

Mobile Technology: Filling the Gap in Modern Expense Management

The *Expense Management for a New Decade* research study (February 2011) detailed the fresh approaches, strategies and solutions currently being utilized by companies today to effectively support modern expense management. With 41% of organizations perceiving expense management as a function that is just as critical as other internal departments, and another 39% seeing the function rise in prominence over the last year, the stage is set for companies to leverage new solutions to better manage their expenses. Through the advent of mobile travel and expense management applications, business travelers (both employees and executives) have consistent and real-time access to the processes within the typical expense management program.

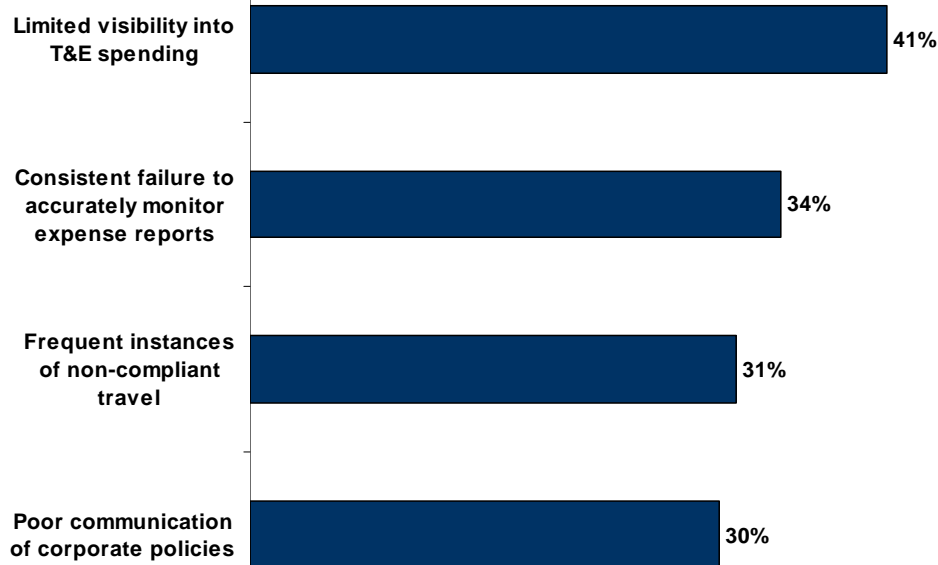
Research Brief

Aberdeen's Research Briefs provide a detailed exploration of a key finding from a primary research study, including key performance indicators, Best-in-Class insight, and vendor insight.

Modern Expense Management Challenges

Expense management has been slowly creeping into the strategic realm for the past decade; this internal set of processes, which includes expense creation, submission, approval, reimbursement and data analytics / reporting, has significant corporate ramifications if managed without an effective eye. Figure 1 indicates the top expense management challenges currently faced by the modern organization.

Figure 1: Top Modern Expense Management Challenges



Source: Aberdeen Group, February 2011

Limited visibility into Travel and Entertainment (T&E) expenses (41%) remains the top challenge faced by organizations today. The visibility factor is often a cornerstone for many internal corporate programs; lacking visibility into aspects concerning spending, data, financial performance, supplier performance and compliance to corporate travel policies can wreak havoc on the bottom-line and contribute to inflated costs regarding business travel. With 7% to 10% of an overall company's budget spent on these expenses, it is critical for companies to leverage strategies and solutions for driving visibility into this complex arena of spending.

The consistent failure to monitor expense reports (34%) is a major contributor to both lack of spend visibility and instances of non-compliant travel. Travel policy compliance has a direct link to travel expenditures going over budget; the less business travelers adhere to company agreements with airlines and hotels, the more the enterprise shells out for expenses.

The Mobile Performance Advantage

Aberdeen's [latest expense management study](#) detailed three main modern approaches to this function: cloud-based expense management solutions, data analytics and business reporting, and mobile travel and expense management applications. Mobile expense management applications are linked to the organization's greater end-to-end solution and are utilized via smartphones and tablet devices (such as the iPhone, iPad, BlackBerry and Android-based mobile devices).

Aberdeen research has linked the use of mobile expense management applications to a sharp increase in expense management performance, as indicated in Table I.

Table I: Performance Comparison

Expense Management Performance	Mobile Users	Non-Mobile Users
Cost to process a single expense report	\$8.72	\$24.63
Expense reimbursement length	5.1 days	8.6 days
Expense approval period	3.3 days	4.5 days

