State of Expense Management

2016

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Introduction

If there is one regret people had in 2018, it was the fact that most of us never bought a bitcoin when it was up for grabs at dirt cheap prices. The second most important regret for some people was delaying the automation of expense management.

In 2018, while some enterprises were delighting their employees and managers with easy expense reports and quick reimbursements, a significant bulk still had finance teams and employees sifting through paper receipts. This stark contrast between companies has been the defining characteristic of expense management, it feels remarkably different across companies. This has been confusing to many industry experts since there is essentially a single problem to solve - reduce turnaround times for claims. Maybe a problem a bit too hard to solve?

In our annual publication, we analyze results from market surveys conducted by independent parties like PayStream Advisors, internal customer surveys, and other market data from relevant sources. The report gives the reader an overview of the current offerings in the travel and expense management software space. We explore the opportunities and challenges to the automation of expense management at organizations. Going further we dive into the spend patterns within organizations.

We expect 2019 to be an exceptionally fruitful year for expense management and are hopeful that a newer standard, one where expense management is more strategic and less tactical, will supplant the present. We hope you find value in the report and share it amongst your peers and coworkers who may benefit from it.

Wishing you a happy new year!

Team Fyle
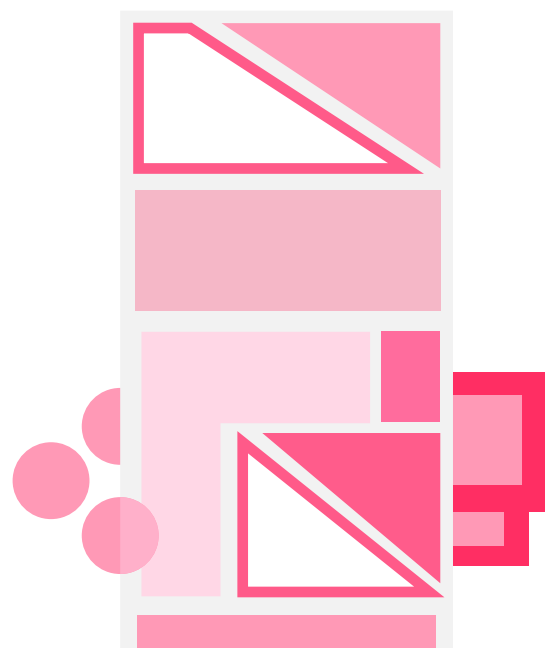
Travel and expense management outlook for 2019

7% CAGR for business travel

3.2% Airfare

5.1% Hotel Rates

0.5% Ground

1.9% Car rentals

Growth rates for business travel expenses.

The global market for business travel is expected to grow at a CAGR of 7%. With added services and an added emphasis on experiential travel, the costs are predicted to rise. An increase in prices for travel and associated services put additional pressure on companies trying to control their spends. These added costs are justified as services are tailored to individual preferences to make the most out of business travel.

Furthermore, employees who travel across multiple cities on business trips, and file expenses in different currencies only increase the risk. A risk, which if not managed prudently by the company, may lead to thousands of dollars seeping through the company's reserves. This only gives rise to the growing need to address the challenges faced in expense management and reporting solutions.

In 2016 companies invested upto **$39B** in Artificial Intelligence.
AI will lead all transformation in the accounting tech space.

Source: McKinsey Global Institute

Given the notorious perception of expense management as an "unsolvable problem", many leaders still believe they can safely ignore the value of automation in the field. There have been a few interesting developments in the past few years which have led to changes in perceptions. Most notably, the use of machine learning models to extract information from receipts and bills has sped up things for everyone.

With some of the solutions available, a report which earlier took more than an hour to submit now takes less than three minutes. Additionally, companies seek ways to implement greater financial controls especially since there was no practical way of doing so earlier. Traditionally, companies had to rely on an employee's honesty and the verifier's diligence to avoid frauds. But today, with machine learning, fraud checking happens in real-time with the benefit of eliminating human error and bias.

We believe machine learning will be at the center stage of all developments in expense management, not only for 2019 but for the coming years. With digital transformation being at the forefront of strategies, it won't come as a surprise if we see companies migrating to ML-powered expense management solutions.
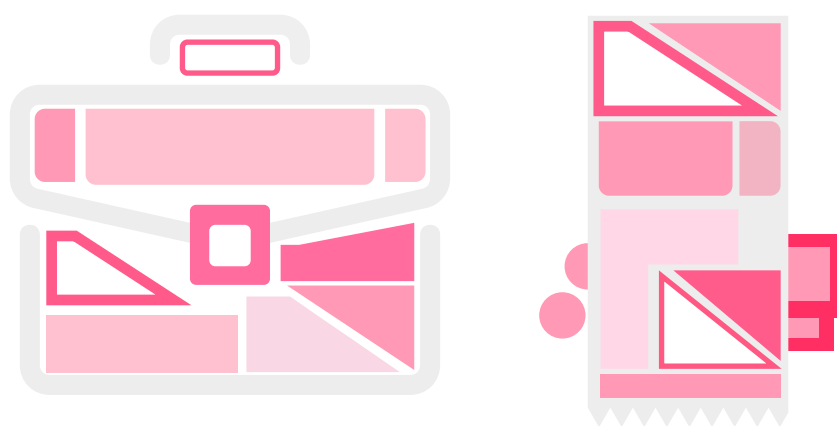
The state of expense reporting solutions

Expense reporting solutions can be roughly categorized into the following -

- On-premise installations,
- Cloud-based software,
- A spreadsheet-based system, and
- An ERP based solution

Legend:
- Employees use a dedicated cloud-based management software tool
- Employees use an expense management application that is part of our ERP
- Employees use a combination of spreadsheets and scanned receipts
- Paper receipts are mailed to the AP department

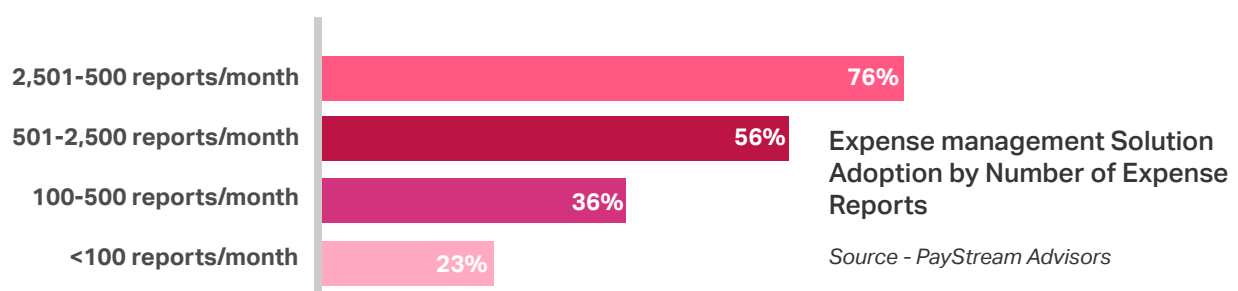Pie chart values: 42%, 23%, 22%, 13%
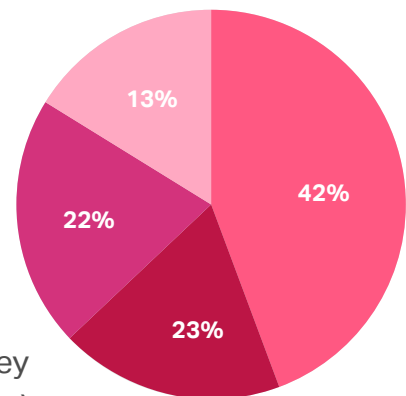
Source - PayStream Advisors

