

The Power Of Real-Time Insight

How Better Visibility, Data Analytics,
And Reporting Can Optimize Your
T&E Spend

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Executive Summary

Although perhaps surprising, the vast majority of enterprise organizations are making decisions about their T&E budgets and overall spend without a complete view of their data. And although automation helps, it does not provide the full picture. Enterprises are not taking full advantage of possible savings in their T&E spending because of outdated systems that impede a timely and proactive spend management strategy.

In February 2014, Forrester Consulting evaluated the state of T&E spend management in a study commissioned by Concur Technologies. In a survey of 348 financial decision-makers around the world, Forrester found that T&E is the second most difficult item for companies to control. Most firms wait for their employees to manually enter their T&E data after the expenditure is already made so that the resulting T&E reporting process focuses on retrospective compliance and budgeting. Analysis of T&E trends and potential cost optimization, if done at all, is done primarily via spreadsheets.

KEY FINDINGS

Forrester's study yielded these key findings:

- › **Data is entered manually.** Eighty percent of firms rely on T&E data entered manually, after the event, by employees — even when the organization uses an automated system.

This is not only time-consuming and error-prone; it means that the companies have no real-time insight into the data to optimize spend.

- › **Companies are hampered by reporting shortcomings.** Forty-two percent of the firms were not able to import data from disparate sources, including external systems, at all. For these companies, T&E analytics is time-consuming and probably ineffective.
- › **Few companies have a real-time view of T&E.** Although over one-quarter of respondents claimed to have this visibility, the survey reveals that the vast majority of firms do not have the capability to process travel expense invoices, such as hotel bills and rental car charges, automatically into their internal systems to enable full transparency and control over their T&E spending.

- › **T&E systems lack of mobile capabilities.** Sixty percent of the respondents feel that access to information via mobile devices is too limited, which means decision-makers do not have immediate access to the business insight they desire.
- › **Businesses want more capabilities.** As part of this study, respondents were asked what capabilities their current T&E analytics tool lacks when it comes to providing business insight and informed decision-making. In addition to the firms being unable to import data from disparate sources, 43% think the ability to easily create and modify reports is lacking.

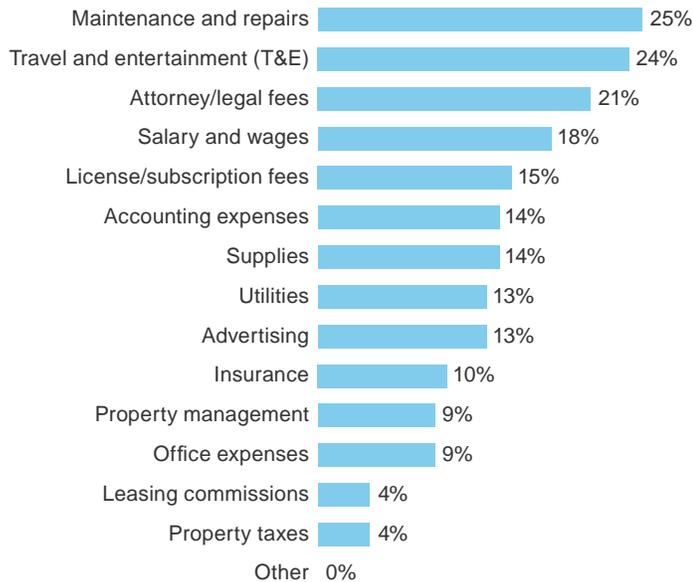
The Current State Of T&E Spend Management

T&E costs are the second most difficult opex line item to control for businesses (see Figure 1). Eighty percent of the respondents reported that their T&E data is entered manually by their employees (see Figure 2). This is time-consuming and increasingly leads to employee dissatisfaction. It also introduces many opportunities for data errors.

For many businesses, the only lever of control available for T&E is a periodic and indiscriminate travel freeze. While all other costs are monitored and analyzed on an ongoing basis by controlling departments, T&E spend is largely untouched for a variety of reasons:

FIGURE 1
T&E Ranks As Second Most Difficult Expense Category To Control

“Of your company’s operating expenses (opex), which is *most difficult to control*? Please rank your top three, with 1 being the most difficult.”



