

Connecting the Dots on Travel, Expense and Invoice Spend: How to Mitigate Risk with Centralised Spend Management

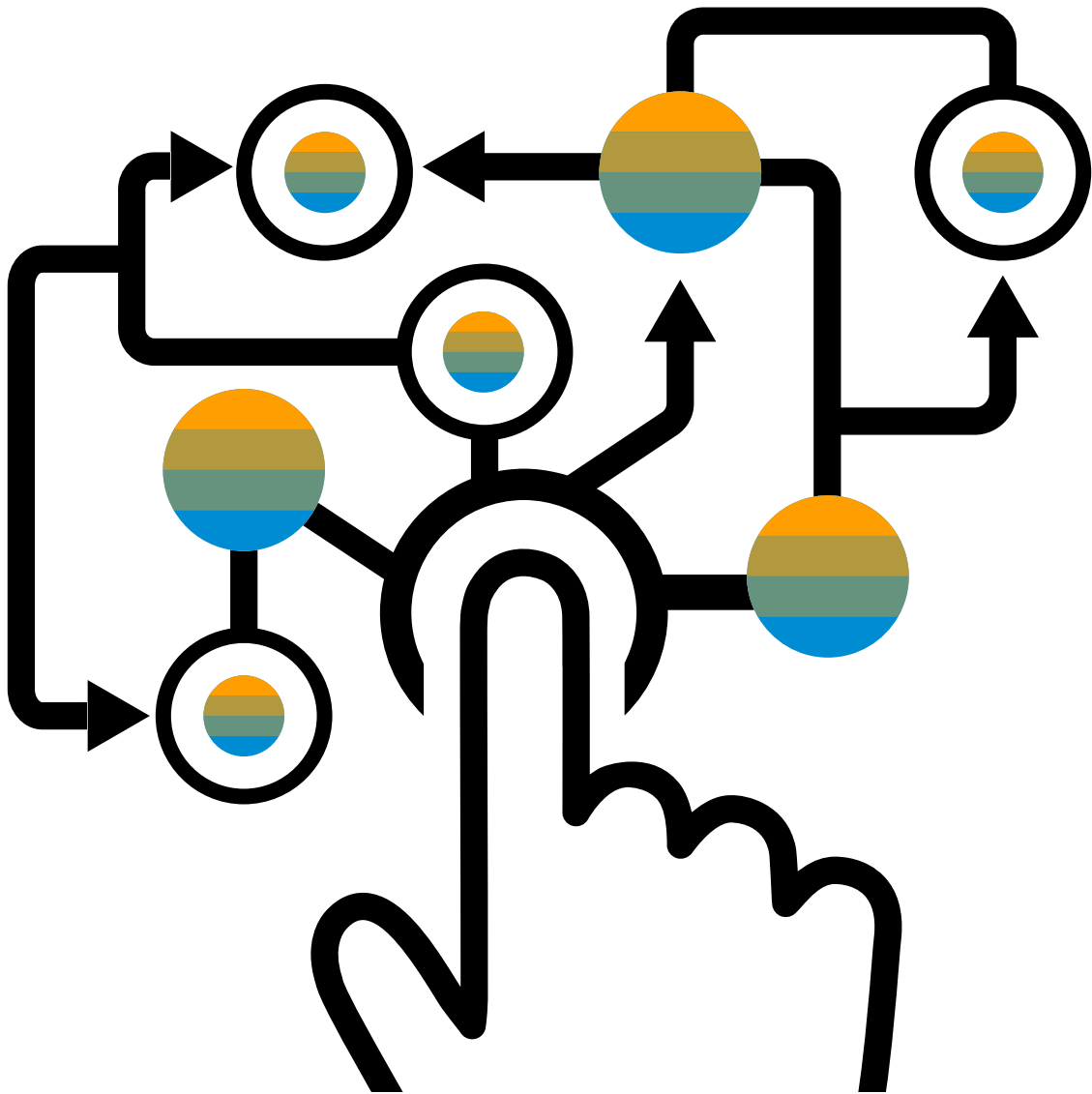


Table of Contents

- 3** Overview
- 5** Spend Management: Important but not yet Efficient
- 7** Travel Management: Are Your Employees at Risk?
- 9** Expense Management: Employee Compliance a Top Concern
- 11** Invoice Management: New Legislation to Consider
- 13** The Dangers of Disconnected Spend Management
- 14** The Benefits of Connected Spend Management
- 15** In Summary