65% of respondents from the Paystream survey said they were already using dedicated software(cloud or on-premise) for managing their employee expenses. The rest were either using a spreadsheet-based manual method or punching expense entries into their ERP.
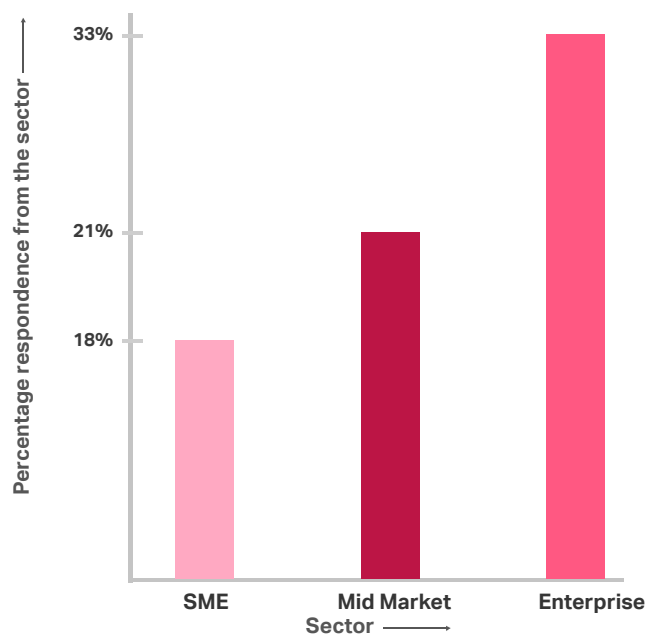
When do you need an expense management software?

The survey respondents believe, there are a number of approaches to determine whether it is time for a company to automate expense management. Here are the parameters to look for when considering to make the transition

- The number of expense reports submitted per month
- Revenue size or growth in revenue
- The headcount of sales representatives

If we explore the correlation between company size in terms of revenue and the method of submission, we uncover some insights. It is apparent that a significant percentage of small businesses are still collecting paper receipts manually. Manual methods of reporting are most prevalent in the SME and Mid-Market companies while they are almost non-existent at enterprises. A significant percentage of companies across sectors have a reliance on spreadsheet-based methods, the numbers ranging from 10% in enterprises to 30% in SMEs.

Bar chart:
- 2,501-500 reports/month: 76%
- 501-2,500 reports/month: 56%
- 100-500 reports/month: 36%
- <100 reports/month: 23%

Expense management Solution Adoption by Number of Expense Reports

Source - PayStream Advisors

Usage of ERP as an expense module vs sector

Source - PayStream Advisors

Also, companies with rapid growth trajectories see to it that they have placed an expense management software early on.

An interesting trend is the one where an expense management module is built into an existing ERP solution. We can see that enterprises are generally the ones which adopt ERP based solutions. Companies looking to consolidate all accounting operations using a single vendor are usually the ones which take such a course.

The respondents of such companies feel that their employees spend more time doing their expenses than some of their peers at other organizations. This can be attributed to the limited features that an ERP-based solution offers.

Thus, if you are in a company with more than 20 expense reports a month, or 500 expenses a month, or you envision rapid growth in the coming few months, it would be a smart move to automate expense management.

What to expect of an
expense reporting solution in 2019?
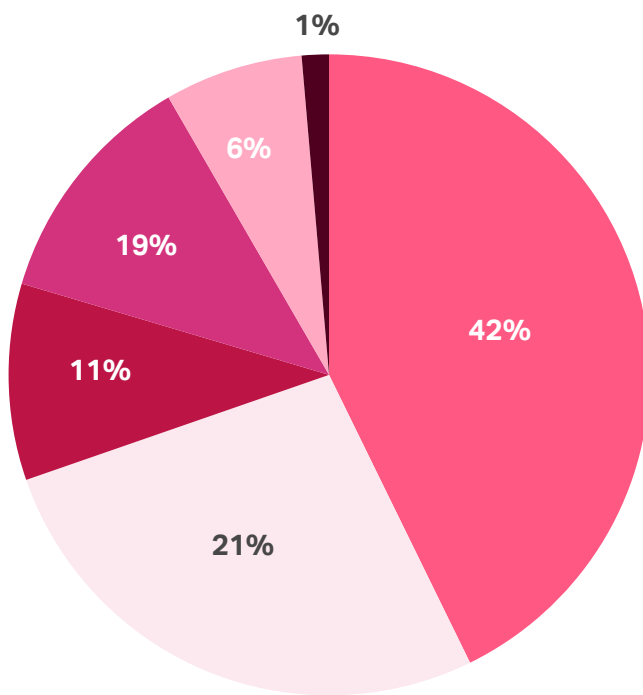
Source - PayStream Advisors

With finance being increasingly touted as a strategic function, and the CFO ever more important in decision making, it becomes important that expense reporting serve more than just an operational purpose. The highly competitive industry has set a few benchmarks for expense reporting solutions. The most sought-after feature is automated expense entries for expenses. A must-have for all expense management systems is the ability to mark policy violations on expenses and reports.

Here is what the respondents believe you should be looking for in a solution -

- Automated expense entries from receipts
- Ability to run complex policy checks on expenses
- Manage expenses made on multiple currencies
- Handle corporate card statements flawlessly
- Accessible and actionable analytics on expense data
- Others

Will you be able to recover your investment?

A 2016 Paystream report suggests T&E expenses account for 8-12% of the annual budget of a company. The percentage was higher for companies with a greater total annual budget hinting at the direct correlation with a company's size and its T&E expenses. This often makes leaders question, which solution has the potential to offer the maximum return on investment.

The first question that is asked of expense management solution specialists' is that whether they can calculate the ROI upfront for them. Calculating the return on investment in an expense management solution isn't a very straightforward problem. The standard approach is to account for the real costs involved in processing an expense report and add all the associated hidden costs.

