THE VALUE OF AUTOMATED TRAVEL, EXPENSE, AND INVOICE MANAGEMENT:
A Before and After Look at the Small-to-midsize Business Cost of Manually Managing Company Spend and the ROI of Automating These Processes

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Executive Summary

Small and mid-sized firms with 1-999 employees (SMBs) rely heavily on their finance and accounting teams to accurately track cash flow, pay invoices, and reimburse employees in a timely fashion. Managing company spend is critical to SMBs as even small budgetary oversights can have a major impact on a firm’s operations. Changes in the business landscape are making it progressively more challenging for accounting/finance teams to manage company spend. More employees are traveling and working remotely, and tax and legal requirements are becoming increasingly complex. In this environment, manual methods of managing company spend are less reliable than ever.

Businesses are increasingly realizing the benefits of a fully automated and integrated travel, expense, and vendor invoice management solution. According to AMI – Partner’s (AMI) Global Market sizing and forecast model, worldwide SMB adoption of travel and expense (T&E), and vendor invoice solutions is expected to grow at compound annual growth rate (CAGR) of over 10% from 2019 to 2023. Spending will rise from $3.1B to $6.3B in that time (19% CAGR). Automation has proven to be an effective method for saving time and money, enabling better visibility into company spend data, and impacting employee productivity and satisfaction.

AMI connected with financial decision makers in over 500 SMBs across 6 countries (Australia, Canada, France, Japan, United Kingdom and United States) to better understand the “before and after” experiences of implementing automated solutions. The businesses included both current users (404 businesses) and non-users (100 businesses) of automated T&E and/or vendor invoice management solutions. The findings presented herein focus primarily on the insights from businesses that have modernized their spend tracking by automating their processes. The study aimed to uncover the underlying costs of using outdated processes and to determine the ROI of implementing automated solutions. This white paper highlights that when SMBs continue to use manual processes they face 3 key challenges:

- Limited visibility into company spending and cashflow
- Risk of non-compliance and fraud
- Time and financial costs

Businesses that automated their T&E, and vendor invoice management were able to overcome these challenges while positively impacting business outcomes.
Evolving business dynamics require a modern approach to managing company spend

More employees are traveling and working remotely than ever before:

There continues to be a growing trend towards mobility and remote working in the modern business. Nearly 93% of surveyed firms have employees that travel at least 4 days per month. This is a significant increase from 80% cited in a previous study. Roughly 16% of employees in each company travel for work and they are submitting 2 expense reports per month on average. Firms are processing 110 expense reports in a typical month. Over 90% of firms plan to hire employees in the next 12 months, which will result in more expense reports. Managing the increasing number of reports will become a growing challenge for finance teams of such companies—especially those still using manual processes.

**T&E Management Profiles**

<table>
<thead>
<tr>
<th>110</th>
<th>19%</th>
<th>16%</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. # of travel/expense reports processed in a typical month</td>
<td>Avg. percent of employees that currently file travel/expense reports</td>
<td>Avg. percent of employees that travel at least 4 or 5 days a month</td>
<td>Days taken for reimbursement after submitting expense reports</td>
</tr>
</tbody>
</table>

Limited AP staff are processing increasing numbers of expense reports and invoices:

One of the top goals for organizations is to grow the company without increasing the size of the finance/accounting team (66%). Firms want to grow strategically, but this places more pressure on finance teams working with limited resources. SMBs (the average firm size for this study was 277 employees) are processing over 217 invoices per month—or 24 invoices for each accounts payable employee. On average, accounting/finance staff spend 12 hours each week processing invoices.

**Invoice Management Profiles**

<table>
<thead>
<tr>
<th>111</th>
<th>10</th>
<th>217</th>
<th>12 Hrs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average # of suppliers</td>
<td>Avg. # of days it takes to get sign-off approval for vendor invoice payments</td>
<td>Avg. # of invoices processed in a typical month</td>
<td>Avg. time spent by Accounting Teams on processing invoices weekly</td>
</tr>
</tbody>
</table>

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1 Elevate Business Performance and Better Manage Spend with Automation: 2018 AMI-Partners Study.
Key challenges and goals are related to spend management and tracking:

Shifting business dynamics directly impact T&E and invoice management processes and create more complexity for SMBs as they work to navigate overarching challenges and accomplish strategic goals.