Overview How does your business manage travel, expense and invoice processes today? These three areas have one thing in common – employees. They hold the purse strings and make decisions on behalf of your company. Do you have total visibility into this spend? We asked 500 UK finance leaders from businesses of all sizes about their employee spend management practices. The research revealed that despite some process improvements, there are still a number of worrying gaps. In particular, many face growing challenges around visibility, compliance and duty of care. So, how does your business compare?

A finance leader's job is never done. There's always ways to manage money more effectively. According to our latest study with market researcher Vanson Bourne, 82% of finance leaders say their organisation has made improvements to some or all of their travel, expense and invoice processes in the last few years. While this is good news, the job doesn't end there. In fact, 81% of finance leaders don't have complete visibility over travel, expense and invoice spend. Ultimately, when spend management is disconnected, many businesses struggle to see the bigger picture.

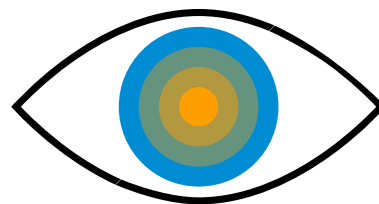
Poor processes can have dire consequences. Pay a supplier late and they could stop working with you. Fail to audit expense claims and

exaggeration becomes the norm. Fall foul of government compliance legislation and you could face legal action. Plus, in this day and age, it's never been more important to know exactly where your employees are. If you don't have real-time visibility, your employees could be at risk. That's a lot to consider – and this is just the tip of the iceberg.

In this whitepaper, we will explore the findings of the spend management research across travel, expense and invoice processes. We'll also offer recommendations on how your business can mitigate risk, stay ahead of the curve and ultimately realise the benefits of connected spend management

81%

of finance leaders don't have complete visibility over travel, expense and invoice spend.



A NOTE ON METHODOLOGY

The research was carried out by market research specialist Vanson Bourne in summer 2017, by surveying 500 finance leaders in the UK from a range of commercial industries including manufacturing, retail, business services, finance and IT. The respondents represent an even spread of small, medium and large enterprises.

Spend Management: Important but not yet Efficient

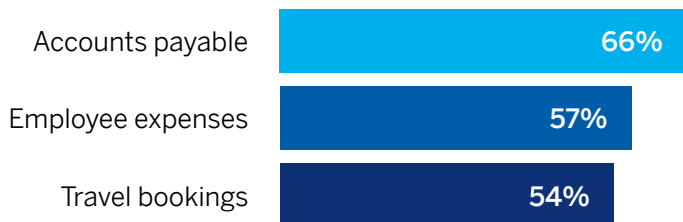
Spend management refers to the effective control and visibility of costs associated with company travel, employee expense and supplier invoice processes. While automation can improve spend management, there are still some challenges to solve.

98% of finance leaders believe it's important to have control over spend, and embracing automation is an effective way to do this. While more than half of all travel, expense and invoice processes are said to be automated, many finance leaders indicated they are not as efficient

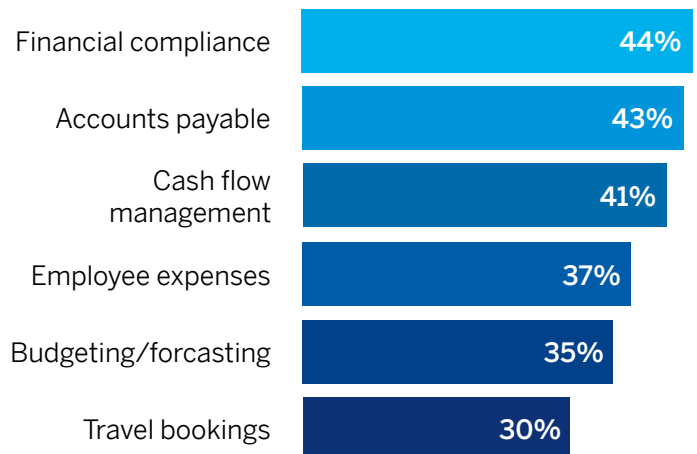
as they'd like to be. 70% said their travel booking processes were not entirely efficient, followed by 63% for employee expenses and 57% for accounts payable (AP) invoice processes.

