

**2019
Travel &
Expense
Management
Trends
Report**

Annual T&E Outlook & Benchmarks

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Executive summary

Companies of all sizes are investing in driving business growth through travel and expense (T&E) spend. According to the Global Business Travel Association, business travel spending **grew globally** to \$305 billion in 2018 from \$292 billion in 2017—and is projected to grow another 3.1% in 2019.

Business travel serves many functions and impacts a wide range of business objectives from bolstering sales to strengthening partnerships, training, customer service, and professional development. Yet many companies fail to invest in streamlining their T&E management.

When organizations invest in modernizing essential T&E processes, they can significantly reduce expense report processing costs, increase employee productivity across the enterprise, improve working capital management, mitigate risk exposures, and minimize maverick spend.

Every year since 2013, we have surveyed thousands of finance leaders at organizations outside of our customer base for the *Travel and Expense Management Trends Report*. The report provides benchmarks to help companies identify specific areas of T&E management that deserve their attention—and reveals how companies are leveraging technology to improve processes. The report also acts as a foundation for further insight into what organizations should do to establish the visibility and control they need to mitigate expense report processing costs while fueling employee productivity across the enterprise.

Key themes in 2019

Our analysis of the 2019 survey is based on 585 responses from finance professionals across North America. It reveals five key, overarching themes:

1. Organizations that invest in dedicated expense management systems are seeing a positive ROI for that investment.
2. Organizations view the value offered by expense management systems through the lens of ease of use, driven by mobile functionality.
3. Technology is the key to identifying areas in T&E management that need improvement.
4. Many organizations do not understand the challenges they face in effective T&E management.
5. Technology immaturity is an inherent barrier to effective T&E management in many organizations.

The report concludes with five specific recommendations that organizations can use to reduce expense report processing costs and improve overall employee productivity.

About the research

From May 19 to June 23, 2019, we surveyed hundreds of finance professionals outside of our customer base to ask for their insights, concerns, and processes for travel and expense management.

Of the 585 survey respondents, the largest group consists of managers, controllers, and accountants (44%). More than a third (37%) sit in director-level positions or above, such as CFO or CEO, and just under one in five (19%) are in other roles.

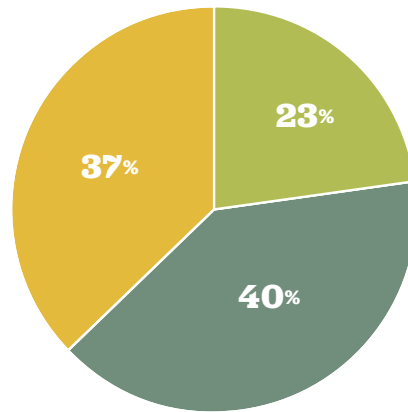
The survey includes a range of company sizes. The largest segment is mid-market organizations (40%) with 101-999 employees. Enterprises with more than 1,000 employees make up 23% of respondents, and small businesses with less than 100 employees account for just over a third of responses (37%).

585

FINANCE PROFESSIONALS

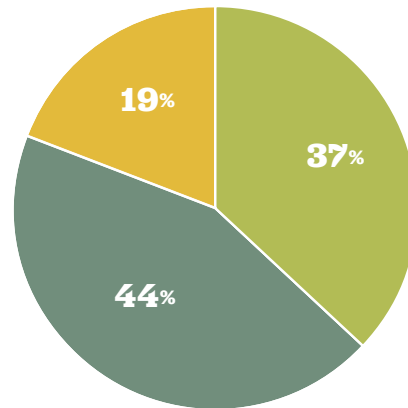
Figure 1
Survey demographics

Company Size



- Enterprise: More than 1,000 employees
- Mid-market companies: 101-999 employees
- Small business: Less than 100 employees

Job Title



- Director-level or above (CEO, CFO, etc.)
- Manager, controller, or accountant
- Other

The challenges of manual T&E management

Travel and expense management is one of the most complicated areas for organizations in terms of the sheer number of people, processes, and systems it impacts. Forrester Research has cited it as the **second most challenging business operating cost to control**.

Yet results from this year's survey suggest that many companies do not realize—or fail to fully appreciate—this inherent complexity.

A large proportion of companies surveyed in 2019 continue to rely on manual processes and an overall lack of automation:

- Nearly half of organizations (46%) do not track the cost to process expense reports.
- Forty-three percent (43%) of companies are still managing expense reporting manually.
- Forty-four percent (44%) of companies that are not intending to invest in a dedicated T&E management solution in the coming year identify the primary reason as: “our current processes work well enough.” Yet among companies that have invested in, or are planning to invest in, technology to facilitate improved T&E management, 82% identified “simplifying the expense reporting process for employees and managers” as one of the main reasons for moving to an automated system.

