and approval for cost of travel, to help you control spend before it occurs. Integrated with the online travel booking system, the travel authorization module automatically captures the travel booking data on flight, hotel, car, rail etc., from the integrated online booking system to populate the travel authorization request; empowers the user to add other related expenses, to capture total trip cost. Being an industry leader we take a great pride in delivering the solutions that help you manage and gain complete visibility on your spend.

- **Smart Reporting- One Click Reporting**
  ExpenseAnywhere integrated with the travel booking tool automatically performs three-way matching that validates the travel booking data with the billed data (corporate card, ghost card, personal card etc.) and the expense receipts, to automatically create an expense report ready for submission. Making it not only inherently easy and fast for the traveler to create and submit reports, but also tracks book-versus-bill variances, if any.

- **Smart Receipt Imaging**.
  ExpenseAnywhere users can scan, e-mail, fax or capture images of expense receipts using mobile devices and transmit them to their Receipt Store for automatic validation and linking to their expenses.

- **The OCR-based Advanced Receipt Matching and Audit Technology**
  Built into ExpenseAnywhere, this proprietary technology automatically validates each and every submitted receipt against company policies and flags any policy or non-reimbursable expenses. This technology also automatically validates the receipts against the expenses making it easier to review the receipt with the expenses. This feature alone provides enormous savings and phenomenal ROI for reviewers in reviewing expenses and the receipts.

- **Mobile Apps.** The ExpenseAnywhere Mobile App frees up users from having to connect to their desktops/ laptops.
  ExpenseAnywhere Mobile App empowers users to completely enter and submit their expense reports from their mobile devices, including the ability to capture receipt images from anywhere at any time. With the ExpenseAnywhere App available for

  iPhone, Android, users will never miss submitting another expense or receipt. Now they can capture it, track it, and submit it, all from the convenience of their smart phone or tablets.

- **Corporate Card Integration and reconciliation**
  ExpenseAnywhere automatically receives the daily transactions data files from Corporate Card Providers (VISA, MasterCard, AMEX, etc.). Irrespective of whether the cards are Company paid (Direct bill) or employee paid, or One-card, ExpenseAnywhere supports them all. The card charges file is automatically processed within the

  system and appropriate charges are forwarded to the cardholders for an easy drag and drop allocation to an expense report. The System provides complete

allocation and reconciliation of all card charges with enhanced visibility and control. The solution supports appropriate allocation and reconciliation of ATM cash withdrawals on corporate cards. ExpenseAnywhere fully complies with PCI DSS for secure management of the card data and other PII data.

- **Foreign Currency Transactions**
  ExpenseAnywhere solution is designed to track three different currencies, the foreign currency spend, traveler reimbursement currency and the system base currency. The system automatically converts foreign currency spend into base system currency of the client and the reimbursement currency of the submitter. This feature allows reimbursement to travelers in their currency without having to convert and re-convert the amounts in to different currencies.

- **ExpenseAnywhere Pay Service**
  With ExpenseAnywhere solution cardholders can separate business charges from personal charges. The System can be configured to make direct payments to employee's cards, as well as directly reimburse employees bank accounts for their business reimbursable expenses. Thereby, managing payments from within the application.

- **Open Skies Booking**.
  At ExpenseAnywhere, we take your travel seriously. With un-mandated travel on the rise, corporate Travel Managers are concerned not only about non-compliance, but also about duty of care issues. At ExpenseAnywhere we are ready to help manage, validate, and reconcile such maverick spend and provide relevant information to travel managers to assist their duty of care obligations. Travelers simply need to send e-mail to ExpenseAnywhere with their travel itinerary confirmation from the vendor of their choice. Once received, we will automatically obtain and capture the corresponding booking data; validate it against your company's travel policies; and inform the travelers and their approvers of any policy exceptions.

  Our solution automatically tracks from the managed & unmanaged booking data the user travel destinations and travel dates to instantly empower travel managers with the accurate data on their employee's locations, if necessary.

- **Duty of Care**.
  Duty of Care is a top priority at ExpenseAnywhere. Whether your company utilizes managed travel or un-managed travel, ExpenseAnywhere can capture your traveler's travel destinations and assist you in ensuring your travelers' safety, no matter where they are around the globe. Our solutions can instantly assist you in finding where your traveling employees are staying and where they are traveling to, thereby providing a huge services that Company's need in today's culture and environment.