**Challenges**
In addition to changes in how business is being conducted, companies face several general challenges in their daily operations. The biggest challenge cited was maintaining employee satisfaction—including managing dispersed workforces and retaining talented employees. Other challenges had a more direct relationship to spend management, such as managing compliance issues, lack of visibility into spend and cash flow data and improving employee productivity.

**Goals**
As with overarching challenges, there were many general business goals cited that directly correspond to travel and expense (T&E) and invoice management. The top goal cited was integrating HR and accounting processes by 74% of firms. Over 70% of firms cited enabling employees to focus on strategic work by reducing time spent on mundane tasks as a top objective.

Firms still using spreadsheets or not fully automating and integrating T&E and vendor invoice solutions will find it difficult to remain competitive and grow. As we will see, manual approaches to T&E and vendor invoice management compound the many hurdles faced by SMBs.
Underlying cost of manual processes and how automation can help – (The ‘before and after’ of spend management):

Traditional methods such as spreadsheets or pen and paper for tracking and managing expenses and vendor invoices are inherently slow and cumbersome. This fact becomes more evident as companies begin to grow beyond 50 employees. In this section, we will highlight the true cost of manual processes through the lens of the challenges firms faced prior to automating their travel, expense, and invoice management and how automation is helping SMBs to overcome those challenges. While several discrete pain points were identified, they can be categorized into three key areas:

- **Visibility**
  - Lack of visibility into cash flow: 61%
  - Duplicate data entries: 57%
  - Lack of control needed to make informed decisions: 56%
  - Difficulty tracking spending trends and behaviors: 55%
  - Lack of accountability: 55%

- **Risk/Compliance**
  - Incomplete documentation: 66%
  - Industry specific regulations: 62%
  - Tax and compliance issues: 61%
  - Employees submitting non-qualified expenses: 60%
  - Fraud/Risk management: 54%

- **Time/Financial**
  - Delayed reporting of expenses: 65%
  - Time wasted in expense audits due to non-compliance: 63%
  - Time taken away from strategic work: 60%
  - Protracted approval cycles/reimbursements: 59%
  - High cost of processing expenses & invoices: 59%

% of Firms answering 5, “Very Important” + 4, “Important” Scale of 1 to 5, where 5 = Very Important and 1 = Not at all Important

Visibility into spend data trends – Before automating

One of the biggest challenges faced by firms prior to automating was a lack of visibility into company cash flow. The ability to accurately track cash flow is critical to sound accounting and budget management. Precise tracking is challenging when using a manual approach especially as the number of transactions increase. Challenges related to lack of visibility included the inability to track spending trends, lack of integration and high number of inaccuracies.
• **The inability to accurately track spending trends** – is directly related to data visibility and can result in overlooked errors and missed opportunities for savings.

• **Lack of integration with budgets** – Poor integration impinges on a firms ability to see how spending is impacting the overall plan.

• **Duplicate entries/high number of inaccuracies** – is a direct result of not having a clear view of spend data. A good automated solution helps to reduce inaccuracies.

Visibility into spend data trends – After automating

Better data visibility was one of the top benefits experienced by firms after implementing automated T&E and vendor invoice management solutions. It was the second most highly ranked benefit following time savings. Improved visibility of company spend data has a number of add on effects. For example, nearly 60% of SMBs using automated solutions stated that they are better able to overcome general business challenges thanks to better visibility into spending trends. This increased to nearly 70% among firms using SAP Concur.

59% of SMBs agree that automated travel, expense and invoice management solutions enable better response to business challenges because of improved **visibility of the company spend data**

One of the clear benefits of implementing an automated solution is that it helps to significantly reduce or eliminate the need for paper-based invoices and receipts. Once these documents are stored centrally and electronically, they can be accessed with ease. More sophisticated solutions also allow for accounting teams to observe trends over time.

“One of the biggest things we like about SAP Concur is that it facilitates capturing of invoice and expense data which we are able to easily access and consume for building reports.”