In order to appreciate the complexity of processing T&E reports, organizations are advised to map out the people,

processes, and systems involved from point of purchase, through report creation, approval, and finally reimbursement. Doing so will reveal the many inefficiencies that can drive up processing costs and impact productivity across multiple departments.

Nearly half of organizations do not track the cost to process expense reports.

Figure 2

What is the average cost to process a single expense report in your organization?

Under \$10	29%
\$11-\$20	11%
\$21-\$30	6%
\$31 or more	8%
We do not track these costs	46%

Policy compliance

Another challenge that manual systems bring is managing T&E fraud risk exposure. Organizations should have a T&E policy that is clear, understood by all travelers and managers, reasonable, enforceable, and one which lives in an environment where non-compliance has consequences.

This year's survey results suggest that companies need to pay more attention to controlling T&E spend:

- Only 72% of companies have a formal T&E policy in place.**
Of these companies, 58% report that their travelers' understanding of their T&E policies is, at best, "decent—but in need of improvement". Even more troubling is that 20% of companies that have a T&E policy in place report that the understanding of their T&E policy by travelers is "minimal at best". How can a company expect policy compliance without investing in educating its travelers about the policy's rules and purpose?
- Only 27% of companies have a system that automatically flags out-of-policy expenses.**
Effective T&E management means controlling and monitoring T&E policy compliance—expecting employees or approvers to monitor and enforce policy compliance manually is far from ideal.

Figure 3

How does your company enforce its travel and expense policy?

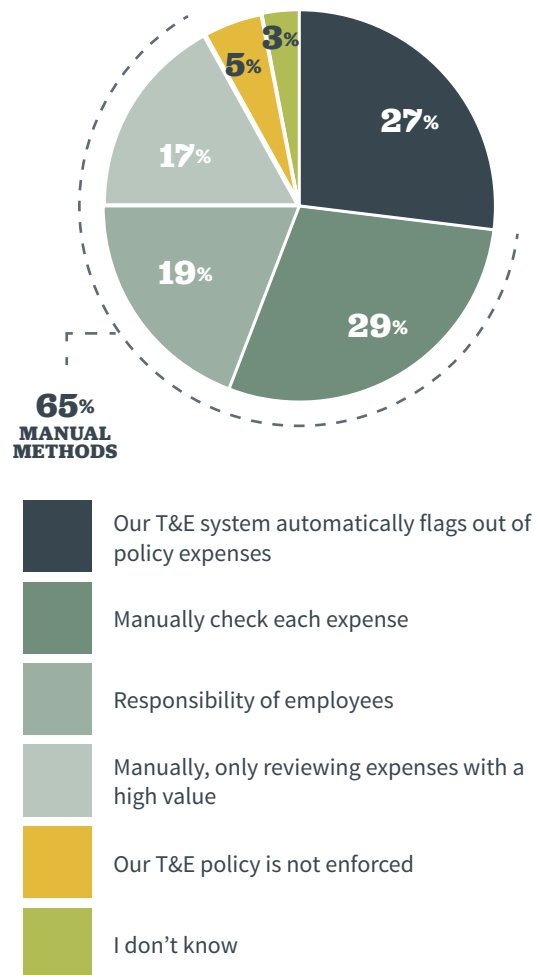


Figure 4

You said you're not making a change to an automated system. What is the primary reason you do not use a dedicated solution? (% reporting)

Our current processes work well enough	44%
We don't process enough expense reports to warrant a change	27%
Too busy/not enough internal resources to make the switch	12%
Not enough knowledge of potential dedicated expense solutions	10%
Lack of executive sponsorship	7%

1/4

Only a quarter of organizations have a T&E system that automatically flags out-of-policy expenses.

Technology immaturity is derailing T&E management

Despite the rapid growth of expense management automation in recent years—IDC expects the worldwide T&E management software market to reach **\$2.7 billion by 2022** and have a compound annual growth rate of 8.7%—many companies continue to process this finance function manually.

Nearly half of organizations (43%) surveyed use manual processes to manage T&E today. We first asked companies in 2013 about their primary system to manage expense reporting. Only 35% reported using a dedicated expense solution that year. Remarkably, six years later, the percentage has stayed at 35%.

Procrastination and technological immaturity are not good strategies in a world where change is constant and agility gives you an edge over the competition. In the report cited above, IDC reveals that demand for public cloud T&E software is sharply rising (CAGR of 11.2%) and “clearly outpacing that of on-premises/other software (CAGR of -8.4%), with businesses of all sizes and industries adopting T&E applications in the cloud.” Kevin M. Permenter, senior research analyst, writes that “the world of T&E is only getting more complex as organizations become more global in their scope.”

Trends vary according to company size. Enterprises are the most automated, with nearly half (46%) using a dedicated expense solution (although more than one in five enterprises are still tied to a manual system). Manual processes cannot scale,

and larger organizations must choose agile technology as they grow. Small businesses have the highest levels of manual processes at 53%.