The fact that more than half of respondents considered these three core financial processes to be inefficient, indicates gaps in the end-to-end automation that could relieve the inefficiency burden. Ultimately, automating only one or two steps does not equate to an automated process. In addition, 86% of respondents said that these disparate processes could be better connected to get a more holistic view into spending.

To what extent are the following finance processes automated?



To what extent are the following finance processes managed mostly efficiently?

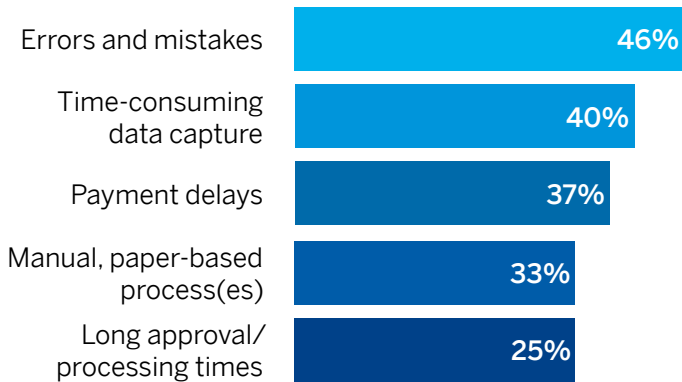


98%

of finance leaders say it's important to have total control over spend management.

When asked about priorities, cash flow remains top of the list. While this is important, finance leaders shouldn't take their eyes off the higher strategic roles they're expected to perform. Take for instance that at the bottom of the list was 'providing strategic insights to the business', 'paying creditors' and 'providing advanced visibility into spend'. However, these are arguably the most important roles a finance leader can and should play. By tackling disconnected spend management, finance can focus less on admin and more on strategy.

Considering the processes within your finance department, what are the greatest challenges your team faces?



When finance leaders were asked what their greatest challenges are, the top five were all related to process inefficiency, which still plagues many businesses. Inefficiencies can create other problems too. Significantly, 75% of finance leaders say these challenges have resulted in reduced job satisfaction within their team. Besides a dip in morale, this can lead to high employee turnover and increased recruitment effort, which can be time-consuming and costly.

To tackle this, automation is a great place to start. For instance, automated data capture of expenses and invoices can halve the time employees spend on rekeying line items into finance systems, which also reduces the risk of errors. All of which drives efficiency across the approval, processing and payment stages for travel, expense and invoice spend.

But while automation can help, you should consider connecting spend management processes otherwise you're only patching up the problem. So, if your business is affected, what can you do about it? First, you need to identify the challenges presented by each area of spend management.

75%

of finance leaders say process inefficiency has reduced job satisfaction within their team.

Travel Management: Are Your Employees at Risk?

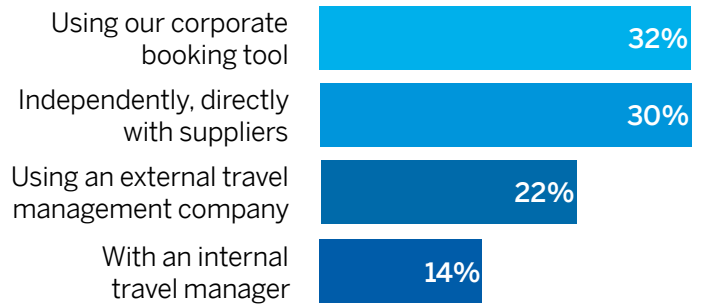
Of the three spend management areas, travel is the least automated process. Not only do efficiency gaps need to be addressed early on to prevent issues further down the line, duty of care also needs to be taken more seriously.