Few finance professionals believe that the size of expenses isn't enough to justify the cost of investment in an expense management solution.

They may be right, but organizations who see their revenue and headcount grow on a yearly basis are reluctant to prod down this path. The reasons are very simple, given the peripheral nature of expense management at most organizations, the leadership wants to keep such an operation as fluid as possible. For instance, the ability to account for sudden changes in company policies or define new user roles within an organization shows that a system is fluid enough to accommodate contingencies.

Let us assume a company has 100 travelling employees every month. An earlier conducted study finds out that the average cost of manually processing an expense report is approximately $26.63. This will amount to $26630 in processing costs itself. If the average report claim is around $1000, the value of total claims is approximately $100,000. It is ridiculous if a company spends almost 30% of the claim amount in processing the reimbursement.

For every

$1

invested in business travel, firms generate $9.50 in revenue and $2.90 in profit.

Source - Oxford Economics study

According to Paystream (2017) average total cost of processing expense reports with some automation is

$17.31

Source - PayStream Advisors

$26.63

According to Paystream (2017) average total cost of submitting an expense report manually.

Source - PayStream Advisors

2nd

most difficult operational expense item to control

Source - Aberdeen Group (2016)

Calculating ROI for an Expense Management solution

Annual savings using an automated expense managment

($26.63   - $6.85)   x   100   x   12   = **$23,736**

Average cost of manual submission   **Average cost of automated solution**   **Number of travelling employees**   **Months**

Price of TEM tool

$499   x   12   = **$5,988**

monthly price of Fyle   **months**

ROI when not accounting for erroneous reports

$$= \frac{\$23,736 \quad - \quad \$5,988}{\$5,988} \quad x \quad 100 \quad = \mathbf{296\%}$$

Annual cost of processing error prone reports

(0.19   x $23.97)   x   100   x   12   = **$5,465**

prevalence rate of errors   **cost of correction**   **Months**

Number of monthly reports

Total cost of processing reports

(26.63   x   100   x   12)   + $5465   = **$37,421**

Net ROI

$$\frac{\$37,421 \quad - \quad \$5,988}{\$5,988} \quad x \quad 100 \quad = \mathbf{525\%}$$

Opportunities for automation

The market for expense management software has existed for more than 30 years now and never has the industry found itself at such a crossroads. On one side of the spectrum lie the incumbents, some of which have existed for as long as the industry itself, and on the other lie newer solutions.
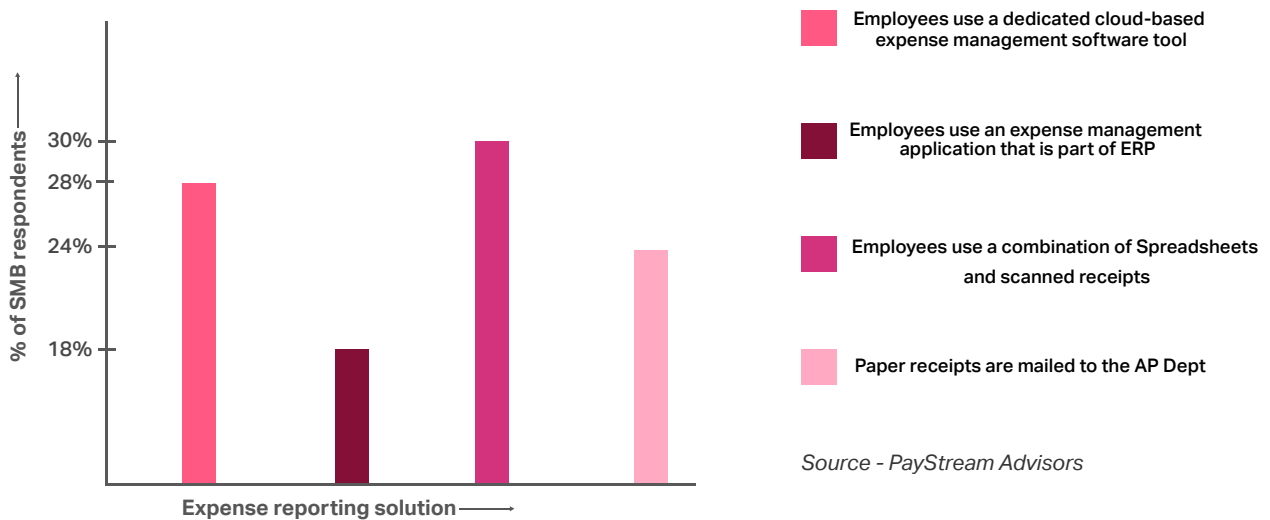
It is worth mentioning that companies want to place their money with the ones who are going to win. This leaves "innovation" at the center of all considerations since leaders are well aware that only innovative companies can keep pace with their ever growing needs. Equipped with an army of SaaS solutions for individual business processes companies are more willing to accept niche offerings. Expense management is no exception to these trends making them the leading cause of the steady decline in the use of legacy vendors and ERP-based solutions.

Companies which need to automate expense management in 2019

We believe that the push for automation using cloud-based software will come from a variety of businesses from across geographies and industries. At the forefront of this change, will be an unlikely candidate - the small business.

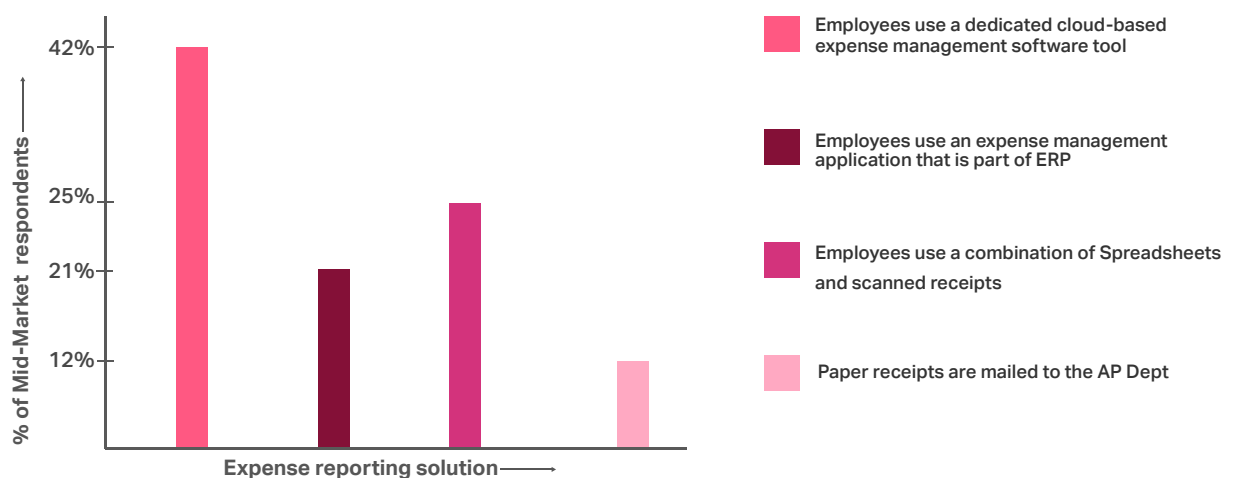## Adoption of the new - The small business

The most important segment of companies are the ones who either have a manual-based method or a semi-automatic spreadsheet system. Such companies most likely end up using manual methods, to avoid huge upfront investments on solutions such as on-premise installations. Cloud solutions are a reprieve for this segment since there is a negligible initial investment involved.

