Financial Leaders Must Embrace T&E Solutions Strategically To Drive Growth And Innovation

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Executive Summary

The advancement of mobile and digital technology puts more purchasing power directly into the hands of employees. For financial leaders, this disruption makes the job of managing employee-generated spend, particularly travel-related expenses, significantly more challenging. Today, these challenges have created a dilemma for modern financial leaders who find themselves much more strategically involved with other parts of the business and with less time to focus just on managing employee expenses.

In April 2016, Concur commissioned Forrester Consulting to explore the disruption occurring in the travel and expenses (T&E) space and evaluate how financial leaders are responding to this change, from both a financial and strategic business perspective. To further explore these changes, Forrester developed a hypothesis that today's financial leaders need to embrace T&E solutions strategically to help drive growth and innovation in the business while also managing the typical finance responsibilities related to cost management, controls, and compliance.

To test this hypothesis, Forrester conducted an online survey of 500 financial decision-makers globally across North America, EMEA, APAC, and Australia/New Zealand. Companies surveyed ranged in size from 100 to 999 employees (50% of total), to companies over 20,000 employees. Survey findings were supplemented with six in-depth interviews with financial leaders from small and medium-size businesses (SMBs) and enterprise companies. Forrester found that companies are making significant changes to improve the T&E process both from a financial, cost-saving perspective and an employee satisfaction, process efficiency perspective.

KEY FINDINGS

Forrester's study yielded three key findings:

› **T&E tools and capabilities must evolve to match technology and tools that employees already use in their personal lives.** Digital technology has expanded the way in which users make purchases and has made the purchasing process more convenient. Employees are embracing new digital capabilities in their personal lives to make purchases, and they now expect their employers to support those same capabilities as they relate to employee-generated spending.

› **Managing T&E is a top challenge for financial leaders, but they have less time to devote to it.** Keeping track of employee-generated expenses is a big task for any financial leader, yet as these leaders become more embedded strategically in other aspects of their businesses, their availability to devote time directly to expense management has been reduced. This has spurred the desire to find more efficient tools to simplify the T&E process. A key objective is better enabling employees to make smarter spending decisions and to operate in compliance with T&E policies. In light of these current challenges, 73% of companies are actively updating or planning to update their T&E system within the next six months.

› **New T&E investments focus on empowering employees through improved process efficiency, data analytics, and reporting.** Companies are looking to implement new T&E tools that are both user-friendly and easy to implement and integrate with existing systems. They are looking for solutions that simplify the T&E process for employees by reducing the number of manual steps and giving employees new tools (such as mobile connectivity to T&E solutions) to help monitor their spending more efficiently. Other capabilities include mobile receipt capture and access to integrated travel booking systems to help unify the booking experience and drive lower travel costs (i.e., fares, hotels, and rentals).

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Digital Is Disrupting Traditional T&E Processes

Digital technology has enabled consumers to make purchases and engage with businesses in new ways. With new options so prevalent in their daily lives, many consumers now expect the same level of capabilities and convenience from the T&E solutions and policies where they work. This notion was validated in our survey. Sixty-nine percent of companies said that they felt that employees use more sophisticated tools in their personal lives than what is provided by their employer for managing T&E. Seventy percent of these companies also believe that employees' expectations about processes and systems for spending are constantly changing. Spurred by these advancements in digital technology, changes in employees' spending preferences have put greater scrutiny on existing T&E processes and inefficiencies, including the large time requirements to submit needed documentation and approvals, the high number of inaccuracies due to manual data entry, the lack of mobile connectivity with T&E solutions, and the overall lack of visibility into travel spending. From a global perspective, these same core five issues persist, but APAC in particular sees a higher percentage of companies facing these core challenges compared with the rest of the world (see Figure 1).

ROLE OF MODERN FINANCIAL LEADERS

Modern financial leaders are very aware of the current challenges and concerns with T&E solutions. In fact, managing expenses and cash flow is the single most

FIGURE 2

Financial Leaders Are Most Challenged By Managing Expenses And Cash Flow Management

"Which of the following financial tasks or responsibilities is the most challenging for your business to manage?"

Rank 1 ■ Rank 2 ■ Rank 3

	Rank 1	Rank 2	Rank 3
Managing expenses/cash flow	20%	17%	16%
Managing risk	18%	19%	13%
Promoting revenue growth	17%	15%	16%
Analyzing pricing/financial analysis	13%	16%	15%
Driving business strategy	13%	13%	14%
Increasing employee productivity and satisfaction	12%	12%	16%
Driving compliance	7%	8%	10%

Base: 500 global financial decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Concur, April 2016

challenging responsibility cited by financial decision-makers in our survey, with 53% of respondents identifying it among their top three challenges (see Figure 2). However, financial leaders now carry more strategic responsibility in their organization overall, which means they must distribute their time to an increasing number of business priorities and have less time to manage finances only, specifically expenses and cash flow.