Meeting Needs Across the Spectrum of Business

The company provides solutions customized to meet the needs of key markets, with products including:

- **ExpenseAnywhere-Express**. ExpenseAnywhere-Express is our SME product designed for self-setup by the clients. A step-by-step procedure provided with the solution helps you configure the system easily and go-live in a matter of hours. The system is attractively priced based on use, with zero set-up fees, so small and medium size businesses can reduce their operational costs and instantly begin to recognize benefits by automating their expense management process.

- **ExpenseAnywhere-Enterprise**. ExpenseAnywhere-Enterprise is our large global business product that provides integrated online travel and expense management solution with support for business rules and policies, multi-level approval process flow from pre-travel approval, to travel booking, to reimbursement for expenses and complete integration with back-end ERP systems and corporate cards of all flavors and receipt management. The system supports multi-currency transactions and payments; VAT tracking and reclamation, as well as mobile interface as well as support for languages and time zones.

- **ExpenseAnywhere-Gov**. ExpenseAnywhere-Gov is a bolt-on to our Enterprise version that supports functionality specific to federal and state agencies. The

functionality includes support for FTR, Per Diems – CONUS/ OCONUS, extended travel, travel within travel, long-term travel, Conference travel etc.

- **ExpenseAnywhere-Edu**. ExpenseAnywhere-Edu provides a complete solution for controlling and automating the complex T&E management, generally prevailing at institutes of higher education. The complex work flow, grant management, reconciliation and allocation of charges, other expenses associated with sports teams, as well as group travel for conferences and travel for visiting faculty are a few of the complex processes that universities need to manage. ExpenseAnywhere-Edu automates all of that and a lot more as a bolt-on to the ExpenseAnywhere-enterprise.

- **ExpenseAnywhere-India**. The India specific version of ExpenseAnywhere is designed to provide a complete platform for travel and expense management for corporate India. The platform is designed to integrate diverse travel services into a single T&E eco-system to provide an ultimate user experience that integrates self-booking, or travel arranger assisted booking with Multi-TMC interactions, including multilevel pre-travel approvals, vendor invoice management and expense reimbursement. ExpenseAnywhere India provides a unique platform for corporate India to manage their global travel and expense management through a single application.

Value of a Comprehensive, Well-Designed and Tightly Integrated Solution

Global Organizations can derive extensive value from ExpenseAnywhere because it is such a well-designed and robust solution. Looking at just some of the ways ExpenseAnywhere can help across a range of sizes, we find it helps organizations achieve:

- Tighter Policy Control
- Greater Visibility
- Reduced Fraud
- Enhanced Operations
- Reduced Costs
- Ease of Use
- Robust Reporting and Analytics

Tighter Policy Control

ExpenseAnywhere makes it easy to integrate your own custom policies directly into the system, which helps organizations consistently control spending up front, even before a trip begins. Integrating policy into the application provides an extra layer of protection—early in the process, which is exactly where it is needed.

Tighter policy control also makes for a more efficient T&E system for all parties. It takes the pain out of pre-travel authorizations and cost approvals. Policy integration is especially helpful with organizations dealing with complex travel and expense regulations, which can be found in the public as well as the private sector.

Along the way, the organization has complete control over which policies are locked down as *hard* policies, and under what circumstances and with what level of approval *soft* policies can be exceeded.

Public Sector Policy Control

ExpenseAnywhere has proven itself as it provides solutions for government organizations ranging from state to federal agencies, DOD/ DOE Contractors as well as to government entities internationally. The rules and regulations for T&E can be staggering to track and administer with paper-based systems, but can be efficiently integrated into ExpenseAnywhere deployments. For example, one state in the U.S. using our solution requires 16 layers of approval for specified travel items.

Other public sector entities (as do many private sector organizations) vary expense allowances according to length of trip and the city being visited. Some expenses are provided on a pre-travel basis, others are reimbursed. Some are handled on a per diem basis, others need to be separately tracked. A person on a long-term travel can change travel status from a policy standpoint if a short trip within the longer stay is required. FOR DOD/ DOE contractors, taxation requirements can be complex, especially when organizations are not entitled to reclaim the taxes. Amidst all of these complexities, organizations need travel expense reconciliations to match to the penny and make it easy for the traveling populace.