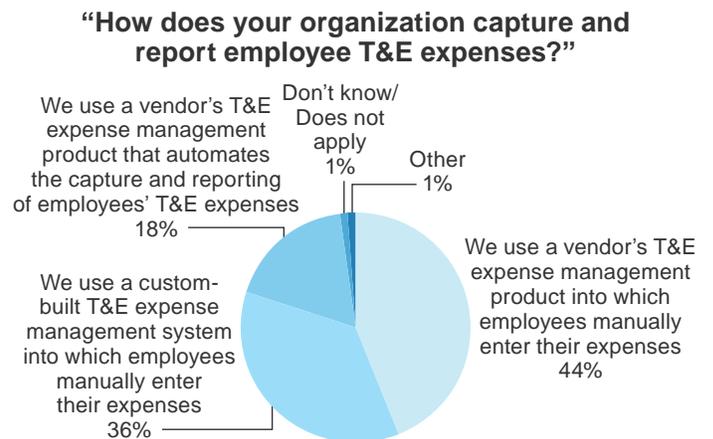
Base: 348 financial decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Concur, February 2014

- › **Many businesses have a bespoke T&E system.** Thirty-six percent of the respondents stated that their manual entries are made into a custom-built or homegrown application. These firms are not only dependent on manual data entry, but they also spend even more on staff and IT resources to keep their system up to date against constantly changing travel preferences, regulatory requirements, and tax codes.
- › **Disparate data sources are not consolidated easily.** The respondents also reported little consolidation of data across the disparate systems that record or trigger T&E costs, including data from corporate cards, travel systems, expense reports, HR, and supplier invoices. This results in a lack of transparency into all T&E spend.
- › **Companies rely primarily on spreadsheets.** When asked how they analyze their T&E costs, 59% of the firms cited spreadsheets as their main resource. Spreadsheets may be great tools for personal or individual analysis of data, but they cannot support department- or policy-driven analysis very well.

The reality is few companies actually have real-time visibility into their T&E expenses, unless they have a T&E system with real-time integration with all their vendors and travel partners.

FIGURE 2
Eighty Percent Of Companies Collect Data Manually



Base: 348 financial decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Concur, February 2014

Effective T&E Spend Management Is Hampered By Reporting Shortcomings

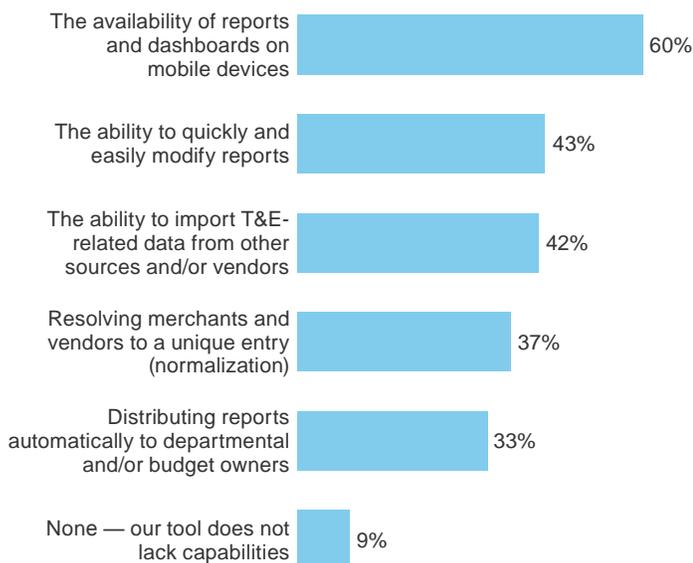
Companies that do not support real-time and consolidated T&E reporting miss a series of opportunities to optimize these costs, which have a significant impact on their bottom line. In addition to being the second most difficult expense line item to control, T&E ranks as one of the highest operating expenditure categories overall.

Many businesspeople have grown accustomed to managing T&E for themselves or their department as a necessary evil within their daily chores. But they often do not know about new and emerging opportunities to optimize T&E spend through an in-depth analysis of spending patterns, negotiated prices, and supplier optimization.

In describing their reporting shortcomings, respondents cited the following capabilities as deficient (see Figure 3):

FIGURE 3
Current T&E Analytics Lack Many Capabilities

“What are the capabilities your current T&E analytics tool is lacking when it comes to providing business insight and informed decision-making?”



Base: 169 financial decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Concur, February 2014

- › **Access to information using mobile devices.** A full 60% of respondents cannot provide T&E analytics on mobile devices. Departmental heads and the travelling employees, who depend on their mobile devices much more than administrative employees, are therefore poorly informed of incurred costs or savings opportunities.
- › **Ability to easily create and modify reports.** Forty-three percent of the survey respondents indicated that they have difficulty with reporting flexibility. With inflexible reporting tools, ad hoc analysis and report creation are challenging, and the time to gain expense pattern insight is time-consuming.
- › **Integration of data sources, including vendor data.** Forty-two percent of respondents cannot import data from other systems, while 37% cannot reconcile their merchant and vendor lists (see Figure 3). This means that these companies are not able to fully understand their external travel spending, identify opportunities for negotiated discounts with vendors, or initiate supplier consolidation.
- › **Distribution of information to department managers.** One-third of the companies cannot automatically distribute T&E analytics to the responsible budget owner. These managers therefore have no transparency into their T&E costs other than knowing if they are over or under budget. They can only react to excess costs well after the affected time period.

