

Automated Expense Management

Introduction

Is your company looking to automate the expense management process and not overburden its resources with additional installation and maintenance tasks? This white paper titled describes the features and benefits that an automated expense management solution should have. It helps companies (from SMB's to enterprises) evaluate a solution that is most appropriate for their needs.

Automating the Expense Management process:

- Eliminates manual processes and time delays in expense processing
- Improves compliance to corporate travel policies
- Reduces the entire reimbursement cycle time

With rapidly expanding businesses, there is always a need for travel and entertainment (T&E). Domestic or international travel is often required to connect with your customers and suppliers. Along with travel and its associated expenses comes the need to submit expense reports and get reimbursed for your expenses. Travel costs make up the second largest controllable cost for most organizations, after salaries and benefits.

Some challenges in the manual expense reporting process:

1. Manual & error prone process

Expense reports have to be manually filled out and sent for approval. Manual work is required to move the expense report through the approval process. Accounting staff are required to manually enter the details of expenses and receipts into the company's finance system in order to reimburse employees.

2. Paper based process

Expenses, receipts, reimbursement checks are all paper based. All of them have to be stored and archived periodically, which is a tedious task and adds to storage and archival costs.

3. Lack of visibility in employee spending

Air, hotel, car and other service providers are known only after submitting the expense report. No prior negotiations are possible with preferred suppliers to achieve the best services and discounts available.

4. Inability to impose travel policies

As the expense report process happens after the expenses are incurred, there is no possibility of imposing travel policies and spend limits for employees prior to travel.

5. High processing costs

The total cost of processing an expense report includes the cost of paper, resources, storage, archival, approval, manual entry, and out of policy claims.

6. Longer reimbursement cycle times

Claims and receipts are manually verified and then entered into a company's financial system. The expense report is generated and followed by reimbursement. This manual effort results in wasted time. Even today, more than 43% of businesses follow the traditional manual expense reporting process to manage their expenses. Many companies don't find a need to automate their existing process. A quick look at the ROI for automating the process helps companies realize the potential benefits.

Need for Automation

According to the PayStream TEM 2009 Adoption Survey Report, the average cost of manually processing an expense report is \$28.21 compared to \$6.19 for those using an end-to-end automated expense management solution. By automating the expense management process, the savings breakdown is listed below:

- 74% for Electronic reimbursement of expenses
- 67% for Automated workflow for approval
- 64% for Reporting and analysis

Features

Some of the features that automated expense management solutions include are pre-trip approvals, automated receipt management, Corporate Card integration, ERP system integration, and mobile access. Users can email receipts from their mobile devices into the application. Various receipt management features also include OCR, downloading, and labeling receipts prior to adding them to an expense reports. Through the management of these solutions, rules and policies can be defined and enforced based on your company's policies. Approval flows, capturing additional project and clients codes, enforcing receipts, and various controls can be defined in the solution to accommodate various business scenarios.

ERP integration allows your accounting staff to get the data exported from the expense management solution into a format that can be taken into ERP/Accounting software. Accounting staff are no longer manually entering data into the accounting software for payment. This data is automatically extracted and imported into the ERP for payment.

Summary

Businesses use various solutions for automating each of these areas. To reduce processing costs and overcome challenges in the manual system, companies are encouraged to move towards using an automated solution for managing the entire travel and entertainment (T&E) expense management process.

Automation improves compliance to corporate travel policies by 31%, lowers processing costs by 80%, and reduces the reimbursement cycle time from weeks to days. It also increases visibility and significantly increases ROI. Automation eliminates manual tasks, paperwork, time delays, and helps reduce the risk of fraud.

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1. PayStream TEM 2009 Adoption Survey Report.
 2. The State of Travel and Entertainment Expense Management, Feb 2010, Aberdeen Research.