

WHITEPAPER

EVALUATING EXPENSE REPORTING OPTIONS — A BALANCING ACT

If you've started your expense reporting evaluation... Well, it's still not too late!

You're looking at expense reporting vendors and want to know what to evaluate. What's the most important? The demo, references, pricing? It's you. You and what you really need.

That sounds simple enough, but in practice, it's anything but that. In most organizations there are a number of constituencies who have a stake in the expense reporting process:

1. TRAVEL MANAGER

A Travel Manager (TM) is generally charged with implementing travel policies and has a major role in their formulation. The TM monitors compliance and balances the interests of travelers with goals for cost containment. If your organization negotiates supplier contracts, the TM will spearhead that effort. The Travel Manager is also the liaison with your Travel Management Company (TMC) and oversees the booking process.

2. PROCUREMENT

A recent trend has been to move Travel Management under Procurement. This reflects an increasing emphasis upon cost containment and internal control at the expense of travel flexibility (there are indications that travelers are resisting the shift, in some instances successfully). Procurement does not see travel as a unique category of spend, justifying the abandonment of controls and standards just so employees can take advantage of consumer-oriented, self-service options (e.g., Orbitz, Travelocity, Egencia, and airline websites). Regarding vendors, Procurement will be especially attentive to their performance and whether they are "qualified" to serve your organization.

3. FINANCE & ACCOUNTING (F&A)

Finance & Accounting focuses on travel reimbursement, bill-back, credit card management, receipt audit, vendor payment, travel spend value, financial reporting, and internal controls. F&A is concerned not only with travel budgets but how those budgets are being used. F&A is the major consumer of expense report information. Most of the system requirements come from F&A.

4. INFORMATION TECHNOLOGY (IT)

Information Technology is charged with security and often must sign-off on a vendor's capability to deliver on its promises. IT may be responsible for developing interfaces to the vendor's system and may also assume training and support roles.

5. TRAVELERS & EMPLOYEE PURCHASERS

These are the real users of an expense reporting system — the ones who file and approve reports. For them, expense reporting is a necessary evil and they may not be too sure why it is necessary. Other than possible reimbursement, the report filers don't really get anything out of the system. Approvers get budgetary feedback, and in some instances, they serve as the source for bill-backs. Their greatest concern is ease of use and spending as little time and effort on expense reporting as possible.

6. EXECUTIVE MANAGEMENT

Executives don't like doing expense reports any more than anyone else. As filers (if they fill out their own reports), they share an aversion to the process with other travelers in the organization. Additionally though, they are responsible for the efficacy of the organization's internal controls and most executives take that responsibility very seriously.

7. PAYROLL AND OPERATIONS

If the procurement is expanded to time tracking, it will introduce a whole new set of requirements and priorities. While the task of evaluation will be more complex with time tracking in the mix, the return on the effort can be considerable. Executive Management might need to step in to ensure that the time option is given serious consideration

There are big pay-off's to all stakeholders if time tracking and expense reporting are combined into a single employee reporting solution. The search team should investigate whether Payroll and Operations would be open to changing out their method of time collection if an expense vendor offers it as an option.

When you consider all the stakeholders of the evaluation, it's clear that everybody can't get everything they want.

WHAT YOU HAVE TO RECONCILE

- Report Filers and/or Approvers care about convenience, ease of use and preservation of the leeway to "bend the rules." They want to spend as little time and effort on expense reporting as possible. Expect them to push hard for mobile solutions.
- Procurement is unimpressed by bells and whistles. It wants to match up capabilities against explicit requirements. Above all, Procurement wants to avoid cost over-runs and the perception of vendor performance failure.
- Finance & Accounting wants information, transparency, efficiency, and control. It may have little sympathy for the concerns of Report Filers/Approvers.
- Travel Management, as administrators of the organization's travel program, needs to be able to assess the efficacy in achieving its goals. Expense reporting data, representing actual spend, is therefore critically important. But travel programs have goals other than financial. Traveler satisfaction very much matters (particularly of travelers who matter). A major focus then, of Travel Management, will be ease of use.
- Executive Management wants to fulfill its responsibilities for internal controls without affecting the productivity (and accountability for that productivity) of others in the organization. Count on executives to shift between the concerns of the Report Filers and F&A.
- Information Technology labors long and hard to standardize technology. Without standardization, IT would be hard-pressed to fulfill its security obligations and provide support. Although the introduction of BYOD ("Bring Your Own Device") facilitates travel expense submission for the report fillers, the inclusion of so many devices could overwhelm IT with support requests and create unacceptable security gaps.

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CONCLUSIONS

When you actually look at the multiple constituencies and what they likely care about, it's clear that the best system for you will have to accommodate trade-offs and compromises. The time to conduct internal negotiations is prior to procuring a system. Afterwards, you may have locked yourself in with a product that doesn't allow your organization the flexibility to get the necessary buy-in. Although your current expense reporting process may have shortcomings, it may be the best your organization can do. Trying to enforce standards and efficiency on constituencies with a go-it-alone perspective just isn't going to work. Executive management should be committed to a realistic outcome and be willing to step in to resolve any friction that threatens the project. Without such assurances, an evaluation should not even begin.



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