There has been a gradual reduction in manual expense management over the years. In 2013, just over half of companies used manual processes. This has dropped to 43% in 2019. A rise in organizations using ERPs and accounting packages may be partly responsible—only 12% of companies were using ERPs or accounting packages in 2013. That jumped to 19% in 2014 and has slightly grown to 22% this year.

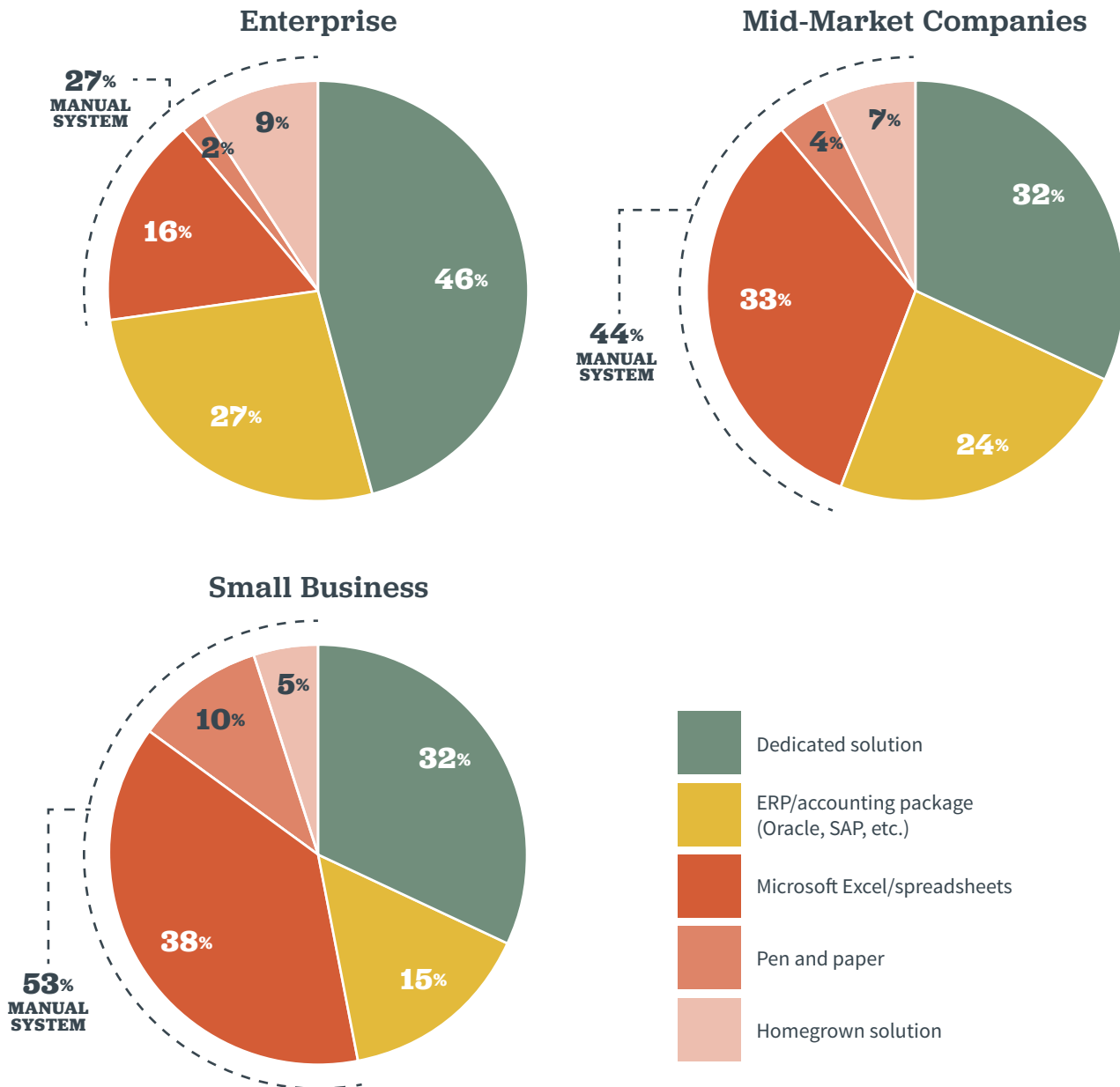
The consequences of manual expense reporting are costly and include meaningful productivity drags on travelers, managers, and accountants, as illustrated in Figure 7.

43%

of organizations use manual processes to manage T&E.

Figure 5

Expense management system by company size



Other key pain points in expense management

Results from the survey reveal how technology immaturity is a key barrier to effective T&E management at many organizations:

- More than half of organizations (53%) report that the biggest pain point related to expense management is “employees losing paper receipts/submitting without receipts”. Organizations are losing vital time dealing with lost or missing receipts.

