The Light at the End of the Travel Data Tunnel

CONCUR

01 | INTRODUCTION

It's the end of the quarter. Next month, the sales team is planning a cross-country travel "extravaganza" in an effort to attract a new customer segment. The plan looks good on paper, but in the pit of your stomach lies the gnawing possibility that one department has already burned through the majority of the sales team's travel and entertainment (T&E) budget. You just can't see it. So, betting on your gut, you e-mail questions to your finance team asking for details. They send back their answers which likely create more questions than get resolved. It could take weeks before you have a data-backed recommendation and by that time, it's too late to ground the campaign or confidently approve liftoff.

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If this sounds familiar, find some consolation in the fact that you're not alone. According to the T&E Expense Management research study conducted by the Aberdeen Group (February 2012), a whopping 69% of companies surveyed do not have real-time visibility into T&E spending against budget, and another 57% do not have the capability to identify what specific areas incurred expenses (airfare, lodging, meals, etc.). Response to a January 2013 CFO.com research study was similar, identifying that the single largest barrier to accessing robust, timely, and comprehensive information on travel expenses is a lack of integration among different systems and processes.

With today's workforce becoming more dispersed and global, it should come as no surprise that travel and expense-related costs typically make up anywhere from 7-12% of the overall operating budget (Aberdeen Group, March 2012). In most organizations, that represents the second largest line item on the company budget, right after salary expense. With numbers like that, it's no wonder finance teams are compelled to design Herculean-style workarounds to get to the details behind that elusive line item.

But it doesn't have to be that way. In this paper, we highlight some of the commonalities among what the Aberdeen Group coins the "best-in-class" pillars of expense management, and show how modern technology and optimal system integration from Concur® can help both travel managers and finance teams better manage what has historically been difficult, if not impossible, to measure.

02 | THE ROAD TO "BEST-IN-CLASS"

According to the Aberdeen Group's research, companies that are seen as "best-in-class" have 85% of their business travel spend under management—meaning that the majority of their planned travel spend is "actively managed and accounted for in their corporate budgeting, planning and forecasting processes." Contrast that with the 19% under management in the bottom 30% of companies surveyed. This group, coined "laggards," has a lot of data and digits unaccounted for. According to the study, technology plays an important role in where organizations fall on the spectrum.
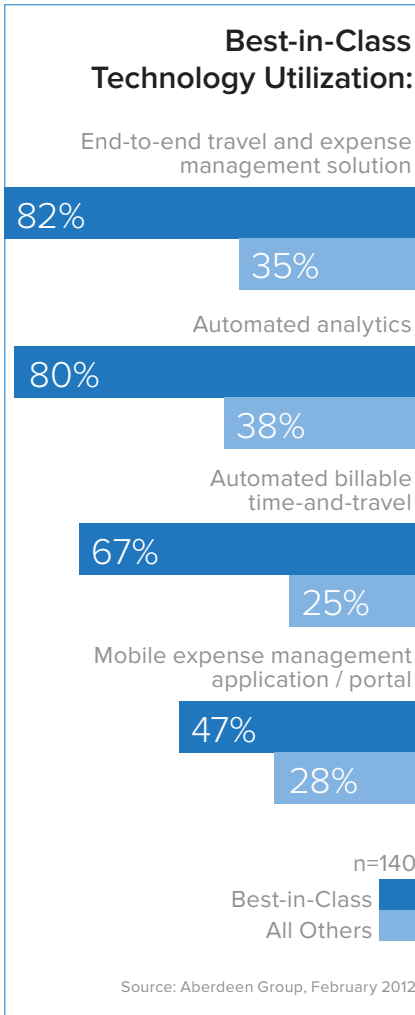
THE ROLE OF TECHNOLOGY IN EFFECTIVELY MANAGING T&E

One of the five characteristics that the top organizations share is their use of technology. 82% of the "best-in-class" organizations have an end-to-end expense management solution in place, compared to 32% of the "laggards." Because T&E expenses are the second largest controllable expense in many organizations, the way you manage them must be effective, not simply pass inspection. Would you try to fix a leaky pipe with chewing gum if the proper plumbing materials and tools were at your disposal? Of course not. When it comes to managing travel and expenses, choices exist as well.

