



White Paper

# Automated Travel and Entertainment (T&E) Expense Management

File & Approve Expense Reports faster. Increase ROI



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## Abstract

Is your company looking to automate the expense management process and not overburden its resources with additional installation and maintenance tasks? This white paper on "Automated Travel and Entertainment (T&E) Expense Management" describes the features and benefits that an automated expense management solution must have. It helps companies (from SMB's to enterprises) evaluate a solution that is most appropriate to their needs. Automating the expense management process:

- Eliminates the manual process, time delays in processing
- Improves compliance to corporate travel policies
- Reduces the reimbursement cycle time
- Involves no paperwork, faster and error free.

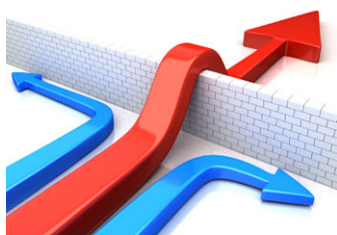
## Introduction

With rapidly expanding business, there is always a need for travel and entertainment (T&E). Domestic or international travel may be required to connect with your customers and suppliers. Along with travel comes the need to submit an expense report 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 system:

### 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 on expenses 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 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 process to manage their expenses. They do not find a need to automate their existing process. A quick look at the ROI for automating this process helps companies realize the benefits.

## Need for Automation

According to the PayStream TEM 2009 Adoption Survey Report, it was found that 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

Businesses use various solutions for automating each of these areas. To reduce processing costs and to 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 also eliminates the manual tasks, paperwork, time delays, and reduces 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.

## Finding a Suitable Solution

There are a variety of solutions available in the market to automate the travel and entertainment (T&E) expense management process. These are available as enterprise class and SaaS solutions. A company tends to choose a solution depending upon its requirements, deployment costs involved, and the processing costs a solution can optimize.

SutiExpense provides unique features such as: Pre-trip Authorization, Integration with travel booking and credit card services, customizable dashboards that make expense management simpler and more efficient. It completely caters to the needs of companies looking for a solution to automate their expense management process.

## SutiExpense

SutiExpense is an easy to use web based (SaaS)/Enterprise solution that automates the entire expense management process. Employees can file and submit expense reports for approval. Notifications are sent to approvers informing them about pending approvals. Expense reports are approved based on the approval flow defined for a specific role. Approved expense report details can then be imported into financial systems. Expense reports that are rejected are sent back to the employee for modification and re-submission. (Fig. 1)



**Fig. 1: SutiExpense Process Flow**

## What is SaaS?

SaaS stands for Software as a Service. It is a model for deploying software over the internet. With SaaS, a provider licenses an application to customers for use as a service on demand, either through a time subscription or a "pay-as-you-go" model. SaaS allows companies to use solutions that are hosted by the service provider, without having the burden or purchasing any hardware or software.

## Benefits of SaaS

Here are some benefits that help encourage companies to look at SaaS deployments:

- ✓ No installation required.
- ✓ No special software or hardware required.
- ✓ Ease of implementation.
- ✓ Scalability across platforms.
- ✓ Meets the requirements of SMB and enterprises.
- ✓ No maintenance costs.

## Traditional Expense Processing

Paper is slowly becoming a thing of the past in the world of travel and entertainment (T&E) expense management. In the past, employees used to submit paper based expense reports and receipts and forward them to their managers for approval. After being approved by the manager, the approved claim would be forwarded to the accounting department for reimbursement. The accounting staff would input all the details into the company's finance system and send the reimbursement payment.

## SutiExpense Processing Cycle

Filing of expenses has now become a very simple task. Employees simply add the expenses they incurred during their travel, attach receipts, and the report is generated and sent for approval. This all happens online without the need for sending email attachments and re-entering data. Expenses can be filed while you are traveling using the mobile version of SutiExpense on your Smartphone or by simply sending the expense details via SMS to 5647. They can even be entered while offline using the Offline version.