– Accounts Payable Manager- Mid-sized financial services firm
Improved data visibility allows accounting/finance teams to be more strategic about financial management. Users of automated travel, expense, and vendor invoice management solutions are better able to track cash flow through the organization over time, which enables them to spot mistakes and fraud and ultimately helps them to reduce costs.

“We were previously using Excel and it was just very slow and took a lot of time. Automation allows us to see everything in one place and make better decisions.”
– Finance Director – Mid-sized consulting firm

Compliance and risk/fraud management – Before automation:

Risk and compliance issues can significantly hinder growth and long-term goals. SMBs that have not implemented good practices are susceptible to fraud, budget creep and regulatory fines and penalties. In a fast-changing business environment, effective spend management tools can greatly enhance cash flow visibility and protect against significant losses due to fraud and misspending.

**Missing/incomplete documentation** was the most commonly cited challenge prior to automation. Two-thirds of firms indicated that this was a top pain point. Missing documentation can create compliance and risk issues because without the proper documents, AP teams are not able to validate and track the actual amount of an expense or invoice. In the case of a lost receipt, the employee may have accidentally or intentionally claimed the incorrect amount. Moreover, lost documents create significant challenges during audits. SMBs risk fines for non-compliance during auditing if they are not able to locate the correct files or are unable to recognize fraudulent transactions when they occur.

**Top Compliance Related Challenges**

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Missing/incomplete documentation</td>
<td>66%</td>
</tr>
<tr>
<td>Industry specific compliance issues</td>
<td>62%</td>
</tr>
<tr>
<td>Employees submitting non-qualified expenses</td>
<td>60%</td>
</tr>
<tr>
<td>Invoices from non-qualified vendors</td>
<td>59%</td>
</tr>
<tr>
<td>Fraud/risk management</td>
<td>54%</td>
</tr>
</tbody>
</table>
Compliance and risk/fraud management – After automation:

More than half of firms using an expense solution stated that better compliance and fraud reduction was a key benefit of automation. With better visibility and tracking, employees are less likely to submit non-qualified expenses. If they do, automation allows finance/accounting managers to flag expenses that are out of compliance and enables them to be prepared in the event of an audit.

“Prior to SAP Concur, the risk was the unreliable paper trail. SAP Concur has a built-in audit trail for approval workflow. We can build parameters into the system now that a team member submitting an expense report must abide by. Certain flags are triggered if a team member tries to submit an expense report over a certain amount.”

– Accounts Payable Manager- Mid-sized financial services firm

The risk of missing documentation is significantly reduced as a result of better data capture and ease of capturing invoices and receipts. Businesses using travel, expense, and vendor invoice management software saw a significant decrease in missing documents, as well as a reduction in late vendor payments.

<table>
<thead>
<tr>
<th></th>
<th>% Change in Missing Documents or Late Payments before vs. after Implementing an Automated Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fewer invoices misplaced</td>
<td>60%</td>
</tr>
<tr>
<td>Reduction in misplaced receipts</td>
<td>55%</td>
</tr>
<tr>
<td>Reduction in late vendor invoice payments</td>
<td>54%</td>
</tr>
</tbody>
</table>

Firms using SAP Concur solutions reported greater than average reduction in lost documents and time to reimbursement. Reducing the incidence of misplaced documents and late payments not only supports better compliance, but it also has an impact on company time and overall finances in terms of penalty avoidance during audits and reduction of overpayments to employees.
Time and financial cost – Before automation

We have seen how manually managing company spend can create indirect costs for an organization. These factors result in explicit losses in the form of wasted time, which equates to wasted money. In most cases, the bottom line is the most important metric of viability and success of an organization and time/money related challenges were amongst the most prevalent prior to automation. Among the top challenges related to time were:

- **65%** Delayed reporting of expenses
- **63%** Time wasted in expense audits
- **60%** Time taken away from strategic work
- **59%** Delayed approval cycles/reimbursements

All of these challenges share a common thread – they result in lost time and financial opportunities. A top goal for organizations is to do more and grow with tight resources. Manual travel, expense, and vendor invoice management impedes growth and scale because it is inefficient and requires that time spent by finance/accounting teams increase proportionately to the overall growth of the firm.