Managing business travel can be tricky. You might have just a handful or thousands of employees travelling locally or globally. Whatever your situation, you need to capture booking information and real-time data to manage spend, control compliance, negotiate effectively with suppliers and – most importantly – keep your employees safe.

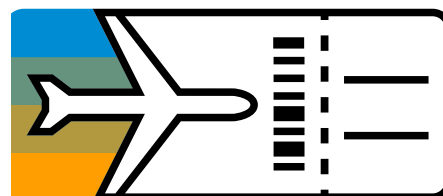
The challenges begin when an employee sets out to book a business trip. A corporate booking tool can be the most effective way to capture travel data, but there are other options available:

Almost as many employees book travel directly with suppliers as those using corporate booking tools

Which way is the most popular for employees to book travel within your organisation?



Booking directly with suppliers is becoming more popular, particularly in a sharing economy where employees have more choice than ever before. Plus, travel suppliers are increasingly marketing to business travellers and encouraging direct bookings. While employees think they are saving the business money, or trying to increase their loyalty rewards, they could be hampering your ability to report on all travel spend. This leads to incomplete preferred supplier data, the inability to oversee employee itineraries and reduced visibility of overall spend

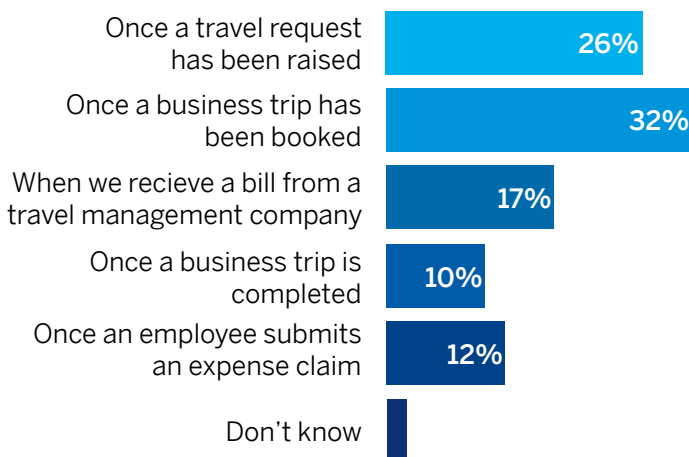


As travel booking options become more diverse, you need to support employees to book using their preferred method, finding deals that make sense for both the business and the traveller, while capturing all spend data. The more advanced corporate booking tools will connect with itinerary information both from suppliers and direct bookings to improve visibility.

THE IMPORTANCE OF COMPLETE TRAVEL DATA

So at what point can and should you act on this data? The earlier your business has visibility of travel costs, the better. If employees are requesting budget for business trips, it's easy to see if money is available and approve, decline or edit requests as necessary. However, the large majority of businesses (71%) are only seeing travel costs after trips have been booked.

How far in advance does your organisation's finance team usually have visibility of travel costs?



After bookings are made, companies may be able to request a refund from suppliers if needed. However, significant time, money and control has already been lost. And if your business only gets crucial visibility once a travel management company sends a bill, a trip is complete or a claim is submitted, the problems mount. Not only is it difficult to accrue and budget appropriately, you're only able to see the associated travel expenses when they've already been spent.

Remember – it's not just about the budget. Every business has a legal responsibility to look out for its employees' health, safety and wellbeing – including during business trips. When travel data is disconnected, knowing where employees are at any given time is near impossible. In fact, 77% of respondents were not completely confident that their organisation can quickly and accurately locate business travellers in an emergency, which is simply not good enough in the current environment.

77%

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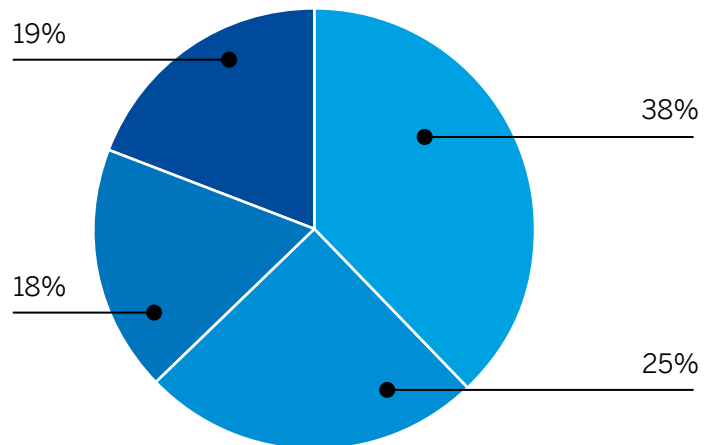
Expense Management: Employee Compliance a Top Concern