% of SMB respondents

30%
28%
24%
18%

Expense reporting solution

Employees use a dedicated cloud-based expense management software tool

Employees use an expense management application that is part of ERP

Employees use a combination of Spreadsheets and scanned receipts

Paper receipts are mailed to the AP Dept

Source - PayStream Advisors

Usage of different expense reporting solutions in Small business

Flexibility is another reason why small businesses tend to move towards cloud-based software. The flexible pricing based on actual usage parameters like the number of monthly users ensures companies can mitigate risk and reduce the burden of owning a piece of software. Additionally, cloud-based systems can be configured to suit a company's specific needs with changing times, a feature that an on-premise installation lacks. Hence it will not come as a surprise if you see rapid adoption of cloud-based software by small businesses in 2019.

Migration of the enlightened - Mid-market companies

% of Mid-Market respondents

42%
25%
21%
12%

Expense reporting solution

Employees use a dedicated cloud-based expense management software tool

Employees use an expense management application that is part of ERP

Employees use a combination of Spreadsheets and scanned receipts

Paper receipts are mailed to the AP Dept

Usage of different expense reporting solutions in Mid Market Business

Source - PayStream Advisors

The second push towards automation will come from companies which can afford to make the transition to new software. The charge, in this case, is led by the mid-market companies. Nearly 63% respondents who work for mid-market companies say they have a dedicated software. While the rest are still using manual methods. Needless to say, companies that lack an expense management software, will task their procurement teams to get one this year!
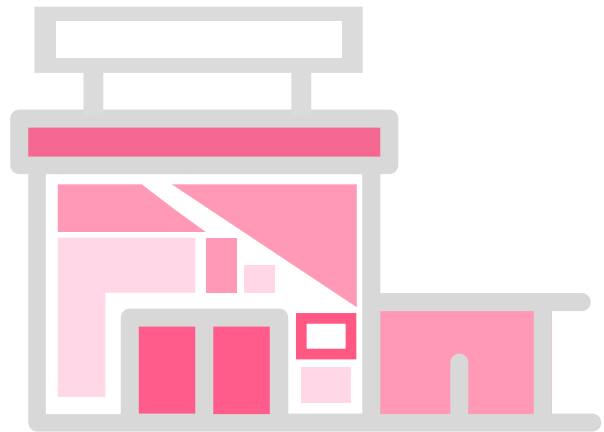
We believe that at the cusp of the mid-market adoption will be companies who are looking for new solutions. These organizations have teams with the expertise to critically judge offerings while setting greater expectations from future solutions. A while ago, the only requirement from a mobile app was to create reports and that was enough. But today, the market expects mobile apps to be capable of scanning receipts automatically for expense information. Hence, it is crucial for every organization to stay up-to-date with innovation based technologies, handcrafted to solve challenges that plaque the expense management sector.

There are a couple of reasons because of which it will be easier for willing companies to explore alternative solutions. Firstly, cloud-based systems are usually designed to be intuitive like consumer apps which drive the training costs to virtually zero. Secondly, companies have been stuck with their solutions for the lack of better and more capable alternatives. This makes them even more enterprising since they have experienced first-hand of what can go wrong.

Threats to automation

Despite the silver lining, there are a few challenges to overcome before expenses management is automated for good. While some companies don't see the need to automate expense management, other companies are left waiting for the perfect solution to arrive. We try to identify some of the leading challenges that await expense managemencompanies.

Reasons cited against expense management automation

- 42%
- 18%
- 33%
- 7%

■ We do not think there will be ROI
■ Lack of executive sponsorship
■ Lack of understanding of current available solutions
■ Lack of budget

Source - PayStream Advisors

Internal inertia

The most fearsome challenge is the mindset of people managing expenses. With repeated failures and unfulfilled promises, there is a prevailing sense among professionals that expense management cannot be solved. This makes people feel that they can overlook it and focus efforts in improving some other process.

If expense management companies are to succeed in 2019, making people believe that the times have changed will be a challenge to face.

248%
When you account for errors in expense reports

No return on investment

One of the most frequently asked question at sales meetings for expense management software is, "What is the return on investment for your solution?"

Of course, there are a number of ways how different expense management software calculates whopping figures for ROI. Though, the reality for individual companies will be different since these ROI numbers are always indicative of the averages which are not a really good way to predict profitability.

The average report costs $27 to reimburse, this excludes of the cost of fraudulent expenses. Introducing an expense management software that brings down the cost to a third of the original cost. In addition, there is an increase in employee satisfaction levels satisfaction levels accompanied by a reduction in risks from expense frauds. The combination of tangible and intangible benefits make the calculation of ROI difficult for expense management software. This year it will be upon the leadership to weigh the overall benefits of automation and make a strong case for the same.

Lack of knowledge

For 30% of the respondents in the Paystream survey, lack of understanding of available solutions happens to be a major roadblock to adoption. This is saddening since the industry is at fault here for a lack of better communication with prospective customers. We believe that expense management companies will place an added emphasis on their marketing strategies for educating end-users. From digital advertisements to sponsorships on review websites, educating the masses will be one of the top priorities for expense management vendors in 2019.
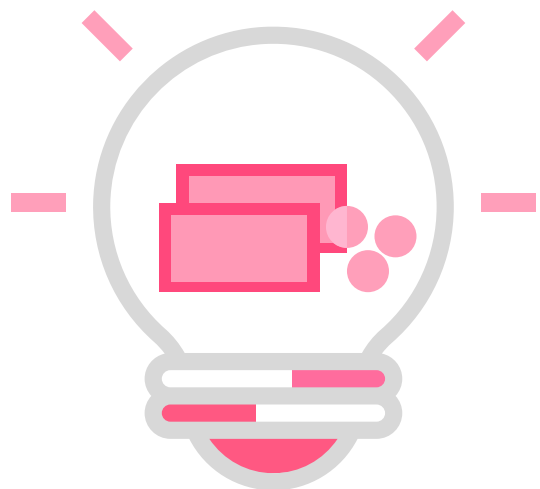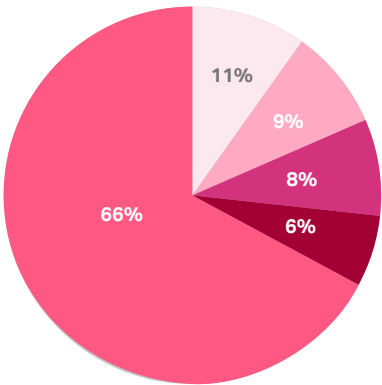
Reimbursements: A flashback

Uber topped as the most expensed vendor when it came to the number of expense claims submitted. Meals, airfare, and mileage were the most frequently claimed categories for the year **2018**.