FIGURE 1

Companies Worldwide Face Challenges With T&E Efficiency

Key challenges	Large time requirements for paperwork and approvals	High number of inaccuracies caused by human elements	Lack of mobile connectivity	Lack of visibility and control	Lack of timely spending reporting
NA	32%	32%	25%	23%	21%
Europe	27%	29%	31%	27%	23%
APAC	39%	35%	33%	35%	33%
Mexico	43%	38%	28%	32%	16%

Base: 500 global financial decision-makers

(heat map by column represents regional comparisons for each challenge)

Source: A commissioned study conducted by Forrester Consulting on behalf of Concur, April 2016

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With limited bandwidth, financial leaders recognize the need to improve the overall T&E process in order to enable employees to become more equipped to spend responsibly and track expenses properly. While the CFO is ultimately responsible for managing employee-generated spend, improving these processes can help empower individual users to better manage budgets and expenses. This ends up benefitting both the individual users and the business. A finance head of a global services center for a Malaysian conglomerate highlighted the importance of financial leaders to be engaged with making improvements, "Playing a proactive role is very important to us. We need to find ways to add value. We want business units to look to us first to help them solve problems they have. Our goal is to be there as a business partner."

> **When asked to rate how strategically aligned with the business financial decision-makers considered themselves to be, 75% rated themselves a 7 out of 10 or higher.**

Businesses Are Adopting New T&E Solutions And Strategies

As financial leaders look to address the challenges that digital disruption has introduced into their T&E processes, the first step is to assess their current T&E solutions. With technology and user preferences changing so rapidly, T&E solutions need to be digitally enabled and matched to employees' level of comfort in using technology. From our survey, we found that 28% percent of companies have a fairly new T&E solution, implemented in the past one to two years; 40% percent have a T&E solution that is three to four years old; and another 28% have one that's at least five years old. Europe in particular has the highest percentage of new implementation at 31%, indicating increasing adoption of new solutions. Older solutions lack the features needed to better empower users to track expenses, such as mobile connectivity. Mobile connectivity is the top challenge for those with older T&E solutions (10-plus years), and over 50% of companies in this group face challenges with mobile, compared with just 25% of companies that have newer T&E implementations within the past two years.

Even with 68% of companies having a solution that is less than four years old, businesses recognize the need to continuously improve their capabilities to keep pace with changes going on right now in the market. As such, 73% of

"We want business units to look to us [finance] first to help them solve problems they have. Our goal is to be there as a business partner."

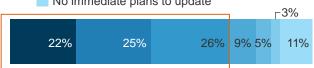— Head of finance, multinational conglomerate company

companies are in the process of updating or are planning to update their T&E system within the next six months (see Figure 3). Mexico is the slowest in updating systems, with 58% of companies planning to make changes in the next six months, compared with over 72% for all other countries surveyed. When making these new investments in T&E solutions, businesses are focused on two priorities:

FIGURE 3
The Majority Of Companies Are Making Near-Term Changes To T&E Systems

"Which statement best reflects your company's plans to replace or update its current T&E system?"

- In the process of updating/implementing now
- In the process of selecting a new system as part of an update
- Planning to update within the next six months
- Planning to update within the next 12 months
- Planning to update within the next 24 months
- Just completed a recent update, no immediate plans to change
- No immediate plans to update

| 22% | 25% | 26% | 9% | 5% | 11% | 3% |

Base: 500 global financial decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Concur, April 2016

> **New/updated systems are user-friendly.** Financial leaders looking to strategically and financially guide the business need to ensure that new T&E tools are easy to use and that employees will want to use them. To get employees more proactively involved in managing expenses, user-friendly and accessible tools are critical. Seventy-nine percent of companies felt that user-friendliness of new T&E solutions was the most important

attribute of a new solution or at least equally as important as being "business ready." One interview respondent noted the importance of online capabilities as they relate to user-friendliness, saying it would be great if he could log in to some application and directly book approved travel and lodging without having to route it via a travel agent.

› **New/updated systems are business-ready.** Having a new solution that is business-ready means that the solution can integrate with existing and third-party finance applications, scale, and deploy quickly (e.g., a cloud based solution). Fifty-six percent of companies view being business-ready as equally or more important than being user-friendly.