Complex and lengthy processes aren't the only challenges businesses are facing with expenses. Issues with compliance, auditing and VAT reclaim are costing many businesses time and money.

Aside from improved efficiency, one of the biggest benefits of automated expense management is the increase in compliance to your company travel and expense (T&E) policies. As the research shows, some finance leaders (68%) aren't completely confident that employees comply with T&E policies. Using an expense management tool that clearly marks out-of-policy options to the user, and flags issues to the approver, helps to prevent non-compliance before it happens.

The responsibility lies mainly with approvers to carefully check expense claims for inaccuracies, fraud and duplication. Unfortunately, 78% of finance leaders aren't completely confident that managers thoroughly check each and every claim submitted by employees. To improve company policy and HMRC compliance, some organisations have created internal auditing teams or outsourced to specialists, but more than half (55%) of claims aren't audited at all.

What percentage of expense claims are audited for duplication, errors and fraud?



Average claims audited: 45%

68%

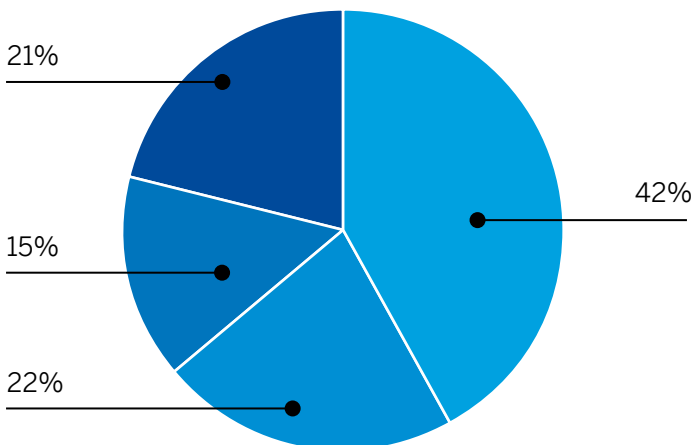
of finance leaders aren't completely confident that employees comply with company T&E policies.

MISSED OPPORTUNITIES FOR VAT RECLAIM

Auditing expense claims and VAT reclaim go hand-in-hand. It's an added step in the finance process that can save your business money but it takes time, dedication and – above all – accuracy. If you're not confident that expense claims are accurate, or you are unsure of the rules, reclaiming VAT can put your business at risk. For that reason many finance leaders skip this step, or only partially reclaim, fearing the administrative and legal burden it brings.

In fact, UK businesses miss out on more than half (54%) of the VAT they are entitled to reclaim:

What percentage of expense claims are audited for duplication, errors and fraud?



Average VAT reclaimed: 46%

With travel and expense costs making up to 20% of your budget, VAT reclaim is a huge opportunity that should be high on every finance leader's priorities. When you connect travel and expense processes, it's easier to identify VAT that's eligible to be reclaimed. And when you bring invoices into the same system, overall employee spend becomes much easier to manage.

On average, UK businesses miss out on

54%

of the VAT they are entitled to reclaim on Travel and Expense costs.