Few will dispute the fact that ERP systems have become extremely powerful and comprehensive as more and more functionality is integrated—from HR and CRM to travel and expense management. But often this robust functionality comes at the expense of simplicity and usability for the end user, requiring organizations to change their processes to accommodate the system instead of the other way around. If you want in-policy travel and accurate, on-time expense reports, you need a system that makes sense for the user. Best of breed travel and expense management systems, like those from Concur®, are designed specifically to be flexible and accommodate the diverse needs of global organizations and their business travelers.

Concur Travel & Expense, for example, helps organizations save time and control spend during every step of the business traveler's journey—before, during, and after the trip. Concur pulls all the pieces of travel and expense management together into one system that's tailored to the business—from travel procurement and itinerary management to expense reports, payment and reporting. Expense reports can literally be started while travelers are on the road—and, because the information is automatically populated in Concur Expense (with photos of the receipts attached), a quick review is possible which means the report is finished, right then and there.

Best-in-Class Technology Utilization:

End-to-end travel and expense management solution
82%
35%

Automated analytics
80%
38%

Automated billable time-and-travel
67%
25%

Mobile expense management application / portal
47%
28%

n=140
Best-in-Class
All Others

Source: Aberdeen Group, February 2012

"Concur simplifies our travelers' lives by reducing the time they spend on administrative tasks."

Jeff Cole, CareerBuilder

PROOF IN NUMBERS

Saying that these solutions help save time and money is one thing, but the story the numbers tell is even more compelling. An October 2012 commissioned study conducted by Forrester Consulting on behalf of Concur examines the total economic impact and potential return on investment (ROI) that organizations may realize by deploying Concur's travel and expense management solution. According to the study, companies interviewed using integrated travel and expense from Concur experienced the following results:

- 50% reduction in expense reporting costs

- Average net savings of $1.2M

- Incremental labor productivity gains of $125,000

- Reduction in out-of-policy expenses of nearly $115,000

- Reduction in travel booking expenses of almost $600,000

- Reduction in lodging expenses of over $270,000

That's proof in numbers.

"By reserving flights, cars, and hotels online or on a mobile device with Concur, we save more than $3,000 per month in booking fees."

Steph Phenix, Travel and Expense Administrator, Shawmut Design and Construction

MADE FOR MOBILE

If there was one technology that was made for business travel, it's the mobile device. And the use of mobility is an important characteristic in "best-in-class" organizations, as well. According to the Aberdeen Group, business travelers in 42% of the "best-in-class" organizations had mobile technologies in place compared to 28% in the "laggard" organizations. The research also found that "the average user of mobile technology saves over three hours per month of productivity by directly leveraging a mobile expense management application or portal."

Concur is leveraging the power of mobile to enable organizations to manage anything expense or travel related, wherever their users are. From booking and managing itineraries to capturing receipts and submitting expense reports, mobile technology makes business travel much easier.

REAL-TIME INSIGHT: THE IMPORTANCE OF INTEGRATION

According to the Aberdeen Group, "best-in-class" organizations are 50% more likely to have real-time visibility into travel spending against corporate budgets and 57% are more likely to have real-time visibility into pre-trip travel against corporate budgets. If we think back to the company in our opening

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scenario, one can understand the importance of real-time insight. A fine-tuned expense management solution—when integrated with the ERP—can be instrumental in helping you track and analyze T&E data across your business. Access to enterprise-wide spending trends and other types of information (coupled with your policies and processes) can drive enhanced business intelligence and increased data visibility.

By taking expense data and breaking it down into pieces, the finance team can get to the detailed information they need to understand the ROI of their travel, even if every trip isn't a sales call.

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ALL INTEGRATIONS ARE NOT EQUAL

For many companies today, T&E expenses are managed in separate systems—be they simple spreadsheets or a modern travel and expense system. A real challenge is that transactional details that come from these decentralized systems often roll up to the general ledger (GL) in an aggregated format before being posted as journal entries. This typically leaves the GL with a high-level view of a few large T&E categories—like airfare, hotels, meals and mileage—and the finance team lacks the rich transactional detail that's necessary for identifying the cause of a budget overage or a worrisome trend in another expense category. Even in situations where all the functionality is delivered by a single vendor, the level of integration can vary.