The Benefits Of Effective T&E Spend Management

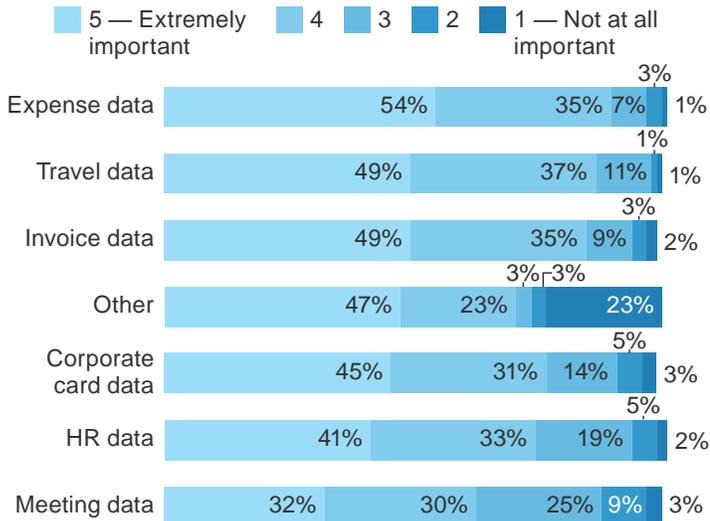
Forrester has observed that companies that are able to integrate all of their T&E costs from various sources, including travel vendors, travel management companies (TMCs) and booking tools, ERP systems, and credit card data feeds, are able to generate significant savings through better controls and purchasing leverage. Companies that do not have the appropriate systems are not clear about which sources of data are important and offer cost savings opportunities, so they lack a holistic view of all their T&E data (see Figure 4).

When asked about the potential benefits of deploying T&E analytics, the respondents listed their expectations and rated most suggested benefits as equally important (see Figure 5). These benefits are:

FIGURE 4

Multiple Data Sources Are Needed To Gain A Holistic View Of Travel Spend

“How important are the following data sets when analyzing your T&E spend?”



Base: 348 financial decision-makers

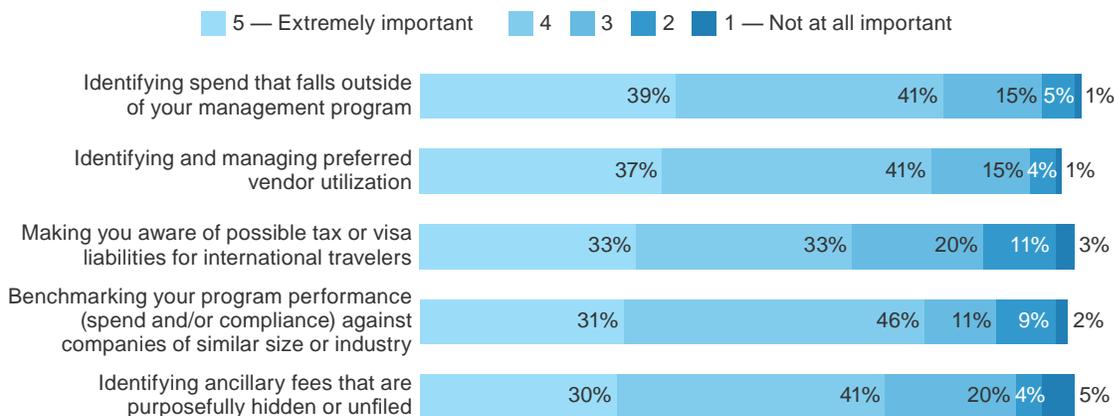
Source: A commissioned study conducted by Forrester Consulting on behalf of Concur, February 2014

- › **Identifying spend outside of their program.** T&E expenditure often includes expensed costs that were not budgeted — subscriptions and memberships, localized spending on IT devices or software, and event or other costs that may even have been budgeted elsewhere.
- › **Identifying and managing preferred vendor utilization.** A complete T&E analysis will identify vendors where the consolidated spend warrants negotiated discounted pricing to save costs. Even if the initial spend is insufficient for a volume discount, establishing a preferred vendor policy would push this spend up to support negotiated pricing.
- › **Knowing visa liabilities.** In the increasingly global business world, companies need to support employee travel in more countries, which often involves tax and visa issues that must be addressed.
- › **Benchmarking.** Most companies don't even know if their T&E spend is suitable for their industry or company size.
- › **Having fee transparency.** It is common for travel companies to include ancillary fees in their billing to cover items like security, handling, translations, and other items.