Yet most automated expense management systems make it effortless for travelers to scan and submit a receipt the second they make a purchase.

- It takes 43% of organizations eight days or more for an expense report to be submitted, approved, and reimbursed. Only 22% companies can do it in one-to-three days.
- Only 27% of organizations have a system that automatically flags out-of-policy expenses.

Figure 6

Top five expense management pain points (% reporting)

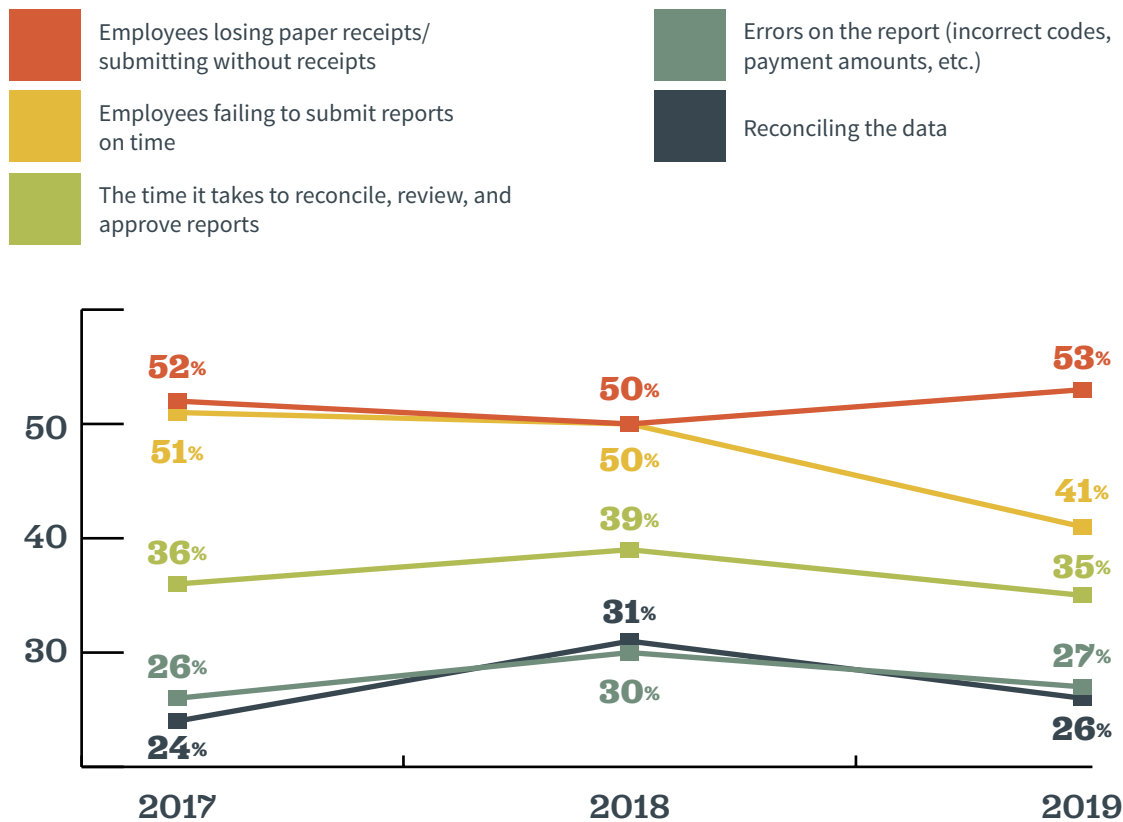
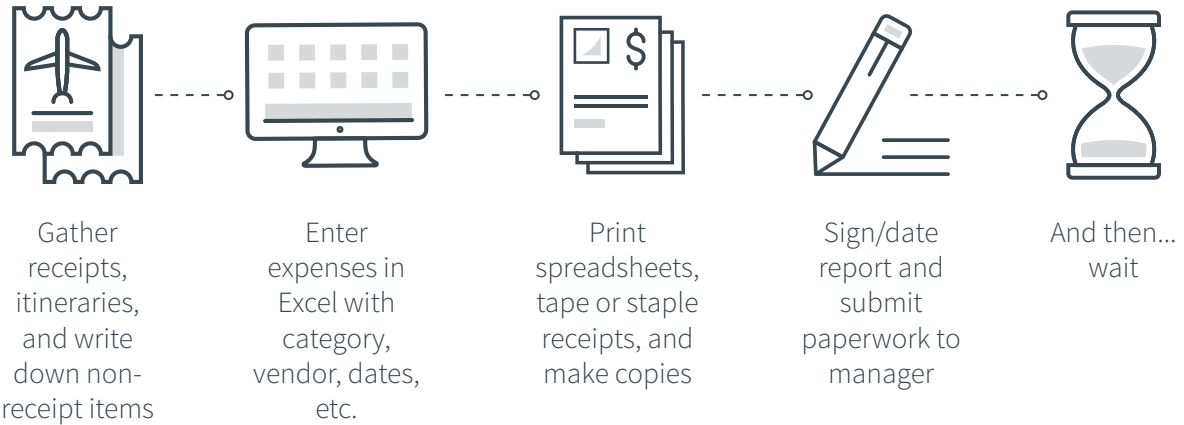