Distribution of number of expenses reported in a month

64%
users created more than 10 expenses in a month
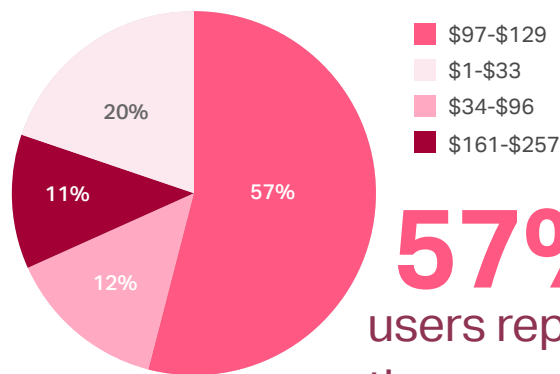
11%

9%

8%

6%

66%

Source - Internal data

- 1-3 monthly expenses
- 4-5 monthly expenses
- 6-7 monthly expenses
- 8-9 monthly expenses
- 10+ monthly expenses

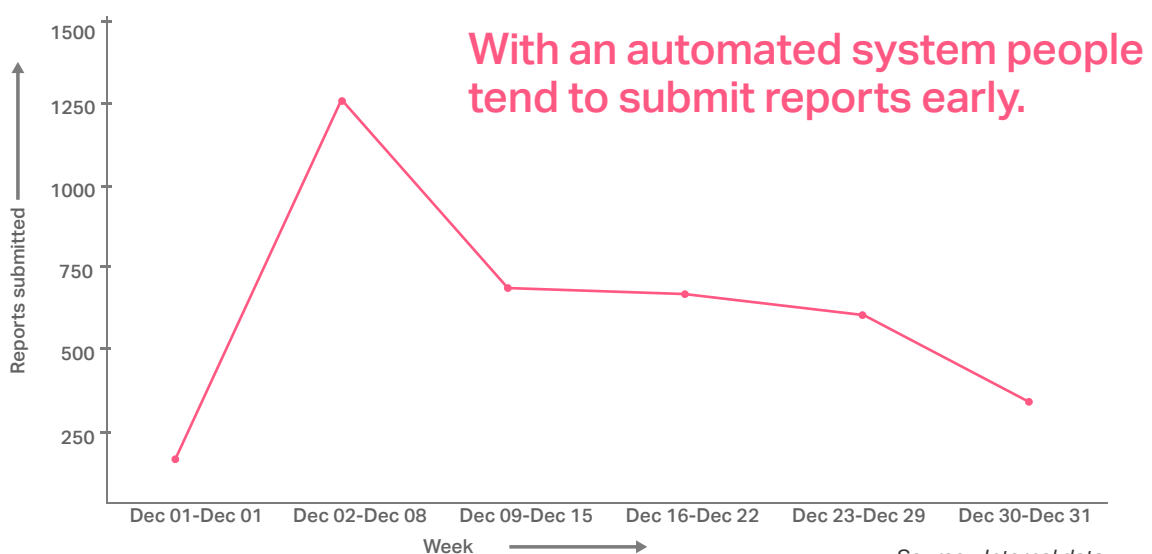**76%** users prefer to create reports from their mobile devices.

Distribution of expense amount for items

Legend:
- $97-$129
- $1-$33
- $34-$96
- $161-$257

Pie chart values: 57%, 20%, 11%, 12%

Source - Internal data

57%
users reported expenses within the range of $97 to$129

With an automated system people tend to submit reports early.

Y-axis: Reports submitted (250, 500, 750, 1000, 1250, 1500)

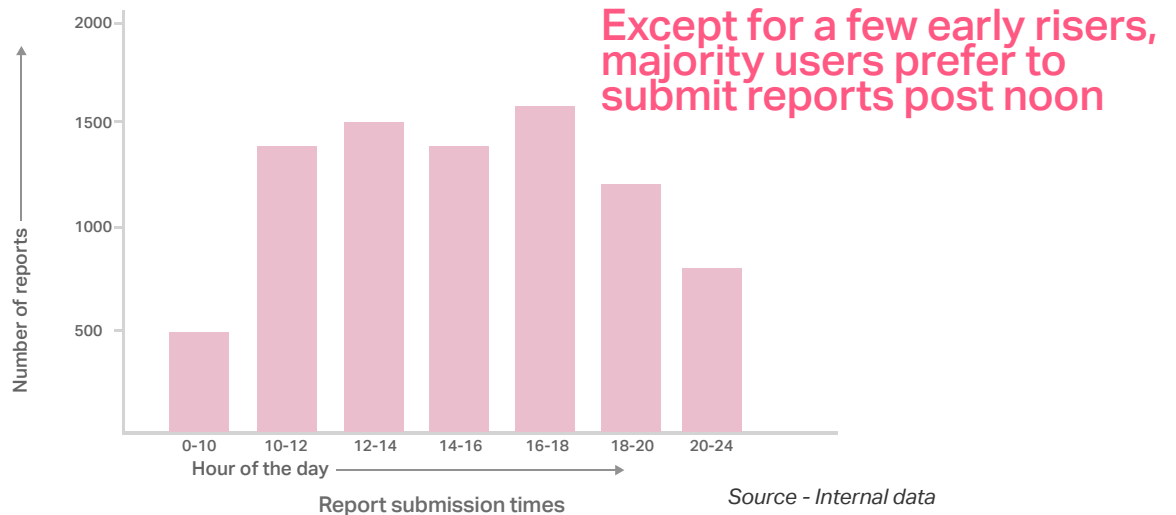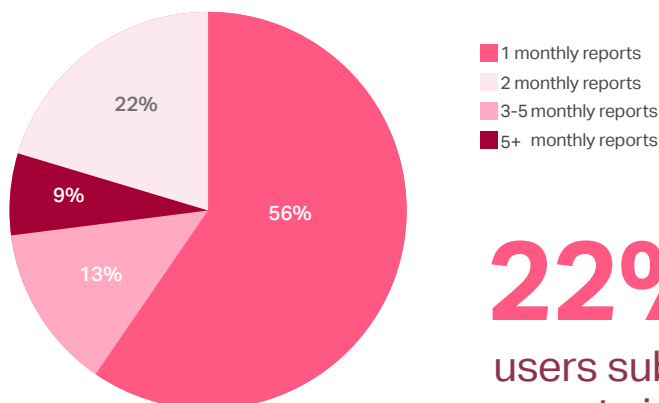X-axis: Week — Dec 01-Dec 01, Dec 02-Dec 08, Dec 09-Dec 15, Dec 16-Dec 22, Dec 23-Dec 29, Dec 30-Dec 31

Source - Internal data

Week wise submission of expense reports

Airliners like **Delta** and **American Airlines** were the most common vendors in the airfare category. The average airfare which comes about **$350**, comprised the highest cost of most business trips, with the average trip costing around **$1200**.