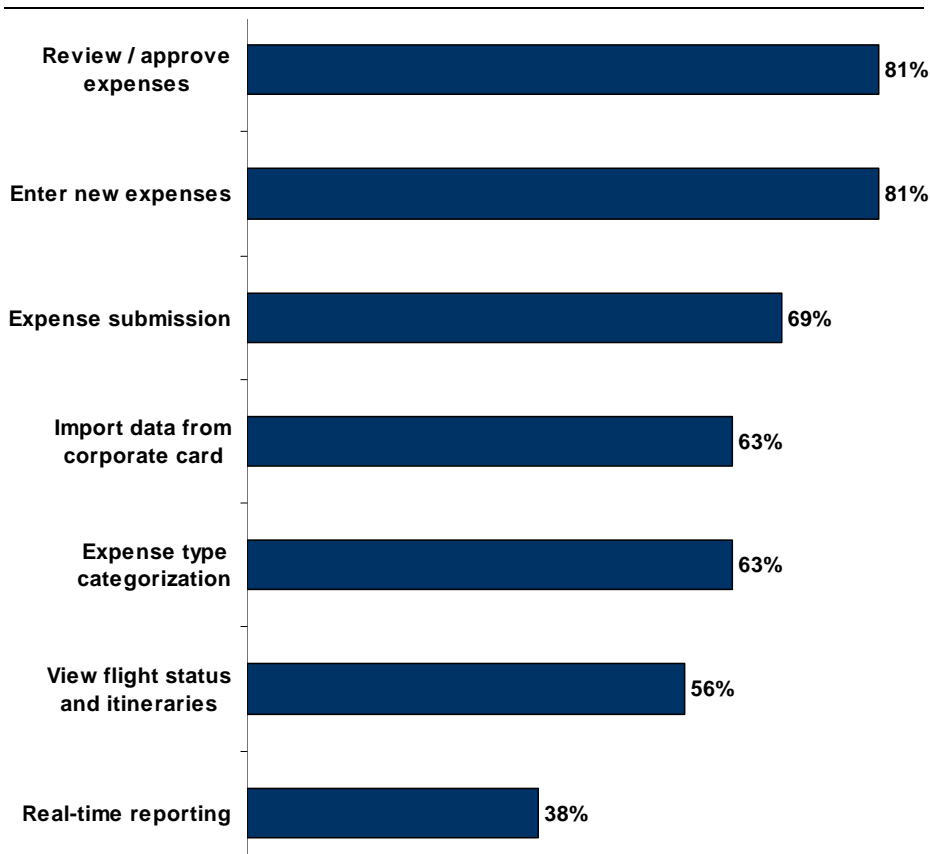
Source: Aberdeen Group, February 2011

The benefits detailed in Table I prove that mobile expense management applications have assisted companies in reducing expense-processing costs (65% reduction), approving expenses more quickly (27% faster), and reimbursing expenses at a much faster rate (40% quicker). The next section will cover mobile expense management applications that have not only resulted in significant performance advantages, but also evolutionary improvements within existing expense management processes.

Evolution of Processes Through Mobile Expense Management Applications

Classic expense management systems and programs relied on mainly manual- and paper-based processes, which often inflated expense-processing costs and approval / reimbursement times. Modern times dictate streamlined solutions, and mobile applications fit the bill as an enabler that can reduce time, costs, and put the power of an automated expense management solution in the common business traveler's pocket. As highlighted in Figure 2, there are a wide range of processes that can be managed via mobile applications.

Figure 2: Processes Managed Via Mobile Expense Management Application (Mobile Users)



Source: Aberdeen Group, February 2011

Mobile expense management applications enable business travelers to enter new expenses (81%), submit expenses for approval (69%) and peek (in real-time) at their current flight status and complete travel itineraries (56%). These aspects allow traveling employees to complete and submit their expenses while still on the road, presenting an aspect of convenience; very few business travelers look forward to sifting through receipts when back

home, and mobile expense management applications are being utilized to take care of these processes during a trip instead of afterwards.

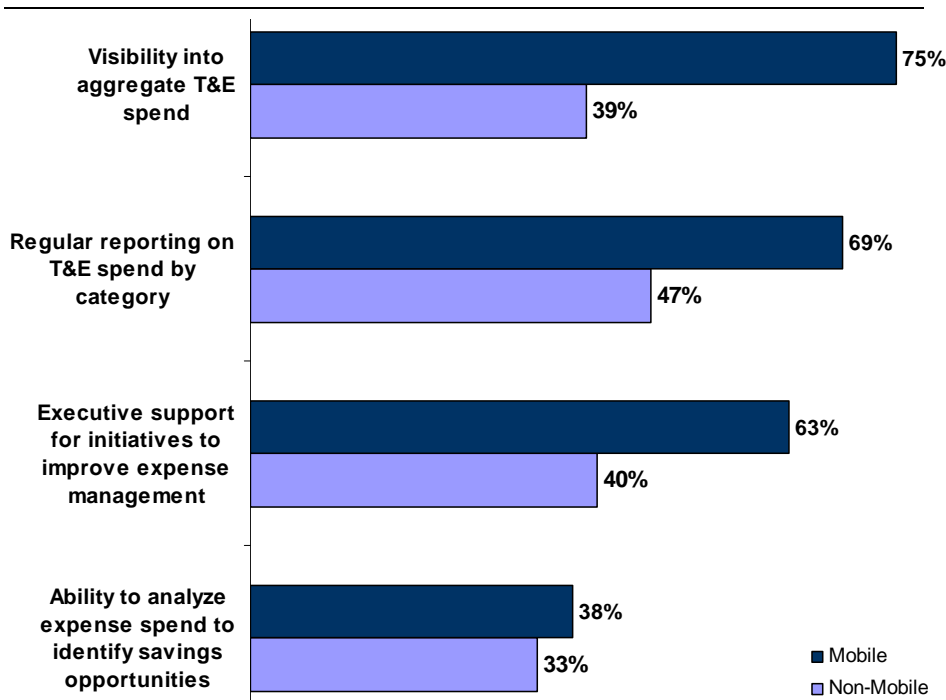
For business unit directors and corporate executives, the aforementioned aspects are also beneficial. However, the ability to review and approve expenses through a mobile device (81%) assists time-strapped execs with an easy outlet in which to review current employee expenses and approve them during trips, thus heavily reducing approval times for expenses across the greater organization.