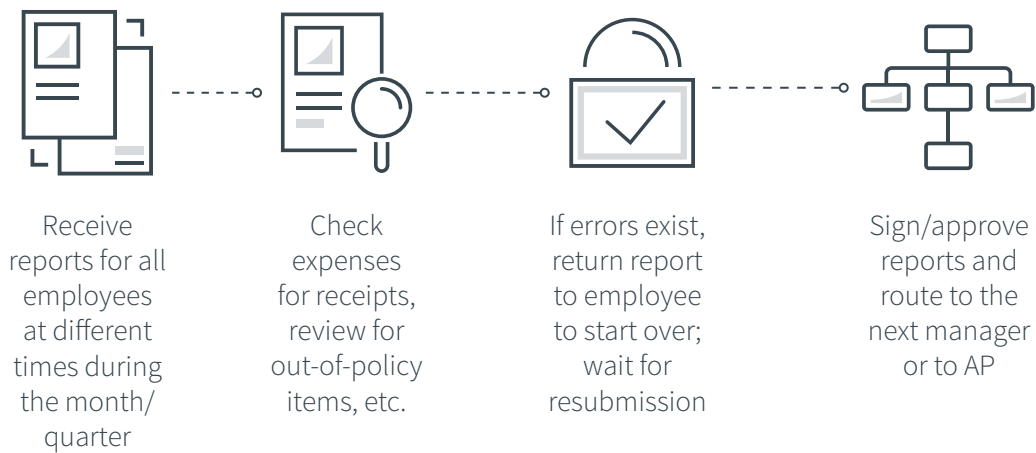
Figure 7

The true costs of manual T&E reporting

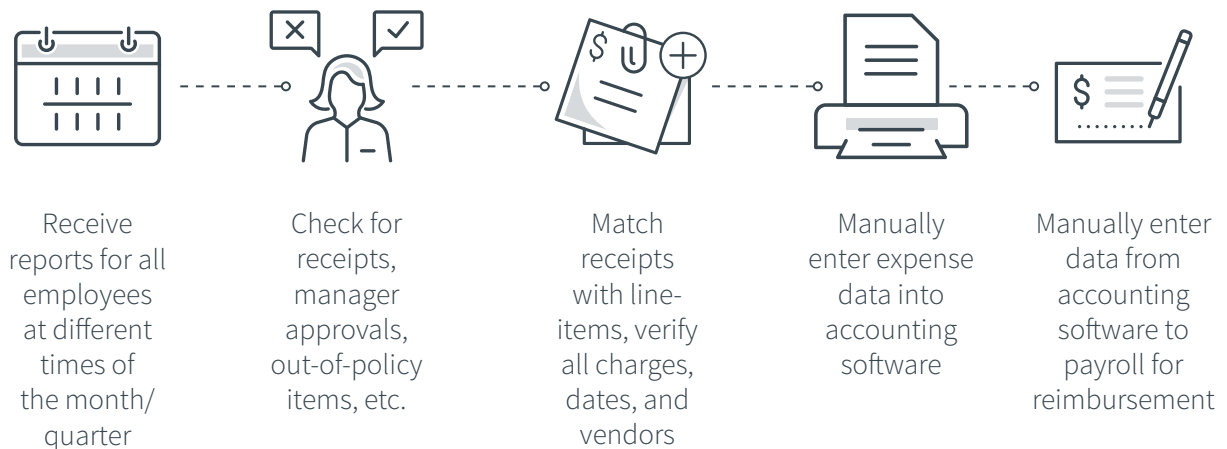
Employees



Managers



Accountants



53%

**of organizations say
the biggest expense
management pain point
is “employees losing
paper receipts/submitting
without receipts”**

Addressing the root causes of T&E inefficiencies

Technology is key to addressing the areas in T&E management that need improvement. This is evident from our analysis of the leading responses to a question posed to survey respondents, asking them to identify the top pressures driving their organization to improve T&E processes in 2019.

1. Poor visibility into T&E data.

- Finance teams can't effectively manage what they can't see. The leading organizational pressure in 2019 is poor visibility into T&E data.
- Remember that 43% of companies are still managing expense reporting manually; this means they have little to no reporting functionality related to T&E spend to help them identify trends and areas of concern.