2000

1500

1000

500

Number of reports

0-10   10-12   12-14   14-16   16-18   18-20   20-24

Hour of the day

Report submission times

Except for a few early risers, majority users prefer to submit reports post noon

Source - Internal data

Number of reports submitted by individual users

- 1 monthly reports
- 2 monthly reports
- 3-5 monthly reports
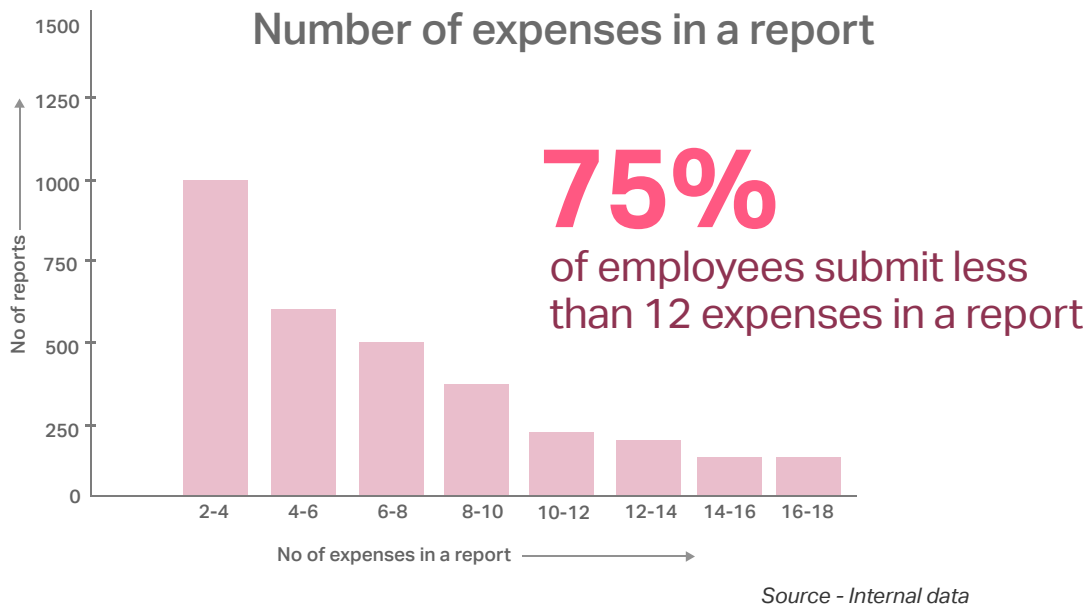- 5+ monthly reports

22%

56%

9%

13%

Source - Internal data

22%

users submitted 2 expense reports in a month

Gasoline consists of approximately **12%** of all expenses claimed in our system from US. For mileage most of our users, a staggering **93%** preferred to use their phone to log it.

Number of expenses in a report

75%

of employees submit less
than 12 expenses in a report

y-axis: No of reports (0, 250, 500, 750, 1000, 1250, 1500)
x-axis: No of expenses in a report (2-4, 4-6, 6-8, 8-10, 10-12, 12-14, 14-16, 16-18)

Source - Internal data

Number of policy corrections made by users

67%
19%
11%
3%

For around **86%** users no more
than **3 corrections** are needed
before they can submit a
report with zero violations.

Source - Internal data

- 1-2 correction needed before submission
- 3 correction needed before submission
- 4-5 correction needed before submission
- 6-10+ correction needed before submission

Are your policies effective enough?

Expense policies form the backbone of the financial controls placed on employee expenses and on the reimbursement process. The policies help employees make reasonable spends and serve as a guideline for finance teams while auditing. Needless to say that most leaders invest enough efforts in designing the most effective policies for their organization.

The challenge though mostly lies in the enforcement of the policies in real-life situations. With unclear procedures for exceptional cases, employees are often left stranded for days trying to resolve a claim. This results in a disappointing employee experience and serves as a setback for the reimbursement process. The challenge of policy enforcement is then two-pronged, one that provides for comprehensive coverage of situations, and is easy-to-use in real-life scenarios.

Policy checks: Expense management software

The ability to check for a possible violation in an expense is considered to be one of the defining features of an automated system to manage expenses. These systems can differ in their capabilities depending on which vendor is offering the solution. This situation presents a dilemma for companies searching for software capable of handling policy checks. When making a purchasing decision and evaluating policy enforcement systems these are a few questions to seek answers for.
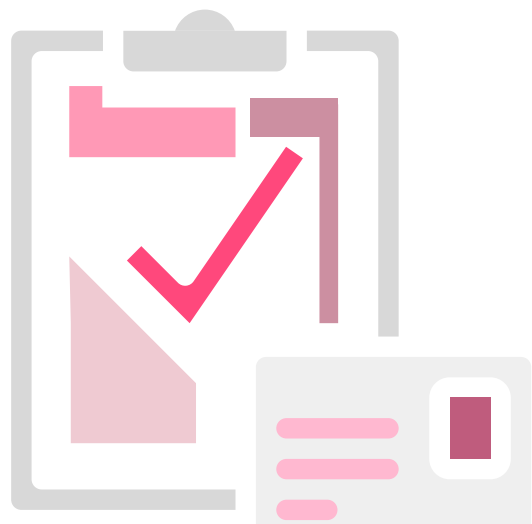
An emphasis on the underlying technology for policy checks

Most software in the market, use a number of ways to help employees create a report. They can use a mobile device, or a web application and irrespective of the method of submission all expenses get checked. This is true of only cloud-based software which allows for syncing data across devices.

It is also important to know that there is a difference in how various solutions implement their policy systems. In some of the cases, you will find that a policy check happens on expenses once the report has been submitted. This approach doesn't really solve the problem since often the employees are left unaware of lurking violations. Alternatively, a few solutions also come with the ability to perform checks prior to submission, providing for an employee to make amendments

Can the system manage complex policies?