> **Seventy-three percent of companies are in the process of updating or are planning to update their T&E system within the next six months.**

MAKING T&E SOLUTIONS USER-FRIENDLY

Modern financial leaders know that new T&E investments cannot just be financially driven. Without the support and buy-in from employees to follow new processes and use new tools, new investments will do nothing to ease the burden of managing T&E. We asked our survey respondents what capabilities and features of T&E solutions they consider to be most effective at enabling employees to better comply with T&E policies. The following are their top features:

› **Mobile app connected to T&E system.** The ability to connect with a company's T&E system via a mobile app is considered the most effective way to get employees to comply with T&E policies, with 43% of companies rating it as very effective. By giving users mobile T&E support, it gives them the ability to capture expenses and receipts in real time within the application and stay connected to corporate travel services as trips evolve. One finance director we interviewed said the single greatest user benefit of their new T&E solution was that it reduces the time for employees to administer expenses by allowing them do it on the go using technology.

"It would be great if we could log in to some application and directly book [approved] travel and lodging . . . without having to route it via the travel agent."

— Head of finance, US brewing company

› **Ability to manage T&E and invoicing from a single solution.** Financial leaders and employees alike can benefit from consolidated solutions and applications. By providing a single system and mobile application for managing both expenses and invoices, the organization can introduce more automation and enable greater insight into employee spending.

› **More accurate reporting for real-time expense tracking.** Finance and corporate travel professionals benefit from T&E cost reporting and analysis to leverage volume discounts with travel providers and provide visibility into spending patterns for proactively managing travel expenses.

› **Ability to book directly with suppliers while staying within company policy.** Technology and personalization are making it more enticing for employees to book travel directly with their preferred vendors rather than working through a corporate travel agency. Companies see value in digital T&E capabilities that allow users to make travel choices that are consistent with travel policies while improving their travel experience.

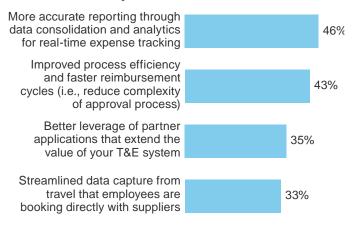**FORRESTER®**

MAKING T&E SOLUTIONS READY FOR BUSINESSES

Implementing T&E solutions and policies that are user-friendly is important. Part of making a solution user-friendly is to ensure it can quickly and seamlessly integrate with legacy systems for HR and finance that users are familiar with. Approximately 80% of the companies surveyed are currently using or planning to use cloud apps that can provide faster deployment for a number of systems including finance, T&E, and accounts payable. While cloud can offer specific benefits, there are other key features and benefits of improved T&E solutions that are most important to businesses, including:

› **Accurate reporting through data consolidation and analytics.** Improved T&E solutions must integrate data from across the organization to create a more accurate view of spending in real time. Forty-six percent of companies view this as a top benefit of T&E solutions (see Figure 4). With data and reporting being such an important part of T&E solutions, we asked survey respondents to rank the importance of certain attributes of their data: accuracy, consolidation, up to date (current), comprehensive, and easy to interpret. The top ranked priority was accurate data (34%), followed closely by consolidated data (30%) (see Figure 5). In many cases, the accuracy of the data will be based on having visibility into all types of spending across the business, for which data consolidation plays a vital role.

› **A simplified approval process and faster reimbursement cycles.** If employees are given the tools and expected to manage expenses better, there will be a similar expectation of financial leaders to simplify the approval process and accelerate reimbursement cycles. New solutions are expected to simplify the overall process, rather than add a layer of complexity. For one finance director, this was a key driver for T&E investments: "I wanted to improve the employee process as well. I didn't want more complaints from employees. I was affecting them by not paying them on time."

› **Better leveraging of partner applications.** The ability to integrate with third-party solutions was also an important benefit for 35% of survey respondents. These partnerships could extend the value of current T&E systems through added benefits such as identifying new cost savings like VAT reclaim and international cell roaming and data plans.

FIGURE 4
Accurate Reporting Through Data Consolidation Is The Top Benefit Of Current T&E Solutions

"What do you consider to be the most important benefits of your current T&E solutions?"