2. Lack of control over T&E spending and frequent instances of non-compliant travel/expenses.

- Nearly half (46%) of organizations report less than a 75% rate of compliance with their T&E policy, while 26% of enterprise-sized companies report they do not know what percentage of submitted expenses are T&E policy compliant.
- Only 27% of organizations have a system that automatically flags out-of-policy expenses.
- Thirteen percent (13%) of organizations do not have spending policy category limits in place.

Organizations who have not yet crafted a T&E policy would do well to learn from other organizations (see Figure 10) who are utilizing data such as GSA per diem limits.

3. The need to reduce expense report processing costs.

- Reducing expense reporting costs is the third most common organizational pressure pushing companies to upgrade their systems.
- Among organizations that have invested or are planning to invest in the right technology, 82% identified one of the main reasons for moving to a dedicated system as "simplifying the expense reporting process for employees and managers." (Figure 9)

Figure 8

Top five organizational pressures to improve T&E management (% reporting)

Poor visibility into T&E data	34%
Lack of control over T&E spending	33%
Need to reduce expense report processing costs	26%
Inconsistent and lengthy reimbursement cycles	21%
Frequent instances of non-compliant travel/expenses	16%

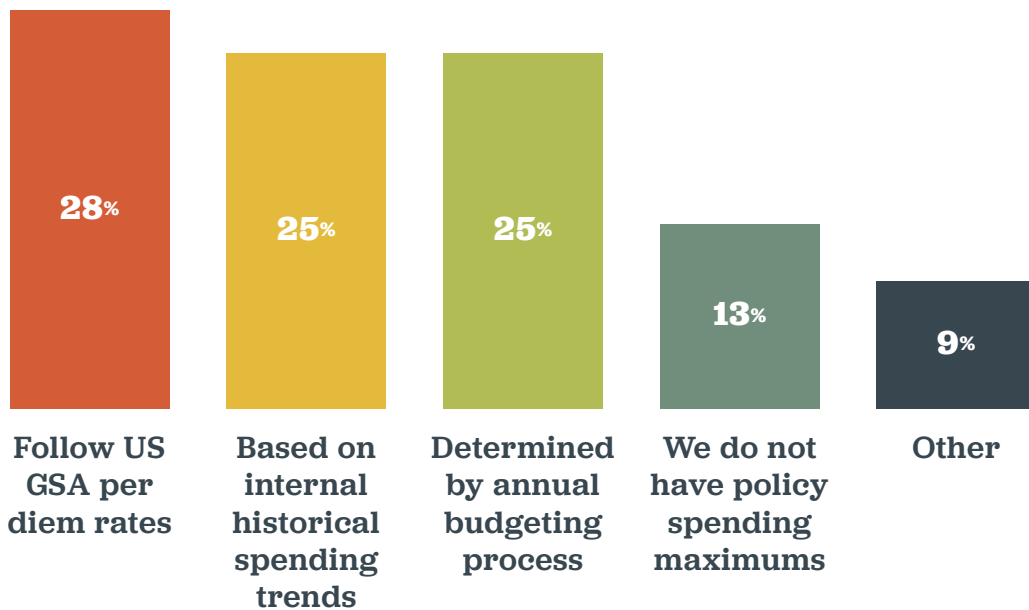
Figure 9

What were the main reasons behind moving to a dedicated expense management solution provider? (% reporting)

Simplifying the expense reporting process for employees and managers	82%
Providing an expense system accessible from anywhere (global, mobile capabilities, online)	35%
Improving employee compliance rates to corporate travel policies	34%
Reimburse employees faster	32%
Improving reporting and analytics around T&E spend	29%
Integrating multiple finance & HR systems into one system	19%
Increasing frequency of expense reports being submitted	10%
Improving VAT recovery	6%
Other	3%

Figure 10

How does your organization set T&E policy category amounts or maximums for meals, hotel, and airfare?



“Simplifying the expense reporting process for employees and managers” is the main reason why organizations are moving to dedicated expense management systems.

Investment in dedicated expense management solutions pays off

Deploying an automated expense management technology solution is an investment which can deliver a rapid return on investment (ROI) to companies of all sizes.

Of the organizations surveyed that have invested in such a solution, 57% achieved an ROI for that investment in one year or less, and almost 70% achieved an ROI in two years or less.

In terms of the ROI realized relative to company size:

- **For enterprise companies:** 50% realized a positive ROI in one year or less while 57% realized a positive ROI in two years or less.
- **For mid-market companies:** 55% realized a positive ROI in one year or less while 76% realized a positive ROI in two years or less.
- **For small businesses:** 64% realized a positive ROI in one year or less while 71% realized a positive ROI in two years or less.

The components of the ROI being realized by organizations investing in automated expense solutions are fueling supporting growth while decreasing costs. These include: productivity impacts consisting of decreased/elimination of manual data entry; increased frequency of expense reports submitted by employees; reduced time spent creating and approving expense reports; and improved working capital management powered by increased insight into travel and expense spend.