The advent of automated travel and expense solutions assisted busy travelers in reconciling the finances of their trips upon their return. As indicated in Figure 2, these same processes are now readily available for these travelers while they are on their actual trips, filling a large gap in the T&E expense management cycle. This critical aspect proves that mobile travel and expense management applications should be a significant component of the modern expense management program.

Mobile's Gateway into Expense Management Capabilities

For modern expense management programs to drive value to the entire company, it is critical for organizations to lean on internal capabilities to support programmatic objectives and goals. As shown in Figure 3, mobile travel and expense management users are more likely than non-mobile adopters to have critical expense management capabilities in place.

Figure 3: Expense Management Capabilities



Source: Aberdeen Group, February 2011

Visibility into aggregate T&E spending (75%) is perhaps the most crucial of all internal expense management capabilities. Mobile travel and expense management users are leveraging these solutions to gain real-time access to critical expense data and for understanding which employees are traveling (and how much they're spending on the road). This is a significant aspect because executives can understand how current travel sits against existing budgets, allowing them to alter or cancel travel plans.

Regular reporting on T&E spending by category, in place in nearly 70% of mobile users, enables corporate executives to truly understand how finances tie into specific attributes of business travel. Spend by airline, by hotel, and by car rental firm are analyzed for potential consolidation areas. This intelligence can be funneled to the procurement and sourcing teams, who can utilize this information in negotiations with major suppliers.

Case in Point: Leveraging Mobility for Efficiency

U.S. Foodservice is a large North American-based foodservice distributor that has taken an automated approach to travel and expense management over the last three years. In addition to an automated and integrated travel and expense platform (as well as the utilization of a corporate card program), the company has leveraged a mobile travel and expense management application to aid business travelers and improve overall expense management.

“We realized that many of our employees were active with their mobile devices and smartphones,” said Jennifer Steinke, Manager of Corporate Travel and Expense. “The simplest and easiest thing to do was roll out the mobile expense management application. We said, ‘Here’s a tool you can use that’s part of the overall managed program.’”

The mobile solution has assisted U.S. Foodservice in reducing the turnaround time on expense report approvals from managers and directors, and has enabled business travelers to have the capability to capture receipts and view their itineraries on their mobile devices and smartphones. The mobile travel and expense management application has also helped the company view aggregated data regarding business trips. “We can follow exactly who’s traveling across the company,” said Steinke. “For employees around the country, it could be a good opportunity for them to meet up with specific folks if they know they’re going to be in their area.”

Overall, the mobile travel and expense management application has helped U.S. Foodservice to not only modernize their expense management program, but also enhance existing processes and give business travelers a sense of convenience and visibility.

Required Actions

Today's expense management requires a swath of modern solutions and approaches to properly and efficiently manage T&E expenses in a manner

that drives value to the greater organization. The following recommended actions will assist in improving expense management performance:

- **Leverage mobile expense management applications to enhance the overall expense management program.** Mobile applications are linked to a 65% reduction in expense-processing costs and 40% faster reimbursement times; these performance benefits can assist in taking expense management into a truly strategic arena. Existing expense management processes, such as expense creation, submission and approval, are all tied into mobile applications, allowing for time and convenience efficiencies while on the road.
- **Institute regular reporting on all T&E spending by specific category.** Modern financial times often call for an improved analytical eye to gain competitive intelligence on existing suppliers. Executives currently running expense management programs should take a page from the procurement handbook and dig deep into T&E spend data to learn which suppliers and categories are receiving the most monetary attention. Mobile expense management users are over 32% more likely than non-mobile users to have this core capability in place.
- **Align expense management activities and processes with the goals and objectives of the greater organization.** Nearly 70% of organizations across the globe perceive expense management to be a moderately-to-highly strategic internal function. With added attention and a direct link to operational corporate growth, companies must align their expense management activities with overall business objectives. These goals are often financial in scope, so it is crucial for companies to streamline expense management processes through automation and enhancement of internal capabilities to effectively drive down expense-processing costs and increase corporate policy compliance.

For more information on this or other research topics, please visit [Aberdeen's Global Supply Management research page](#).

Related Research

[Expense Management for a New Decade](#); February 2011

[Managing Value-Added Tax \(VAT\) in a Global Environment](#); January 2011

[The CPO's Agenda for a New Decade](#); September 2010

[The State of Expense Management](#); February 2010

Author: Christopher J. Dwyer, Research Analyst, Global Supply Management (chris.dwyer@aberdeen.com)

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