Reconciling the data coming from those systems with the general ledger is often a manual process involving extensive exports and imports and quite possibly many IT resource hours. Or, on the other end of the spectrum there's a bare minimum (and thus an inadequate) amount of integration. Despite significant technological advances in budgeting, forecasting and compliance, revenue and expense reporting is still a time-consuming manual process for smaller companies or a less-than ideal and error-prone data transfer for larger organizations. This burdens the finance team with inefficient workloads as they struggle to make sense of the numbers they can see and form hypotheses about those they can't. But there's light at the end of the tunnel. The key is to provide a bi-directional data integration between the travel and expense management solution and the back-end ERP system.

03

The End of T&E Data Darkness

The key difference between a "siloed" approach and a "travel-aware" approach is the level of integration between the systems. Modern travel and expense management systems are designed to manage the critical T&E expense line item and the complexities that come with a company's unique travel processes including country-specific regulations and requirements, policies and reporting, and expense reimbursement practices. It makes sense to manage the complexities of travel and expense process in a system that's designed to accommodate those concepts and can easily adjust to changes in travel booking policies and providers, currency exchange, VAT calculations and other travel and expense-related data while keeping GL account allocation current. But the ERP system needs to see that detail in real-time, as well.

That's where solutions such as Concur® Financial Connectors come into play. The Financial Connectors automate and integrate your T&E and ERP data to help finance managers experience an entirely new level of visibility and control over the financial data that drives the business. With templates and technology built specifically for the ERP system, Financial Connectors make what used to be custom-developed, time-intensive system integrations much faster and easier. By automating the data integration process, your team gains a timely look at your business's complete financial picture and eliminates the manual data extracts and imports that can sometimes lead to errors and delays in reporting.

Here's how it works: Once expense reports are approved, Concur Financial Connectors send full expense details to the ERP system, including appropriate allocations, expense categories and expense codes, so you get the information right away. You choose how often to schedule data transfers, so you can be sure your entire team is always looking at the most current financial details.

BUT WHAT ABOUT T&E EXPENSE THAT'S (GULP!) OUTSIDE OF THE TRAVEL AND EXPENSE SYSTEM?

In spite of travel managers' best efforts to design the most ideal travel program possible for their company, every travel management program has bookings that take place outside of policy. These outside bookings are referred to as "leakage," and they represent an ever-increasing challenge for today's managed travel programs. Industry data shows that up to 40% of travelers book outside of their company's traditional process (PhoCusWright 2012. These activities cause breakdowns and gaps in the complete data that travel managers need for their CFOs.

To bridge the gap between the apps travelers love, the autonomy they want, and the control business needs, add TripLink from Concur to your integrated

travel and expense system. With TripLink, you can close this leakage gap and capture any hotel, car or air reservation booked outside of your company's booking tool. And with those transactions secured inside your integrated Concur system, you will increase savings, increase traveler safety and provide a better experience for your business travelers.

Most importantly, the transaction data is brought back into Concur, passed through to the back-end financial systems and your organization has access to spending data that you never had before. Combining managed and unmanaged travel can give companies more control over compliance, visibility into spending and ultimately, savings to the bottom line.

An additional benefit is greater visibility to where your employees are located for duty of care—a company's legal and ethical obligation to ensure the safety of its employees. Risk Management from Concur helps keep you connected with travelers all the time, in cases of unforeseen events and emergencies. That duty of care connection allows for greater flexibility and visibility—two of the most important demands facing the travel industry to date.

Case Study: TEMPLE UNIVERSITY

Temple University, founded in 1884 in Philadelphia, is the 25th largest research University in the United States. Faculty and staff on five major campuses across 17 schools and colleges submit 18,000 expense reports annually.

An initial plan to add a T&E module to the University's new ERP proved unsuccessful.

"As we began to roll out the expense reporting module of our ERP system, it became apparent that it would not scale up to an institution the size of Temple. Rather than continue, we chose to look to implement Concur's automated travel and expense solution," stated Temple's Associate Controller Patricia Russo, MBA, CPA.

Initial benefits include:

- The University has accelerated reimbursement time by nearly 50 percent.
- The University has slashed fees associated with travel agency booking by nearly 60 percent, which keeps the costs associated with maintaining the Concur system budget neutral.
- Visibility into comprehensive travel spend gives Temple the ability to potentially negotiate volume discounts for air, hotel and car rental in the future.
- Concur for Mobile gives Temple faculty and staff the option to book travel and submit expense reports from virtually anywhere.

Concur gives Temple the data, control, insights, paperless systems and potential cost savings a world-leading educational institution needs to thrive and innovate.