>“Before automating, managing invoices used to be a very cumbersome process. I had to spend several days to get approvals and documents used to pass through a number of hands.”

– Accounts Payable Manager – Mid-sized financial services firm

Time and financial benefits – After automation

Time savings due to improved efficiencies was by far the top-cited benefit of implementing an automated solution. Over 60% of firms indicated that this was a key benefit of their solution.

- **62%** of T&E users and **65%** of vendor Invoice software users agree that automation helps **save time through better efficiency**

Firms using automated T&E solutions reported that finance/accounting employees were saving **10 hours** per week in the expense report process. Those using vendor invoice management saw time savings of **9 hours** per week, per AP staff. According to an SAP Concur user “we can approve far more reports in the same amount of time now.”
The time saved on processing reports also enables firms to focus on strategic growth and planning.

62% of decision makers affirm that automated T&E solutions help reduce time spent on administrative tasks to focus on growth and strategy planning.

Adoption of automated travel, expense, and invoice management solutions also have a significant impact on company savings. SMBs using T&E solutions save over $31,000 per year after implementation. Firms using Concur Expense reported greater average savings of $40,000 per year. Companies implementing vendor invoice management solutions saw similar cost savings. The average annual dollar savings was nearly $34,000. Firms using Concur Invoice indicated that they are saving over $42,000 annually.

<table>
<thead>
<tr>
<th>Automation Savings</th>
<th>All T&amp;E Users</th>
<th>SAP Concur T&amp;E Users</th>
<th>All Invoice Users</th>
<th>SAP Concur Invoice Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>$31K</td>
<td>$40K</td>
<td>$34K</td>
<td>$42K</td>
</tr>
<tr>
<td>Time (per accounting team per week)</td>
<td>104hrs</td>
<td>122hrs</td>
<td>104hrs</td>
<td>148hrs</td>
</tr>
</tbody>
</table>

These savings are significant, particularly for SMBs. When factoring in the potential savings on hiring and training new staff, the cost benefits of an integrated travel, expense, and vendor invoice management solution can have an outsized impact on company performance.

“Our accounting team size has remained the same as we’ve grown. Even after some people retired from our company last year, we were able to utilize SAP Concur’s feature—Invoice capture—which was more cost-effective than hiring someone new.”

– Accounts Payable Manager - Mid-sized financial services firm
A brief look at ‘non-users’

Among SMBs that had not adopted travel, expense and invoice management automation software, roughly 75% did not plan to adopt any solution in the next 12 months. Many SMBs do not realize the severity of the challenges of using manual methods as they are often accustomed to the status-quo. In many cases, it is not until after they have implemented a better process that hindsight shows how difficult and costly traditional approaches really are. This bias was evidenced in how some non-users responded to the questions on challenges. They were less likely to view things like missing documents, risk, and delayed reporting and reimbursements as major pain points. However, these firms also tended to have lower revenues, were smaller in size and were processing fewer expenses and vendor invoices.

Business owners and finance executives are so busy running the business, that they are often not able to find the time to research, let alone implement, a new process or solution. However, automating travel, expense, and vendor invoice management solutions helps to free up valuable time so that decision makers can focus on aspects of the business that matter most to them.

The increased time efficiencies and cost savings create opportunities for growth and scale. Even senior members of the organization gain back valuable time once cumbersome, manual aspects of spend management have been automated.

“One of the key benefits is that our CEO used to print, and hand sign the checks we used to send out which would take an hour of his day every other week. Now he has an hour where he can go meet with a client or work on the business or do something far more valuable than signing checks.”

– Finance Director - Mid-sized professional services firm

The value of a CEO’s time cannot be understated. Often in a small/medium-sized business, the CEO is the key financial decision maker. Given the high rate of business turnover in the SMB space, freeing up valuable time for the CEO can mean the difference between company growth vs. failure.
Conclusion – Taking the leap to automation and integration

There are inherent challenges related to implementing a new automation solution including on-boarding and training employees as well as the time it takes to learn a new system. However, these challenges should not discourage firms from implementing automated travel, expense, and invoice management solutions or taking a further step of integrating across various processes. We’ve seen that the benefits of automation significantly outweigh any cost of implementation and there is a considerable return on investment to adopting automated T&E and vendor invoice solutions.