SutiExpense has a set of pre-defined Expense Types and provides the company with an option to add their own Expense Type and required fields. Receipts can be uploaded in a variety of ways including from your Smartphone to simply attaching the scanned image of the receipt. Receipts can be attached for individual expense items or for the complete expense report. SutiExpense seamlessly integrates with travel booking and credit card services to populate those transactions into expense report automatically.

Expense reports can be sent for approval from anywhere, anytime. Notifications will be sent to approvers informing them about pending approvals. Expense reports will be approved based on the approval flow defined for an employee role. Approval limits can also be enforced. The approver can review the details of the expense before approving or rejecting it. If the expense report amount exceeds the approval limit of the approver, they simply approve and it will be forward it to the next approver in the defined flow. (Fig.2) Rejected expense reports can be re-submitted for approval after making the necessary changes.



**Fig. 2: SutiExpense Processing Lifecycle**

Details of fully approved expense reports can be exported into financial system compatible file formats. Accounting staff simply needs to import these files into the company's finance system and begin processing reimbursements. Data will be automatically populated, eliminating the need to re-enter again.

## ROI

ROI is a measure used by companies when evaluating new solutions. Companies tend to prefer solutions with optimal investment and faster ROI.

- ✓ No paperwork
- ✓ No storage and archiving costs.
- ✓ Faster, Error Free
- ✓ Resources required are reduced by 95%
- ✓ Reimbursement cycle times are reduced by 95%

## Benefits of Automation

Here are some benefits you will see on using an automated expense management solution:

- ✓ Eliminates manual processing tasks.
- ✓ Eliminates paperwork involved.
- ✓ Eliminates time delays
- ✓ Reduces the possibility of fraud.
- ✓ Reduces processing and auditing costs.
- ✓ Improves adherence to policies.
- ✓ Improves compliance to regulations.
- ✓ Significantly reduces reimbursement cycle times.
- ✓ Improves visibility into employee spending.

## Benefits of SutiExpense

In addition to benefits of automating the travel and entertainment (T&E) expense management process, use of SutiExpense provides you with the following benefits:

- ✓ Faster creation of expense reports.
- ✓ Multiple ways to file your expenses.
- ✓ Faster approval & reimbursement.
- ✓ Multiple receipt management options.
- ✓ Customizable reports.
- ✓ Analytical dashboards for understanding spending patterns
- ✓ File and submit expense reports anywhere, anytime.
- ✓ Improves relationships with Suppliers.
- ✓ Expense tracking becomes easier for employees and managers.
- ✓ Guarantees a higher rate of employee satisfaction.
- ✓ Increases productivity levels of employees.