More accurate reporting through data consolidation and analytics for real-time expense tracking	46%
Improved process efficiency and faster reimbursement cycles (i.e., reduce complexity of approval process)	43%
Better leverage of partner applications that extend the value of your T&E system	35%
Streamlined data capture from travel that employees are booking directly with suppliers	33%

Base: 500 global financial decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Concur, April 2016

FIGURE 5
Data Accuracy Is The Most Important Attribute Of T&E Reporting

"Please rank the following attributes of your T&E reporting data by order of importance."
(Rank 1)

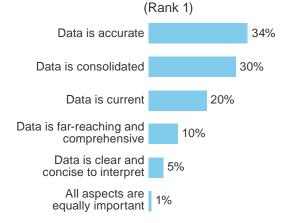|	
Data is accurate	34%
Data is consolidated	30%
Data is current	20%
Data is far-reaching and comprehensive	10%
Data is clear and concise to interpret	5%
All aspects are equally important	1%

Base: 500 global financial decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Concur, April 2016

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› **Streamlined data capture from employees who are booking directly with suppliers.** As employees are able to more readily book direct with suppliers, it becomes important for T&E systems to have a way of capturing that data efficiently. Many interviewed companies still discourage direct booking where possible, as just 33% of survey respondents view this as a key part of new T&E solutions. However, with the understanding that direct booking will still take place, companies are working to educate users on spending policy and proper reporting. Having visibility of direct bookings is critical from a budget perspective. As one VP for a US-based tech company described: "We need more control. We tend to have an employee base that is very comfortable using mobile apps and new ways to book travel. We're really focused on enforcing policy. We want to be able to track and limit spend from a compliance perspective. We have a macro-level initiative to be cash positive so we need to make sure it's predictable." As a secondary benefit, employers use travel bookings for tracking employees' whereabouts as they travel. One interviewed company leverages booking reports from its T&E tool for what it calls "risk messaging" or, rather, for contacting travelers or planned travelers in the case of emergencies.

What Improved T&E Solutions Mean For The Business

Modern financial leaders who are strategically aligned with their businesses know that improving T&E systems is not just about gaining better control of costs and saving money. The benefits of improved T&E solutions are expected to extend beyond just financials, as modern financial leaders are poised to make strategic decisions to better the business as a whole. In fact, it is the combination of various benefits (e.g., user-friendliness, data consolidation, etc.) that ultimately drives strategic change and improvement. Said one CFO of the objectives driving T&E improvements: "It has to be a mix of several factors. No single factor is big enough to bring strategic change in the organization. If you could eliminate the paperwork, get everything online or cloud based, get departmentalized statistics, and drive compliance, then any organization would be tempted to look into the adoptability of the [new] solution/technology." For those leaders looking to making strategic business decisions, key drivers of T&E investments are:

> *"I wanted to improve the employee process as well. I didn't want more complaints from employees. I was affecting them by not [reimbursing] them on time."*

— Finance director, German business equipment manufacturer

› **Cost savings and reduction.** Ultimately, concerns about cost savings will always be present, as financial leaders must answer to the bottom line. As such, 49% of companies cited costs savings as a primary driver for new T&E investments. However, these savings will be better realized as companies implement the tools needed to help employees make smart spending decisions. Seventy-five percent of respondents agreed that through the use of improved expense tracking tools, they can proactively identify issues for employees and eliminate problems before they occur. As these changes are implemented, 36% of companies expect to see an overall reduction in employee-related expenses as employees are given the proper tools (see Figure 6).

FIGURE 6

Improved T&E Solutions Offer Significant Business Benefits

"What are the top businesses benefits your business has achieved or anticipates achieving through use of improved T&E solutions?"

Faster invoice processing time and reimbursement	38%
Reduced time spent on expenses to enable productivity in other areas	38%
Reduced overall spending on employee-related expenses	36%
Improved employee productivity and satisfaction	36%
Fewer complications and errors with expense submissions/balances	36%
Improved integration for more accurate view of employee-generated spending	35%

Base: 500 global financial decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Concur, April 2016

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› **Improved process efficiency.** Introducing T&E solutions that have mobile capabilities and can integrate with the broader technology ecosystem can greatly improve process efficiency. The two most commonly identified benefits companies say they have achieved or hope to achieve focus on process efficiency, which includes reduced reimbursement turnaround times and reduced time spent on expenses to enable productivity in other areas. In addition, companies say greater visibility into the process — from pre-approval to reimbursement — can reduce complications and inquiries. This was the key benefit of T&E solutions for one finance director, who said: "The whole [expense] process is workflowed . . . so the expense claimer and manager know where it is in the process: if it's waiting to be authorized, waiting to be paid, etc. We're not getting queries about where their expense claim is, as they can go in and see themselves. It's so much quicker."