 Private Sector Policy Control

Within the private sector, some organizations have T&E policies that match the public sector for complexity. For example, many companies within the real estate management sector have turned to ExpenseAnywhere because it can seamlessly deal with complex policies such as allocating the cost of an airplane ticket according to the square footage of a building under their management.

The good news is that regardless of how complex or layered your policies and regulations might be, ExpenseAnywhere was designed to accommodate them and apply them consistently across your operations.

For many organizations with global travelers tracking tax reclamation and other related elements is important, which otherwise tantamount to lost revenue.

Greater Visibility

Greater visibility into T&E administration is another benefit our customers value. The ability to seamlessly and consistently apply the most complex of policy sets, plus the rich reporting capabilities, gives managers the ability to see—in real time—what is happening in travel across their organization. The greater visibility also comes from how easily ExpenseAnywhere can be integrated with back-end and line of business applications such as PeopleSoft and SAP or other accounting/ ERP systems. ExpenseAnywhere has powerful analytic tools that enable managers to data mine their T&E records, giving them visibility into exactly how funds are being spent, and insight into how savings could be gained.

Reduced Fraud

Unintentional mistakes, as well as fraud, are greatly reduced with ExpenseAnywhere for a number of reasons, including the fact that policy (hard and soft) is implemented uniformly across an organization, and the system automatically flags variances. Our Advanced Receipt Matching & Validation Technology automatically validates submitted receipts with the entered expenses as well as policies identifying non-reimbursable expenses and minimizing risk and fraud. This couples with the fact that paperwork is replaced by electronic records and back-end integration with current and historic credit card data, all helps greatly reduce opportunities for honest mistakes as well as fraud.

One of our customers, which had a number of field reps calling on retail stores, reduced its $4 million in annual mileage reimbursement costs by 20% after taking advantage of ExpenseAnywhere integration with MapQuest. A whopping savings of about $800,000 in the first year alone!!

Enhanced Operations

ExpenseAnywhere streamlines the entire T&E management process quickly and easily, resulting in substantially improved operational efficiencies, increased compliance with corporate policies, and employee satisfaction. In addition to integrating with ERP and other backend resources, ExpenseAnywhere also integrates with GetThere, Orbitz, and other value-added applications to provide a seamless platform.

Reduced Costs

Replacing paper-based systems with automation opens the door for significant savings from a number of points. As noted earlier, handling even a simple paper-based expense report costs about $25 per submission. Storing paper records for several years, add more costs, as does accessing them for audits or research. Of course the big cost reductions come from the ability to use ExpenseAnywhere to enforce policy, remove the pain (and errors) from users collecting (or failing to collect) receipts in the field, and the greatly enhanced ability to prevent and detect fraud. As a SaaS-based offering, organizations can swiftly and inexpensively deploy ExpenseAnywhere without the capital expenditure of purchasing software and servers, and without the operational expenditure of having to hire additional staff to look after such infrastructure.

Ease of Use

ExpenseAnywhere is popular with users, as well as managers, because its robust solution automates the entire travel and expense management processes from cost of travel authorization to reimbursement for expenses, consistent with corporate policies and business practices. Its One-Click Smart Report Ready for Submission automatically creates a user's expense report by validating the booked itinerary data with the credit card charges and expense receipts. It also provides mobile apps so employees can take use it easily while on the road. Rather than stuffing receipts in a pocket, they can simply snap a photo of a receipt with their smart phone and e-mail it directly into their ExpenseAnywhere system so it will be ready for their One-Click Smart Report submission. Meanwhile, the major receipts, such as from airlines, hotels, and car rentals, can be automatically set for transmission to your ExpenseAnywhere, again making it easier for those out on the road. Ease of use like this yields rapid adoption and consistent use simply because it makes life so much easier for the users.

About ExpenseAnywhere

ExpenseAnywhere headquartered in Pittsburgh, PA is a global provider of corporate travel & expense management solutions. With offices in three continents and clients around the globe, ExpenseAnywhere provides leading edge cloud based solutions for corporate spend management. ExpenseAnywhere products include a family of T&E management solutions for small, medium and large global enterprises; government agencies; and Higher Ed., and InvoiceAnywhere, and PurchaseAnywhere solutions for the management of supplier invoices and Purchase card/ Pre-paid card solutions. For more information, please call us at 412-858-1111, or visit our website, www.ExpenseAnywhere.com. ExpenseAnywhere is a registered trademark of ExpenseAnywhere. All other registered marks referenced in this document are the property of their respective owners.