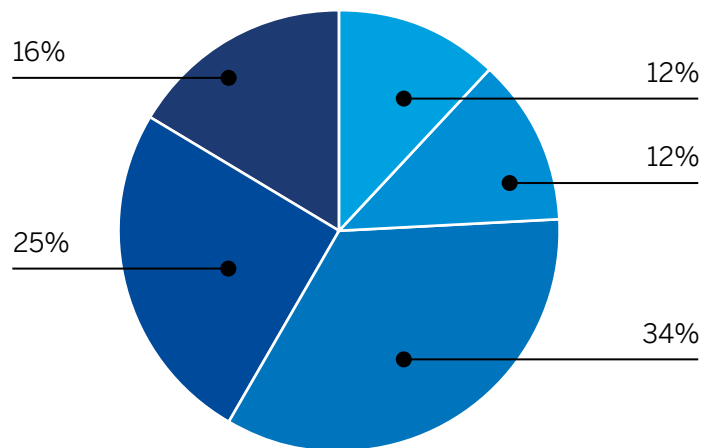
Invoice Management: New Legislation to Consider

Duty to Report legislation brings a heightened focus on payment practices. As a result, there's never been a better time to address invoice inefficiencies, simplify processes and stop late payments – whatever size your business.

In 2017, the UK government introduced Duty to Report on Payment Practices and Performance legislation. This requires many businesses to document, and make publically accessible, reports on the percentage of invoices they pay on time or late – and by how much. As a result, the reputation of businesses who frequently pay suppliers late is likely to suffer.

46% of the businesses we surveyed were not aware or only somewhat aware of the new legislation and generally felt unprepared. Besides the reports they are required to produce, it seems that complex processes, disconnected spend data and archaic paper-based systems are contributing to a feeling of apprehension among AP professionals.

Are you aware of the Duty to Report on Payment Practices and Performance legislation?



Not aware or somewhat aware: 46%

46%

of finance leaders are not aware or only somewhat aware of Duty to Report legislation.

THE PAIN OF LATE PAYMENTS AND FRAUD

While smaller businesses are currently not required to report on their invoice process, almost every business faces challenges. In fact, a staggering 83% of finance leaders say they pay supplier invoices late at least some of the time. In addition, 31% take over a month to process and pay invoices.

If this is an issue for your business, it's time to take action. Ultimately, the more efficient your process, the easier it is to schedule supplier payments and optimise cash flow. It also means you can avoid late payment fees and poor supplier relationships.

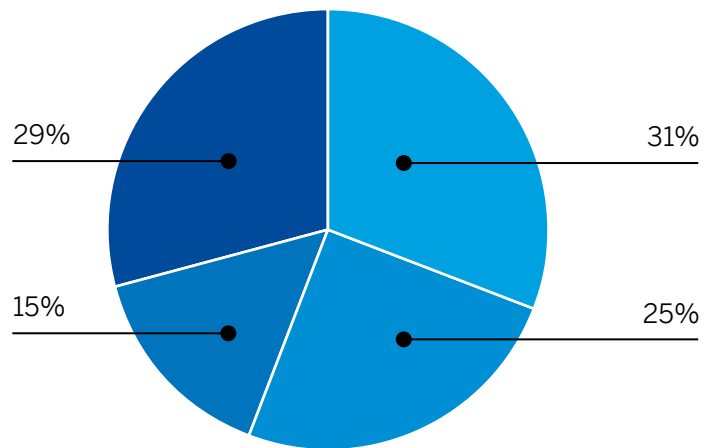
Of course, it's not just about paying suppliers on time. It's also about making sure – just like expenses – that the invoices being paid are accurate, honest and compliant. To do this, an invoice must be subject to the same scrutiny as an expense claim. But again we see that 48% of invoices aren't checked for duplication, errors and fraud.

On average, only

52%

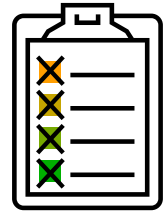
of invoices are checked for duplication, errors and fraud.

What percentage of invoices are checked for duplication, errors and fraud?



Average invoices checked: 52%

This leaves many businesses vulnerable to a number of risks. With a paper-based or manual system, duplicate invoices and errors are commonplace as multiple copies float around the business waiting to be captured, approved and processed. Plus, businesses are at an increased risk of external fraud as cybercriminals are blanket sending fake invoices in the hopes of a mistaken payments slipping through. To take control, businesses need a secure and automated spend management solution.



The Dangers of Disconnected Spend Management

While there's room for improvement within each area, 86% of finance leaders agree that their travel, expense and invoice systems could be better connected for a single view of spend. Are data gaps causing issues in your business?