› **Improved analytics and reporting.** Financial leaders need the proper analytics and reporting tools in order to have proper visibility into their employees' spending. These capabilities can help financial leaders pinpoint trouble areas and better plan and track budgets. Proper analytics can also support cost savings, as one respondent described: "We are hoping to parse the data [from where people are staying and what they are spending] back to our procurement team to help negotiate better pricing with suppliers." A key part of the reporting comes from the consolidation and integration of business systems for a more accurate view of employee-generated spending. This was a top benefit already seen, or expected, by 35% of the companies surveyed.

Key Recommendations

Modernizing T&E processes through cloud-based technology solutions helps financial leaders achieve greater leverage and control over corporate travel expenditures, while enabling their employees with a better experience to manage travel needs and report expenses quickly and efficiently. Based on our research involving global financial decision-makers, we offer the following recommendations:
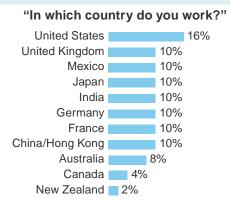
› **Achieve cost savings and supplier leverage with cloud-based T&E.** Policy-driven expense management is optimized by using digital technologies, including cloud-based T&E systems that connect to partners, suppliers, and financial systems. Drive policy-driven and compliant expense spending and reimbursement by guiding the employee through the T&E process to make the right decisions (before, during, and after spend occurs).

› **Demand more from your data.** Leverage your existing T&E system's reporting and analytics capabilities to monitor expense patterns and maximize supplier discounts. Expand analytics capabilities to more fully understand not just what is being spent, but where it is being spent, how it is being spent, and by whom. Understanding these metrics will allow you to make investments that are both financial and strategic while gaining the trust and support of employees.

› **Improve process efficiency and reduce cycle time on expense reporting.** Neither finance nor traveling employees want to spend any more time than necessary on expense reporting or invoice approvals. Use a modern T&E solution to automate data collection, report processing, approvals, and reimbursement.

› **Actively involve employees in expense management.** Digitally native employees will be receptive to a T&E solution that has a consumer-grade user and mobile experience. Leverage this technology to enable them to book travel easily, record expenses with minimal effort, and get reimbursed quickly. Enlist the involvement of employees to make wise travel decisions that reflect corporate policy, while enabling them to make business travel a positive experience.
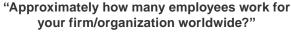
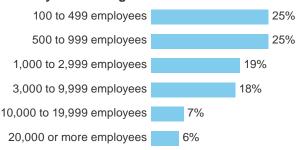**FORRESTER**®

Appendix A: Methodology

In this study, Forrester conducted an online survey of 500 financial decision-makers from companies in the US, Canada, the UK, France, Germany, China, Japan, India, Australia/New Zealand, and Mexico. The objectives of the survey were to evaluate the benefits and challenges of current T&E systems and explore the future plans for expanding T&E capabilities. Survey participants included decision-makers in financial leadership roles. Respondents were offered a small incentive as a thank you for time spent on the survey. The study was completed in April 2016.
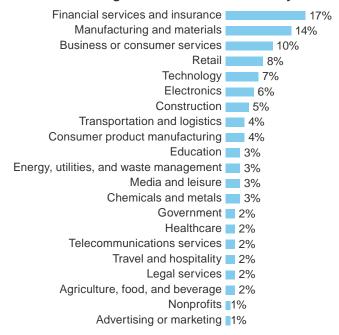
Appendix B: Demographics/Data

FIGURE 7

Country, Company Size, And Industry

"In which country do you work?"

Country	%
United States	16%
United Kingdom	10%
Mexico	10%
Japan	10%
India	10%
Germany	10%
France	10%
China/Hong Kong	10%
Australia	8%
Canada	4%
New Zealand	2%

"Approximately how many employees work for your firm/organization worldwide?"

Employees	%
100 to 499 employees	25%
500 to 999 employees	25%
1,000 to 2,999 employees	19%
3,000 to 9,999 employees	18%
10,000 to 19,999 employees	7%
20,000 or more employees	6%

"Which of the following best describes the industry to which your company belongs?"

Industry	%
Financial services and insurance	17%
Manufacturing and materials	14%
Business or consumer services	10%
Retail	8%
Technology	7%
Electronics	6%
Construction	5%
Transportation and logistics	4%
Consumer product manufacturing	4%
Education	3%
Energy, utilities, and waste management	3%
Media and leisure	3%
Chemicals and metals	3%
Government	2%
Healthcare	2%
Telecommunications services	2%
Travel and hospitality	2%
Legal services	2%
Agriculture, food, and beverage	2%
Nonprofits	1%
Advertising or marketing	1%

Base: 500 global financial decision-makers

(percentages may not total 100 because of rounding)

Source: A commissioned study conducted by Forrester Consulting on behalf of Concur, April 2016

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