## Key Features of SutiExpense

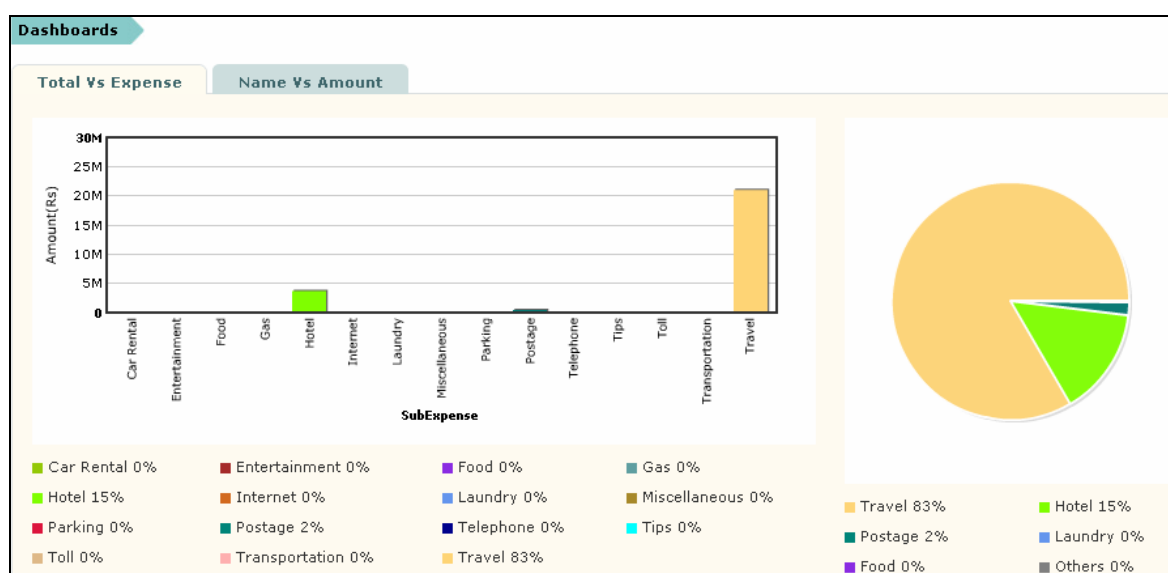
- SutiExpense allows you to plan your business trip by creating pre-trip requests, add probable expenses with estimated values and send them for approval before you actually travel. These pre-trip approved requests can be directly converted to expense reports, eliminating the need to re-enter the details again.
- Import booking data from various travel booking services into your expense report. You can always add additional details as needed before submitting for approval. SutiExpense allows most expense types from travel expenses to Postage, Mileage, and others.
- Import credit card statements and map these transactions to your expenses. You can also compare the pre-trip request with credit card transactions imported. You can later complete the expenses by adding additional details before submitting for approval.
- SutiExpense supports a variety of expense types from travel to internet and others. For additional expense types, you can add new types and define the fields required.
- Depending on the country and currency of the expense, the currency and exchange rates will be automatically populated while adding an item to your expense report.
- Each company has its own policy for governing the amount allowed for various expenses. These allowed spend amount may vary based on the employee's role. Policies can be defined for specific expense types and even down to the specific country/city the expense was incurred in.
- Filing of expenses becomes easier using the SMS option. Send details of expenses via SMS to 33903 and they will be added to a new or existing expense report in your account.
- Receipt management becomes simpler using SutiExpense as you can upload receipts from your Smartphone, send via email, add using the Firefox plug-in, or capture using a webcam. You can also attach a scanned copy of the receipt to each expense item as needed.
- SutiExpense significantly reduces the number of out-of-policy expenses by enforcing restrictions on expense limits and receipt restrictions. If an item is out-of-policy, the user must to provide a valid reason. The approver can easily identify out-of-policy expenses prior to approval.
- Biometric authentication options allow users to authenticate themselves using fingerprints, smartcard or rhythm authentication methods. SutiExpense uses SutiSoft's robust biometric solution for authenticating users during login and approval.
- SutiExpense provides users the flexibility to access their account while they are traveling using the mobile version on their Smartphone. Users always have the option to switch to the full version to access additional features as needed.

- SutiExpense has built-in approval functionality which allows you to define approval flows based on roles. The expenses and pre-trip requests will be automatically sent to an approver according to the hierarchy.  
  
SutiExpense allows you to clearly define roles, expense limits, approval limits, delegate users, alternate approvers, and effective dates for approval flows.
- SutiExpense seamlessly integrates with various finance systems allowing you to export employee and expense details from SutiExpense into compatible file formats. Exported data can be directly imported into finance systems thereby eliminating the need of entering the details again.
- The ACH reimbursement option allows the company to easily reimburse expense amounts. The expense amount will be deducted from the company / customer account and deposited in the user's account.