Another thing to consider is, whether the system is capable to effectively enforce your policies?

Let's face it, expense policies are difficult to document. It is an arduous process which consumes hundreds of hours of people from multiple functions - the finance, human resources, legal, etc. The same is true of implementing the policies, as well. Often stakeholders end up misunderstanding vendor claims which lead to disputes later.

Before investing in software, it is necessary that you perform extensive tests to gauge the robustness of the evaluated system. In real life, there are scenarios where a system might break or it becomes dysfunctional.

For instance, is the system capable of performing checks on password protected receipts on mail? Or, is the system able to detect violations on a corporate card spend?

Strategies to improve compliance levels

A shared characteristic of companies looking to promote better compliance with expense policies is that they are often clueless about the cause of failure. The most widely believed cause for a policy failure is lack of awareness. In most cases, a violation wouldn't even occur if the employee was aware of the possibility. Add to that a system which doesn't notify the employee, and the problem just compounds.

We believe educating your employees can go a long way when it comes to promoting greater compliance levels. It is also important to ensure that you imbibe a spirit of transparency among stakeholders so that everyone feels that issues and disputes can be resolved. This reassures employees of the fair conduct of the company and also motivates them to comply with policies.

Design a simple and an easy to use policy

Policies which are too detailed and intricate are often very difficult to implement in real-time. When designing policies it is in the best interest of everyone to keep them simple while making sure essential controls are in place. Staying true to Pareto's 80/20 rule, with 20% effort you can take care of 80% of your violations.

The reason why we emphasize on keeping policies simple is that you may end up with a complex policy document but your software(system) might not be capable of enforcing it.

Working ahead of time, and focusing on the pre-trip part and attempting to eliminate possible errors and mishaps earlier can work wonders. For example, in the case of air travel, a policy notification to book a flight before a predetermined number of days in advance can help a company bring down costs.

Promote communication between stakeholders

Effective communication has the capability to bring stakeholders to agreement whenever there is a disagreement on a claim. Issuing guidelines on how to handle disputes can help you save money. Generally, there are two ends of a possible disputed claim - the employee gives up on his claim or the finance team approves the entire amount. Both the extremes are harmful and should be avoided. It basically creates a zero-sum game where at least one party loses its money.

The ideal situation is somewhere in the middle where an acceptable solution can be proposed. Good communication practices help a lot in such cases. Simple practices on how to notify individuals about a wrong claim or how to send reminders to managers for pending approvers to approve reports can go a long way.

Analyze your expense data for upgrades

Revising policies can seem like a daunting task, often leaving stakeholders clueless about where to start. Analytics on the expenses can help resolve this crisis. A frequent analysis of expense data to uncover trends and insights keeps you updated about your employee spending behavior.

Metrics like average daily violations for a particular policy can help you check which policies are performing poorly. These are the policies which need your immediate attention. A monthly check is recommended for companies with more than 100 expense reports. A revisit can help you increase compliance levels by identifying major roadblocks to achieving your compliance goals.

43% of corporate travelers have deviated from internal policy before the business travel even began.

42% change their itineraries while already on the trip, a result, researchers said, of travelers mixing business travel with leisure travel.

Source - Sabre and GBTA study

Automating expense management to serve a strategic purpose

The finance function is often times, viewed as one with the most potential for digital transformation. This is a trend which is visible across geographies and is true for all companies irrespective of their size. Among the many operations which seek automation, expense management happens to be one. An offshoot of the much larger payments and invoicing vertical, expense management has traditionally been handled either manually or using semi-automatic legacy solutions.

Travel and entertainment(T&E) expenses are considered the second most controllable expense source within an organization. On the other hand, the incapability of traditional expense management systems to effectively place checks on T&E expenses leaves the finance team in disarray.

Surprisingly, many organizations have still not defined a clear transformation plan for the finance function. This leads to an incoherent approach to automation wherein varying stakeholders have different ideas about the digital finance organization. We explore the need of automating expense management and whether it can serve as a strategic initiative rather than an operational one.

Expense management: Emerging use cases

If we were to breakdown finance processes and examine the underlying operations these would be key -

- Data collection,
- Budgeting,
- Strategic planning,
- Forecasting, and
- Reporting.

Gathering and consolidating data generated at different sources serves to be the first challenge for almost all financial operations. The same is true for expense management where expense receipts are incoming from almost everywhere. Receipts from various sources and in a myriad format are sent to the finance team for verifications and managing this huge database is difficult. As with all crises, an effective solution to the data collection problem can transform the entire process.

AI-assisted extraction of data from receipts for a productivity boost

25%
Improvement in identification of non compliant T&E claims within 6 months of deployment.

Source -PayStream Advisors

A major challenge with expense reporting is the lack of a singular format for receipts. The problem is compounded with the fact that often error is induced in the system while making entries. This leads to delays, discrepancies, and functional failures for the expense management system.

Systems which use AI for automatic extraction of data from the receipts claim to have an effective solution to this problem. The interesting feature is that some of these systems are actually capable of extracting data from both paper and e-receipts. This can be revolutionary given the fact that we usually have absolutely no control over the format of receipts.

Data like amount, category, date of spend can be automatically populated from receipts when creating expense entries. Automatic extraction serves a twofold purpose. Firstly, the employees no longer have to make manual entries which alleviates the reporting experience for them. Secondly, the system is less prone to human errors and thus inherently makes the system more efficient.

It is to be noted that the successful completion of all other operations in a typical reimbursement cycle depends on the quality of expense data at hand.

If there are erroneous entries made into a system and they go undetected the error compounds across the workflow and poses a significant risk. This, in turn, reduces the probability of introducing errors early in the system ensuring that processes are seamless.

Advanced analytics for decision support functions

Innovative expense management systems open new opportunities and uncover possibilities which were earlier unheard of. One area of application is the analytics space where the spending patterns of thousands of employees can help uncover important insights. This is especially important given the changing role of the finance function.