Figure 11

Features/sources of expense report ROI (% reporting)

Improved efficiency/expense reporting process	63%
Reduction in processing costs (less paper, postage, storage, etc.)	35%
Mobile accessibility	31%
Elimination of payments for duplicate expenses	30%
Reduction in overhead/staffing requirements	26%
Increased employee productivity	21%
More accurate mileage tracking/mapping	21%
Travel booking control (pre-trip authorization, etc.)	21%
Reduction in fraudulent expenses	20%
Improved VAT recovery	4%

**Deploying an automated
expense management
technology solution is an
investment which can
deliver a rapid ROI to
companies of all sizes.**

Ease of use and mobile functionality drive technology ROI

Organizations that grasp the challenges of T&E expense management understand that they need to leverage technology that makes it easy for travelers to create reports and offers mobile functionality—as well as automation to facilitate straight-through processing from report creation to reimbursement.

These organizations view the value offered by expense management systems through the lens of ease of use driven by mobile functionality. When asked to identify the features in their current expense management systems that offer the most value, the leading responses from those who have already automated processes were mobile receipt capture, direct deposit via ACH, mobile report creation and approval, and automated expense report building.

Powerful system integrations

Integrations are a key component to T&E efficiency. A well-integrated financial technology stack helps you streamline travel bookings, automate the creation of expense reports, simplify administrative and financial reporting, and speed up reimbursements.

Connecting T&E systems with the general ledger saves finance teams from manually entering accounting codes, reducing variance and the potential for mistakes. The time saved by automating the general ledger means accounts payable teams are able to dramatically improve month-end closing efficiencies.

Integrating a dedicated T&E solution with credit card feeds is also highly recommended. It greatly improves monthly credit card reconciliations as the system is able to code expenses itself, and there is no longer any need to wait for the monthly statement or worry about putting that responsibility on your end users.

Figure 12

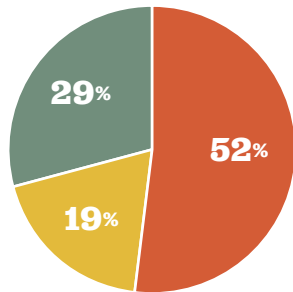
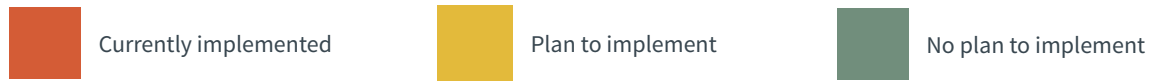
Which features in your current expense management system offer the most value? (% reporting)

Mobile receipt capture	48%
Direct deposit via ACH	36%
Mobile report creation and approval	34%
Automated expense report building	26%
Instant reporting and analytics technology	21%
Integrated travel booking technology	14%
Live and online support for all users	10%
Multi-language, multi-currency capabilities	10%

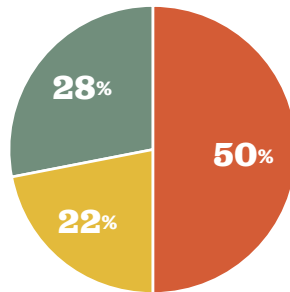
A well-integrated financial technology stack helps you streamline travel bookings, automate the creation of expense reports, simplify administrative and financial reporting, and speed up reimbursements.

Figure 13

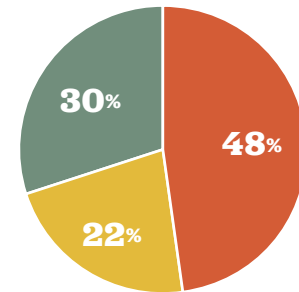
Which of the following integrations have you implemented—or plan to implement—with your travel and expense management system? (% reporting)



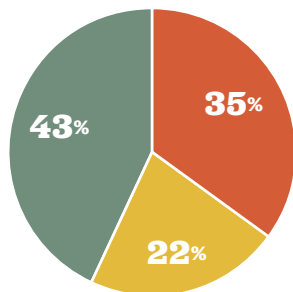
General ledger



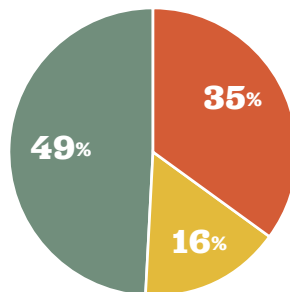
A/P



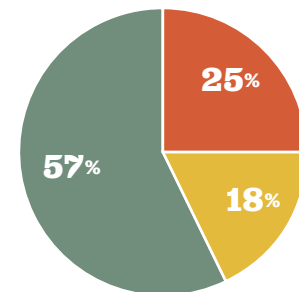
**Credit card feed
(corporate or personal)**