FIGURE 5

Business Insights Use Drivers

“How important are the following benefits you hope to derive from your T&E analytics tool?”



Base: 169 financial decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Concur, February 2014

Key Recommendations

Forrester's survey of financial decision-makers on their T&E management and analytics yielded several important observations. The survey has shown that T&E is a significant cost item that is difficult for companies to control. Most firms wait for their employees to manually enter their T&E data after the expenditure is already made. The resulting T&E reporting process focuses on retrospective compliance and budgeting. T&E analysis of trends and potential cost optimization, if done at all, is done primarily via spreadsheets. Companies are not realizing the benefits of visibility into T&E spending *before* it occurs. Nor are they able to consolidate data across disparate systems and incorporate sources such as corporate credit cards, supplier invoices, and meetings or event planning data — all of which is available in most companies.

Most companies do not have the management processes in place or a re-engineered system for full T&E management and analytics, though some have a bespoke system for parts of the process.

Forrester recommends that companies deploy a system and processes that offer:

- › **Reports that help cost center managers monitor and control their own spend.** The department managers most closely affected by their T&E spend can be better informed and guided to optimize their spend and advise their employees on travel plans.
- › **Tools that encourage employees to spend their T&E wisely.** When the system identifies cost-saving opportunities and provides negotiated discounts or even travel upgrades, these can be presented to employees as they make their bookings.
- › **Insight into complete supplier spend for better leverage.** Having a holistic view of the company's full T&E costs and commitments enables travel management and procurement staff to identify optimization opportunities, negotiate supplier agreements, monitor usage, and provide further insight to cost center managers and employees on an ongoing basis.
- › **Integration of data from all sources.** This includes, but is not limited to, travel suppliers, travel management companies (TMCs), credit card companies, vendors, booking tools, ERP tools, and HR. Integration of disparate, relevant sources of data allows companies to create a single-source-of-truth reporting system and streamline access to relevant information when it is needed. This real-time visibility enables total spend management in which companies can take action and take control of spend before it's spent, thereby supporting better T&E planning, budgeting, and forecasting.
- › **Mobile applications.** It is important to give today's mobile workforce the immediate business insight they need to make intelligent spend decisions.

Appendix A: Methodology

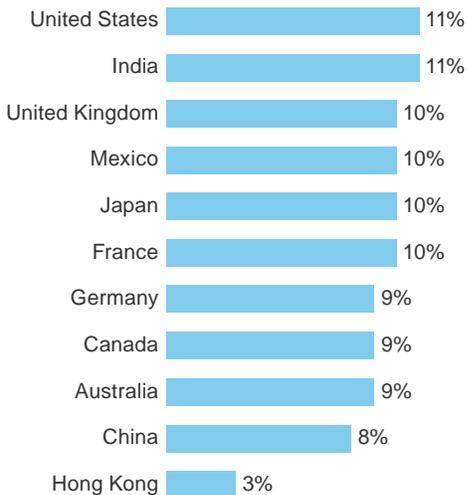
In this study, Forrester conducted an online survey of 348 financial decision-makers at enterprise organizations in the US, India, UK, Mexico, Japan, France, Germany, Canada, Australia, China, and Hong Kong to evaluate travel and entertainment expense spend management. Survey participants included decision-makers with oversight of T&E expenses. Questions provided to the participants asked about strategy, software implementation, and future plans. The study was completed in February 2014.

Appendix B: Demographics/Data

FIGURE 6

Survey Demographics: Country

“In which country is your organization headquartered?”



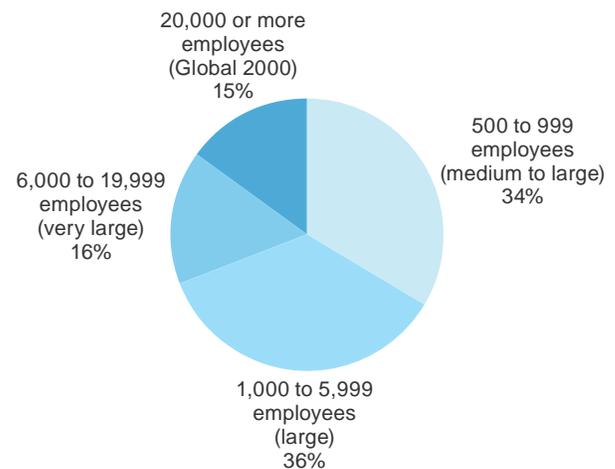
Base: 348 financial decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Concur, February 2014

FIGURE 7

Survey Demographics: Company Size

“Using your best estimate, how many employees work for your firm/organization worldwide?”