Without connected spend management, cost control can be a challenge. Perhaps this is why 75% of finance leaders say their company consistently goes over their travel, expense and invoice budget. But these aren't the only problems caused by disconnected spend management...

You Can't Get a Holistic View of Spend

Travel, AP and finance functions are often handled separately by different teams. But as it rolls up into one bottom line, you need to get connected. Without clear processes in a single finance system, you'll be hard pressed to report on employee spend – wherever it originates, whenever you need it – to make more informed business decisions.

You Can't Control Costs

If you're not able to capture travel requests and bookings, not only will you be in the dark when it comes to budgeting for future spend, you won't be able to anticipate all the associated costs. And what about employee expenses – do they match up to completed business trips? And are you requesting purchase orders to get upfront visibility so you can better spread your budget?

You Can't Ensure Compliance

Is that a legitimate expense or is someone trying to sneak through what should be a travel or invoice cost? Will all your data stand up to the scrutiny of an HMRC auditor? Can you accurately reclaim the appropriate amount of VAT based on expense type? Most importantly, can you locate your employees in the event of an emergency?

You Can't Satisfy Employees

Do you have different systems for employees to use across travel, expense and invoice management? Manual, disjointed and paper-based processes may require lots of rekeying and fact-checking which can frustrate employees. Your team deserve better and you have the power to make them more productive.



The Benefits of Connected Spend Management

When you join the dots on travel, expense and invoice spending, you can start to see the bigger picture. Tackling three processes with one solution is an effective way to do this. Here are some of the benefits...

Simplified Processes

The most obvious benefit is moving away from manual processes and reducing the number of systems your business uses. If you have one cloud-based system to manage three different processes, employees don't have to spend time learning a different system for every process. You also reduce the strain on your IT department as they don't have to deal with multiple on-premise tools.

Reduced Late Payments

Whether you're settling fees with a TMC, reimbursing employee expenses or paying a supplier invoice, no one wants to be paid late. An efficient, automated approach can cut down processing times and the inevitable admin that comes with manual processes. That means you can reimburse all parties promptly, comply with legislation and avoid poor relationships and penalties.

Greater Visibility and Compliance

Being able to see and report on company-wide spend from one place can help you proactively spot patterns and control costs. That early visibility into spend data helps with accruals and budgeting, but crucially can help manage compliance and inform decision making. To think strategically, intelligent data management and reporting is essential.

Meeting Duty of Care Requirements

Connected spend data is absolutely essential to managing duty of care. Capturing all travel bookings and real-time expense data from company credit cards can help you locate employees in the event of an emergency. Combined with employee communication services, you can ensure employees are always accounted for and duty of care is easier to manage.

Increased Satisfaction and Productivity

When you help improve employee productivity and make the most of their valuable skills, not only do you reduce employee frustration, but the business wins too. That means less turnover, less time spent on training and smoother processing of expenses and invoices. Similarly, you give employees freedom within a framework to book travel how they prefer without compromising on data visibility.

In Summary

When travel, expense and invoice management are disconnected, your business can only see a snapshot of spending. If you only plan to improve one area – perhaps expense, leaving travel and invoice behind – discrepancies between processes will begin to show. Only by embracing connected spend management can you save your employees and your business time and money both now and in the future.

HOW CONCUR CAN HELP

- A cloud-based, integrated travel, expense and invoice management solution
- An intuitive mobile and desktop interface to improve employee productivity
- All your data in one place for improved visibility and compliance
- Simple dashboards and reports for actionable insights and decision-making
- A more effective way to manage duty of care with real-time data
- An open ecosystem of partner applications offering a variety of support

ABOUT SAP CONCUR

SAP® Concur® imagines the way the world should work, offering cloud-based services that make it simple to manage travel and expenses. By connecting data, applications and people, SAP Concur delivers an effortless experience and total transparency into spending wherever and whenever it happens. SAP Concur services adapt to individual employee preferences and scale to meet the needs of companies from small to large, so they can focus on what matters most.



LEARN MORE

Want to discuss how connected spend management could benefit your business?

Give us a call on **01628 645 100**.

[WATCH OUR PLATFORM VIDEO](#)



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