SMBs that fail to update their processes place themselves at high risk and absorb costs that are not always easy to quantify. These costs come in the form of lost time, missed financial opportunities, overpayments, and non-compliance. Without the proper tools in place, it’s difficult to stay on top of all facets of managing company spend while taking the necessary steps to grow the organization and keep employees happy.

The insights gained from connecting with financial decision makers in the SMB space has demonstrated that a key to growth is ensuring that unnecessary costs are kept in check and working hours are spent primarily on planning and strategy. An automated T&E and invoice management solution that integrates with other business solutions such as accounting and finance systems, ERP, CRM (Customer Resource Management), etc. can result in untold savings and upside potential for a growing business.

“SAP Concur has facilitated the overall reimbursement process - team members are able to submit their expense report right as they land. If the manager approves it that same night, the money is in employee’s bank account in 2 days. It has definitely improved the availability of all steps in the reimbursement process and it’s much quicker.”

– Accounts Payable Manager - Mid-sized financial services firm

“Before SAP Concur, we had to box up countless invoices and send them to a paid storage facility and pay for recalling the box when we wanted to research something. SAP Concur has eliminated 90% of paper-use. We have definitely been able to reduce costs”

– Accounts Payable Manager - Mid-sized financial services firm
Appendix

This white paper was developed by AMI-Partners, a leading market advisory firm focused on SMB and enterprise technology solutions. The results are based on a comprehensive online survey of 504 organizations within 6 major countries (Australia, Canada, France, Japan, United Kingdom and United States). The companies surveyed were distributed by size as follows: 38% small business (1 to 99 employees), 37% medium businesses (100 to 499 employees), and 25% Nationals—Large Mid-sized firms (500 to 999 employees). The study focused evenly between 5 key industries: Financial Services, Manufacturing, Professional Business Services, Retail, Technology Solution Providers to uncover the unique challenges and pain points therein. The survey respondents consisted of both users (80%) and non-users (20%) of automated solutions to compare experiences and understand which factors prevent firms from automating. In addition to the online survey, AMI conducted in-depth interviews with key financial decision makers in charge of their companies T&E and/or invoice management to supplement the survey finding.

Study sample:

<table>
<thead>
<tr>
<th>Employee Size</th>
<th>Sample - N</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-99 Emp.</td>
<td>189</td>
<td>38%</td>
</tr>
<tr>
<td>100-499 Emp.</td>
<td>187</td>
<td>37%</td>
</tr>
<tr>
<td>500-999 Emp.</td>
<td>128</td>
<td>25%</td>
</tr>
<tr>
<td>Total</td>
<td>504</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Verticals</th>
<th>Sample - N</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>105</td>
<td>21%</td>
</tr>
<tr>
<td>Retail</td>
<td>95</td>
<td>19%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>99</td>
<td>20%</td>
</tr>
<tr>
<td>Professional Business Services</td>
<td>101</td>
<td>20%</td>
</tr>
<tr>
<td>Technology Solutions Providers</td>
<td>104</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td>504</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Countries</th>
<th>Sample - N</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>216</td>
<td>43%</td>
</tr>
<tr>
<td>Canada</td>
<td>59</td>
<td>12%</td>
</tr>
<tr>
<td>Australia</td>
<td>56</td>
<td>11%</td>
</tr>
<tr>
<td>UK</td>
<td>55</td>
<td>11%</td>
</tr>
<tr>
<td>Japan</td>
<td>61</td>
<td>12%</td>
</tr>
<tr>
<td>France</td>
<td>57</td>
<td>11%</td>
</tr>
<tr>
<td>Total</td>
<td>504</td>
<td>100%</td>
</tr>
</tbody>
</table>

N-Values by Software Category Type

<table>
<thead>
<tr>
<th>Software Category Type</th>
<th>Sample - N</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currently Use Expense Management Software</td>
<td>329</td>
<td>65%</td>
</tr>
<tr>
<td>Currently Use Invoice Management Software</td>
<td>232</td>
<td>46%</td>
</tr>
<tr>
<td>Currently Use Travel Management Software</td>
<td>205</td>
<td>41%</td>
</tr>
</tbody>
</table>

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