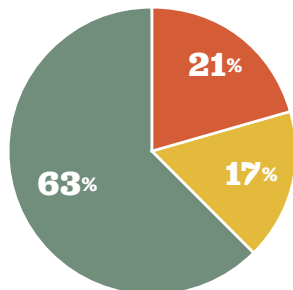
**ERP
(Oracle, SAP, etc.)**



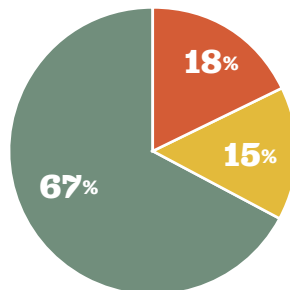
A/R



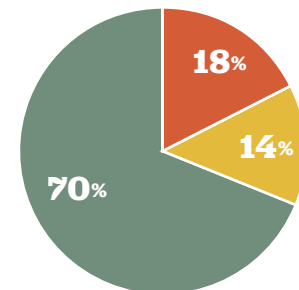
**Workforce
management**



**CRM (Salesforce,
SugarCRM, etc.)**



**Treasury
management system**



**Meeting management
(event platform)**

Key takeaways and recommendations

T&E management is one of the most complicated business processes for organizations of all sizes. This means it has inherent inefficiencies and risk exposures. Yet most organizations do not invest in effective T&E management.

When asked about their plans for 2020, nearly half of mid-market and small businesses surveyed said they are not planning on upgrading to an automated solution (Figure 14).

Two questions every finance leader needs to consider are: Firstly, how much is ineffective T&E expense management costing my company in terms of processing costs, productivity, and fraudulent (which includes out of policy) spend? And secondly, what can we do about it?

Organizations need to invest in technology that enables visibility into T&E processes and corporate spend to reveal the magnitude of the money being wasted by inefficient T&E report processing, time being wasted across the enterprise on non-value add activities, and opportunities being wasted to improve working capital management.

Finance teams can also establish control over T&E spend by building a T&E policy that is clear, enforceable, and includes meaningful consequences for non-compliance.

Key takeaways from the 2019 report

1. Organizations that invest in dedicated expense management systems are seeing a positive ROI for that investment. This means the right technology and the right technology partner impact the bottom line of companies that invest in T&E best practices.
2. Organizations view the value offered by dedicated expense management systems through the lens of ease of use driven by mobile functionality. Organizations should look for a solution that makes things easy for travelers and those who process reports, and mobile functionality that enables straight-through processing.
3. Technology is the key to addressing areas in T&E management that need improvement. Organizations that are not using a dedicated expense management system would do well to look at the business case for investing in the right solution for their company.
4. Many organizations do not fully understand the challenges they face in effective T&E management. Finance teams together with executive stakeholders need to map out processes, people, and the technology involved in creating and processing an expense report end-to-end, to build up the estimated costs. This will allow you to identify areas of inefficiency, risk exposures, and areas for improvement.
5. Technology immaturity is a key barrier to effective T&E management at most companies. Technology is not magic, but it does empower T&E management best practices which mitigate costs and impact productivity, which drives company growth.

Figure 14

Looking ahead to 2020

Is your organization planning to migrate to automated expense management software?	Overall	Enterprise	Mid-market	Small Business
Yes, we're upgrading to an automated system	15%	18%	12%	16%
Yes, we're switching to a new solution provider	10%	11%	10%	10%
We're already using an automated solution	35%	44%	33%	31%
No, we're not switching to an automated solution	40%	27%	45%	43%

Timeline for switching	Overall	Enterprise	Mid-market	Small Business
Within six months	50%	25%	45%	72%
7-12 months	23%	17%	27%	22%
13-24 months	17%	25%	24%	6%
25-36 months	10%	33%	4%	0%

Recommendations for organizations to improve T&E expense management

If you haven't yet streamlined your T&E processes, one of the best things you can do is build a plan for increasing visibility. Begin by gathering stakeholders (ideally in one room) and walk through all the steps involved in T&E spend. This will help you form a realistic picture of the true costs involved. These metrics will help you build a compelling business case, and later track ROI after you have modernized to digital processes.

1. Map out all processes, people, and technology involved in creating and processing an expense report end-to-end.
2. Estimate the cost to process one expense report.
3. Spend time and effort discussing and understanding the pain points of your current expense reporting and reimbursement process.
4. Support the creation and enforcement of an effective T&E policy.
5. Invest in technology that makes it easy for travelers to create expense reports and facilitates straight-through processing from submission to reimbursement.

Effective T&E management impacts the bottom line by lowering costs, improving employee productivity by mitigating time wasted on non-value add activity, offering startlingly clear visibility, and driving company growth. T&E management deserves to be a strategic priority at every organization.

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