Source - Mckinsey survey
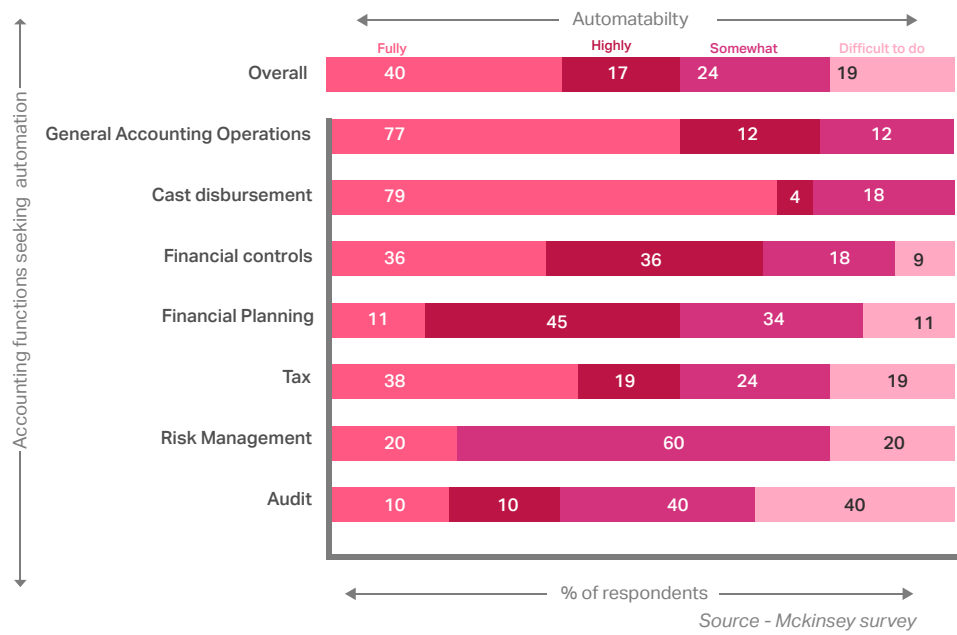
A McKinsey survey finds out that the respondents believe that 25% of the finance work has been digitized. Another study points out that around 40% of financial planning and analysis tasks are automatable. This is interesting since planning and analysis vertical often finds the consolidation of data from different sources very challenging. The various sources of data include vendor invoicing solutions, ERP system, accounting software, and others. If the expense management system is able to reconcile data with the accounting software and the ERP it can provide a complete picture of sales and operations.

Expenses can then be associated with deals, purchases, and other variables present in the ERP. These data points can then be analyzed to determine the performance of past deals and forecast the profitability of future deals.

Effective financial reporting

Innovative expense management systems open new opportunities and uncover possibilities which were earlier unheard of. One area of application is the analytics space where the spending patterns of thousands of employees can help uncover important insights. This is especially important given the changing role of the finance function.

In the McKinsey study, many respondents believe that financial reporting tasks are automatable to a fairly high degree. The automation of expense management and reporting can help finance teams save a substantial amount of effort. Most importantly, with automated expense entries, finance can consider their expense management system as the single source of truth for employee expenses - one less hole to fix.

The quality of data is critical when analyzing for performance, and leaders looking to step up their reporting game need to ensure that they can trust the tracking system. A reliable system for data collection and reporting facilitates highly accurate forecasts. This is a boon for a function which has traditionally suffered from a lack of quality data.

Enhancing overall back office performance levels

The finance back office is often considered a boring space with less hope of any possible transformation. The prevailing attitudes among the finance professionals are such that it becomes a difficult task to cut through the clouds of despair. It is only in recent years that solutions for automating taxation operations, accounting and other tasks have opened up new possibilities.

Despite the seemingly lackluster appearance of back-office operations we need to understand that these operations are crucial to a company's functioning. They enable and equip the client-facing operations and make life easier for others in the organization. No one understands this better than the executives and leaders of various departments who rely heavily on the fruits of back office turmoil for decision making.

The automation of expense management can have far-reaching effects and can influence the functioning of other departments. Sales leaders can identify which customer journeys provide the most profitable deals and push for such interactions. This data can also provide insights into the average number of meetings required to close a deal. Furthermore, insights can be gathered across geographies, industries, and sectors to come up with a more accurate model. This is something one would never expect of a traditional expense management system, more so because the system isn't capable of it.

Insights from sales can also help marketers optimize their marketing budgets and bring down the costs for a sale further down. Of course, these are iterative procedures and depend on historical data and present market conditions. Finance leaders should bring leaders from various disciplines on board to make the push for automation of expense management since everyone benefits.

Automate but with caution

As with all things dogmatic, the traditional view that we should consolidate all operations within one system is a flawed one. This attitude is a remnant of the 80s and 90s where the introduction of computing systems for business operations was considered automation. The present economic environment is a highly competitive one with businesses facing the ax every day.

Such volatility in the business environment pushes for operation at an optimum level. The situation could be compared to club football wherein the managers try to assure that for every playing position the best possible candidate plays. Similarly, in the case of accounting operations, solutions for specific problems should be deployed. A solution which promises to solve regulatory compliance, automate taxation operations, expense management, and invoicing is probably a bogus one.

For advanced functionalities leaders will often have to consider the possibility of using an independent and specialized system for distinct operations. Data can be synced across the systems and consolidated for analysis. Moreover, the cost of ownership has significantly reduced given that much-specialized software is cloud-based. With such a wide array of solutions, it makes sense for stakeholders to do a comprehensive cost-benefit analysis and take the most effective course.
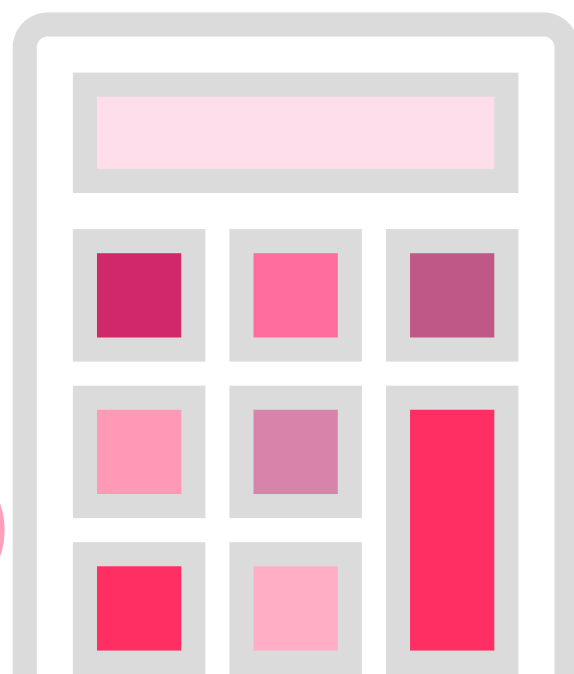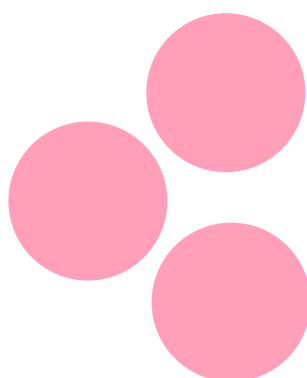
About Fyle

Fyle is one of the world's fastest-growing providers of expense management solutions and services. Fyle provides a one-click expense tracking for employees as well as unmatched control and compliance for enterprises. With multi-currency and multi-organization features, Fyle helps organizations of all sizes automate and optimize their expense management processes.

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