"For the first time, we will know precisely what and where we're spending," Russo said.

04 | BEYOND MEASURE: THE BENEFITS OF INTEGRATED ERP AND T&E

The benefits of integrating T&E data with your financial data are many. The ability to know, confidently, where the budget-to-forecast sits at any point in time is an obvious one. But integrated accounting and expense data can inform and benefit many other areas of the business as well.

Concur® Financial Connectors automatically and efficiently integrate your T&E and ERP data, giving you a single, accurate, timely look at the financial information that drives your business.

In addition to reducing, if not eliminating, manual reporting processes and freeing up IT personnel, an integrated data set enables finance personnel to drill-down from the top-level P&L to understand the performance of branches and departments as well as the ROI of specific projects and marketing initiatives. Integrated purchasing, payables, payroll and T&E data also leads to more accurate cost of sales calculations and allows you to delve deeper into profitability by customer, segment and line of business.

But the benefits don't stop there.

BUDGET INSIGHT FOR LINE MANAGERS

T&E budgets are often exceeded simply because managers lack the visibility needed to stick to their established threshold. When detailed T&E data is integrated with the core GL, your finance department, line managers and C-suite executives finally have the visibility they need—at any point in time—to make more informed decisions about T&E expenditures.

IMPROVED CASH POSITION

A more complete view of accounts receivable and accounts payable, backed by T&E detail, helps speed the billing and collection processes which in turn helps provide better insight on the businesses' cash position and improves your ability to take advantage of opportunities that arise on short notice.

MAXIMIZED PURCHASE POWER

Businesses have traditionally relied upon managed travel programs—where policies and guidelines are set to manage the bottom line. By integrating T&E detail with detailed purchase information, you can negotiate greater savings from preferred vendors and gain visibility into what's being spent, by whom and on what.

Last, and certainly not least, is that your C-suite execs can get their heads out of nuts and bolts accounting to focus on more strategic work that can help you get a jump on the competition. And who doesn't want that?

CONCUR TRAVEL & EXPENSE MANAGEMENT

FINANCIAL/EXPENSE DATA

ERP SOLUTION
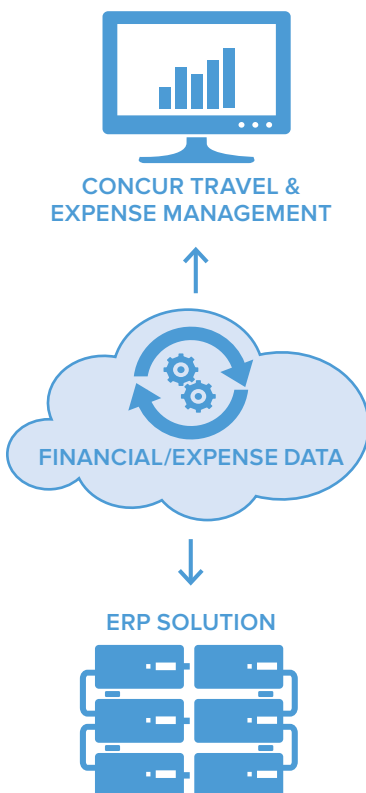
05 | CONCLUSION

When it comes to T&E expenses, organizations that are recognizing the greatest efficiencies, experiencing greater compliance and gaining unprecedented visibility share a similar set of capabilities including their use of technology and their access to information. Until now, roadblocks have included limited travel and expense management functionality and a lack of system integration that prevented optimal line of sight into T&E spending trends.

With advances in technology, today's ideal solution is one designed for how employees work and travel in the digital age. It's one that automates travel planning, travel booking, expense and receipt capture, and expense reimbursement. And one that helps companies simplify reporting and analyze expenses across multiple dimensions to control costs while improving compliance with corporate travel policies. That's integrated travel and expense management and ERP.

At Concur, we're on a mission to make the entire travel experience better to meet the interests for our most valuable assets—the business traveler and the companies they work for.

To learn more about Concur® Travel and Expense, Financial Connectors, TripLink and other solutions, please visit www.concur.com.

ABOUT CONCUR

Concur is the leading provider of integrated travel and expense management solutions. Founded in 1993 on the premise of helping drives costs out of businesses through innovation, Concur's services are trusted by over 18 million people in 100 countries and 60 percent of the Fortune 500.