## Spending Patterns

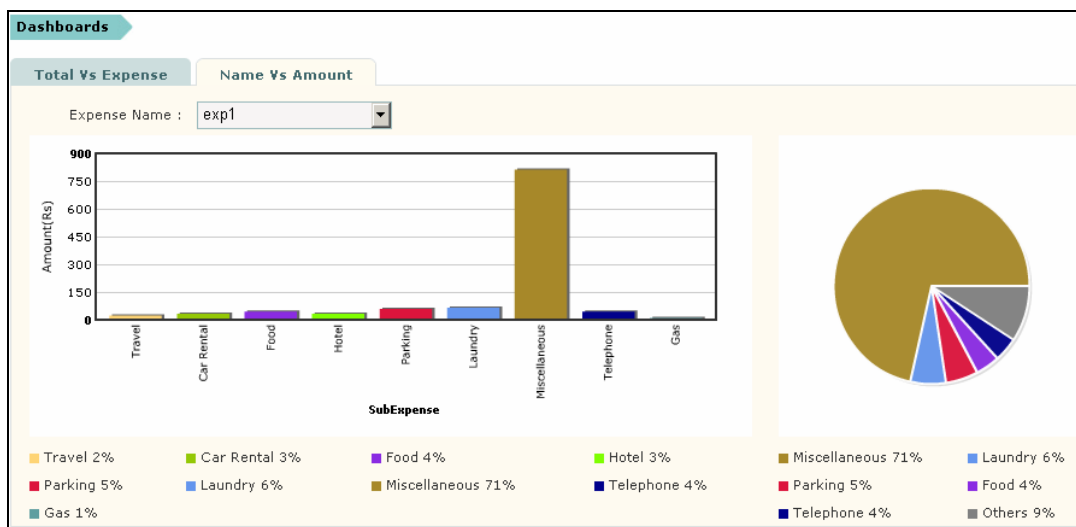
Analytical dashboards and customizable reports enable managers to easily understand spending patterns and help to modify the company's travel policy.

The Total Vs Expense dashboard shown in (Fig. 3) below gives a clear understanding of the total amount spent for each of the expense by an employee.