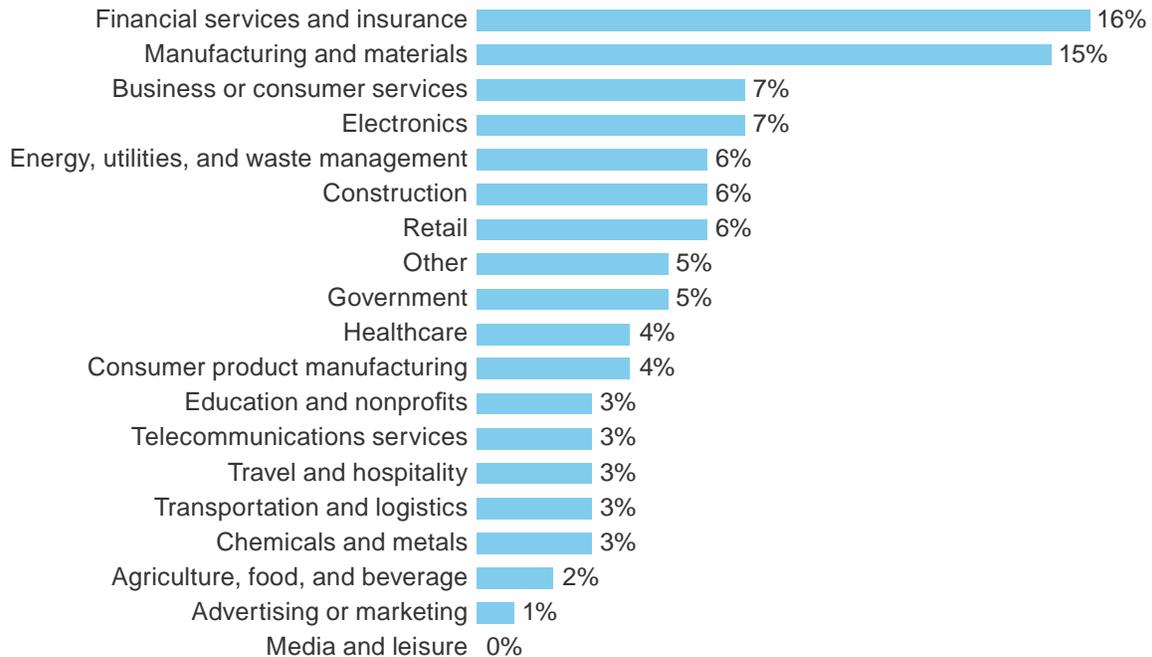
Base: 348 financial decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Concur, February 2014

FIGURE 8

Survey Demographics: Industry

“Which of the following best describes the industry to which your company belongs?”



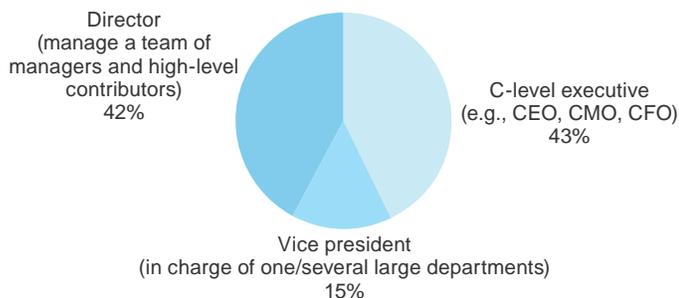
Base: 348 financial decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Concur, February 2014

FIGURE 9

Survey Demographics: Respondent Position

“Which title best describes your position at your organization?”



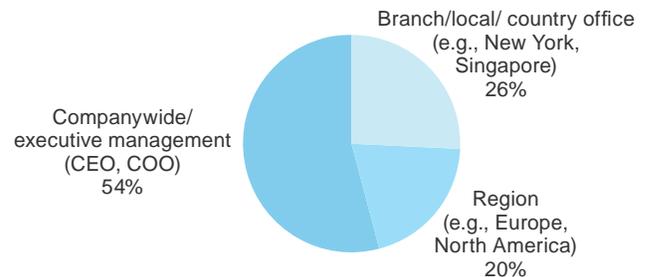
Base: 348 financial decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Concur, February 2014

FIGURE 10

Survey Demographics: Scope Of Responsibility

“Which of the following best describes the scope of your responsibility?”



Base: 348 financial decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Concur, February 2014