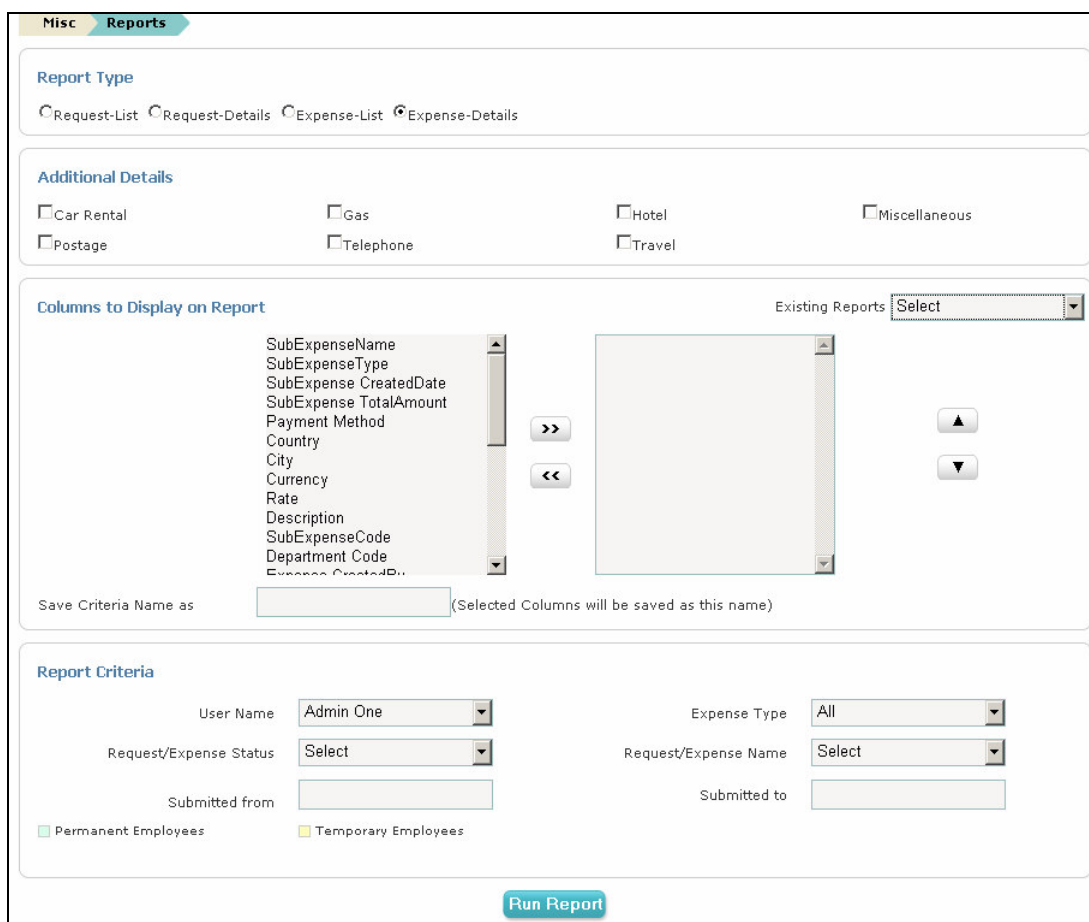
**Fig. 3: Total Vs Expense Dashboard**

The amount spent for each item in an expense report can gathered from the Name Vs Amount dashboard shown in (Fig. 4) below:



**Fig. 4: Name Vs Amount Dashboard**

Customizable report generation options are shown in (Fig. 5) below:



**Misc Reports**

**Report Type**

☐ Request-List ☐ Request-Details ☐ Expense-List ☒ Expense-Details

**Additional Details**

☐ Car Rental ☐ Gas ☐ Hotel ☐ Miscellaneous  
☐ Postage ☐ Telephone ☐ Travel

**Columns to Display on Report**

Existing Reports:

SubExpenseName  
SubExpenseType  
SubExpense CreatedDate  
SubExpense TotalAmount  
Payment Method  
Country  
City  
Currency  
Rate  
Description  
SubExpenseCode  
Department Code  
Expense CreatedBy

Save Criteria Name as:  (Selected Columns will be saved as this name)

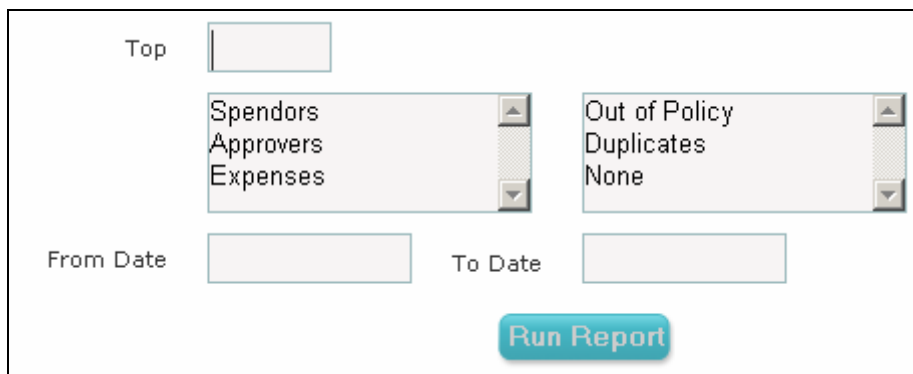
**Report Criteria**

User Name:   
Expense Type:   
Request/Expense Status:   
Request/Expense Name:   
Submitted from:   
Submitted to:   
☐ Permanent Employees ☐ Temporary Employees

**Run Report**

**Fig. 5: Custom Report**

Business Intelligence reports such as Top Spenders, Approvers, Out of Policy, and Duplicates can be generated from the criteria shown in (Fig. 6) below:



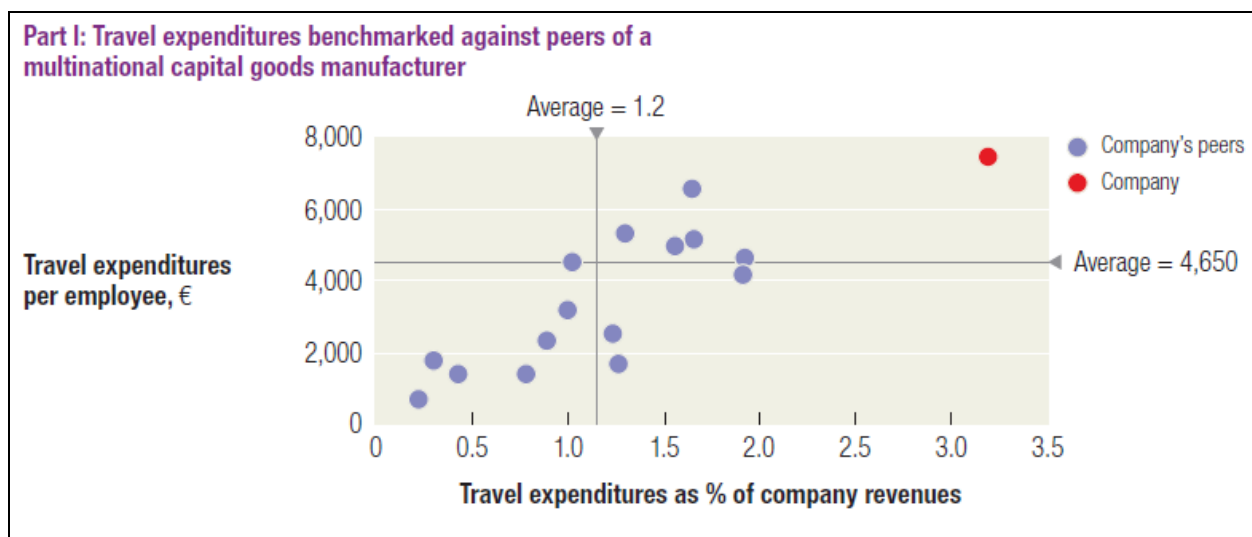
The form contains the following fields and controls:

- Top**: A text input field.
- Spendors**: A dropdown menu with options: Spendors, Approvers, Expenses.
- Out of Policy**: A dropdown menu with options: Out of Policy, Duplicates, None.
- From Date**: A text input field for the start date.
- To Date**: A text input field for the end date.
- Run Report**: A blue button to execute the report.

**Fig. 6: Business Intelligence Reports**

## Spending As a Percentage of Revenue

According to a McKinsey report (3), typical T&E spend amounts for companies are shown below in Fig 7. and Fig 8. Fig 7 shows T&E expenditures per employee as a percentage of company revenues. Fig 8 shows T&E expenditures per employee of each business unit of an enterprise and areas where one can see the opportunity of reducing these expenses.



**Fig. 7: T&E expenses as a percentage of Total revenue**

3. Five Ways CFO's can make cost cuts stick, McKinsey Quarterly, May 2010.



**Fig. 8: T&E expenses among business units of an enterprise**

## Summary

Automating the Travel and Entertainment (T&E) Expense Management process provides transparency, improves compliance, lowers processing costs, reduces reimbursement cycle times, reduces processing costs and significantly increases ROI. It also eliminates: manual processing, paperwork, time delays, and reduces the possibility of fraud. It also reduces the burden on accounting staff to re-enter all the details.

SutiExpense is an end-to-end solution that automates all areas of T&E expense management process. Filing and approval of expense reports becomes faster and easier. It eliminates paperwork and reduces the number of resources required to process expense claims. These resources can be used to perform more valuable tasks in the company. The analytical dashboards and customized reports help management understand spending patterns and improve travel policies to align with the changing needs of employees.

## About SutiSoft

SutiSoft is an IT solutions company dedicated to the strategic synchronization of tailored business solutions with best-in-class security to meet customer's critical business needs. These solutions are Simple, Scalable, and Secure and Seamlessly integrate into other solutions.

SutiSoft's Business Solutions help improve business operations by delivering enhanced operational efficiencies, thereby mitigating business risk. SutiSoft Security Solutions include robust endpoint security and authentication mechanisms, as well as strong identity and access management systems that help companies meet regulatory compliance needs. Visit [www.sutisoft.com](http://www.sutisoft.com) for more details.

The authors would like to thank the SutiExpense development team for their contributions to the project and this white paper.

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