



THE INSTITUTE OF  
TRAVEL MANAGEMENT

# END-TO-END TRAVEL & EXPENSE INTEGRATION

## Process and cost management revolutionised

2016 WHITE PAPER



# End-to-end Travel & Expense integration Process and cost management revolutionised

What happens after an organisation has implemented an integrated Travel & Expense solution?  
Exploring the benefits organisations have gained.

## EDITORIAL

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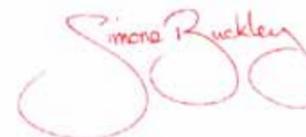
ITM membership survey conducted April 2016. The survey consulted 82 travel buyers via a web based survey analysed by Opteva.

## Welcome

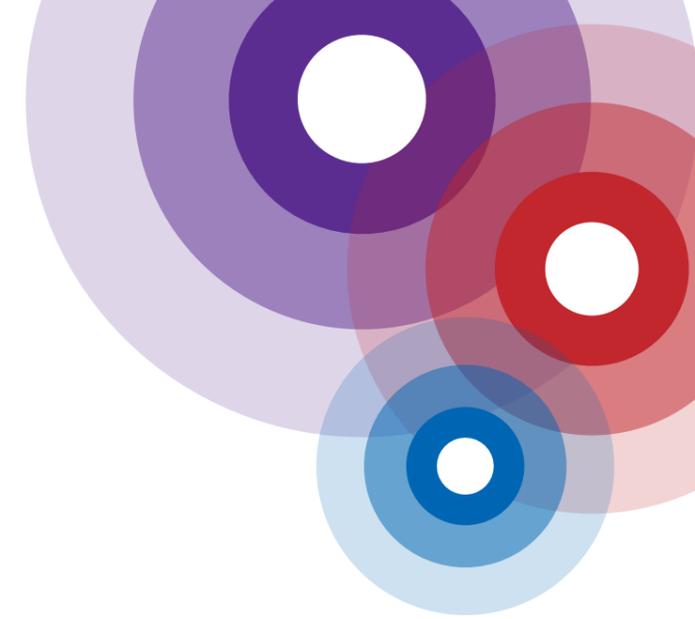
Business leaders widely accept that an organisations success is underpinned by an efficient and integrated systems infrastructure. The speed and sophistication of new technologies and connectivity are driving change everywhere, and more and more organisations are investing in new platforms to enhance performance and identify savings.

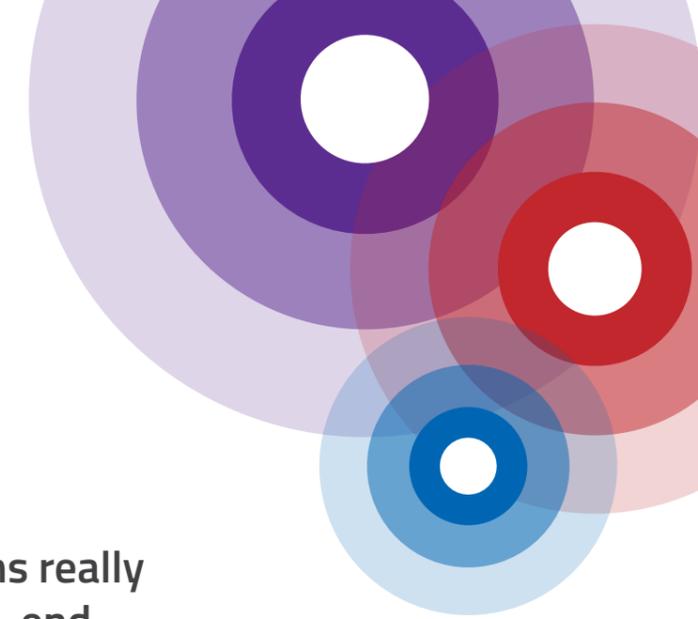
Last year our whitepaper “Joined-up Thinking: End-to-end Travel & Expense integration, and beyond” helped travel managers and procurement professionals evaluate their current infrastructure to understand how a travel and expense end-to-end process and solution could benefit their organisation. The focus of this white paper is to understand what happens next. We are all looking for operational excellence but what benefits have been realised through the deployment of an end-to-end solution? We have undertaken this research to find out exactly that – were efficiencies generated and cost savings achieved? And, what other outcomes can we all learn from?

The publication of this ITM White Paper would not have been possible without the knowledge and insight provided by our steering committee and in particular Rachel Watson from specialist Travel and Expense consultancy, Opteva. And finally, we thank our report sponsor Traveldoo Technologies.



Simone Buckley  
CEO, Institute of Travel Management





## Conclusions from Joined up thinking: End-to-end Travel & Expense integration, and beyond White Paper May 2015

Implementing an end-to-end travel and expense solution is something not to fear

End-to-end solutions can be made up of software and hardware provided by one or multiple suppliers

Companies must invest in increasingly powerful technology if they are to remain operationally efficient and competitive in the market place

Technology integration can generate cost savings, efficiencies, and enhance the booking and travelling experience

Full integration can include multiple departments: HR, IT, finance, accounts, legal, risk, insurance, travel and expense

Travel managers can elevate their status within an organisation by proposing and leading change and benefit from the support of external consultancy and project management expertise

Integration projects are scalable, affordable and relevant to all organisations

As the economy improves, company CFO's are more likely to fund projects that have a clear return on investment

## So what's next, what have organisations really achieved from implementing an end-to-end Travel & Expense Solution?

There are some key benefits that are transforming cost and process management:

### Cost Management

- **Improved budgetary controls** – visibility of all travel related expenses is enabling businesses to budget more effectively and manage costs accordingly
- **Full E2E management and control of travel policy and related costs** – reconciliation of approved travel costs versus expensed is providing organisations with the relevant visibility to increase controls and manage compliance
- **Management of suppliers who have an alternative booking model** – some suppliers offering content outside of the GDS can be integrated into an online booking solution enabling a one-stop shop for travellers and relevant control for travel managers
- **Control of ancillary service spend** – reconciliation of booked travel versus expensed is exposing expenditure on additional supplier products and is enabling organisations to create guidelines and policies to manage costs
- **Increased VAT reclaim** – automated processes and ease of

use is enabling some organisations to focus on increasing the opportunity to reclaim VAT on applicable travel related expenditure

### Compliance & Control

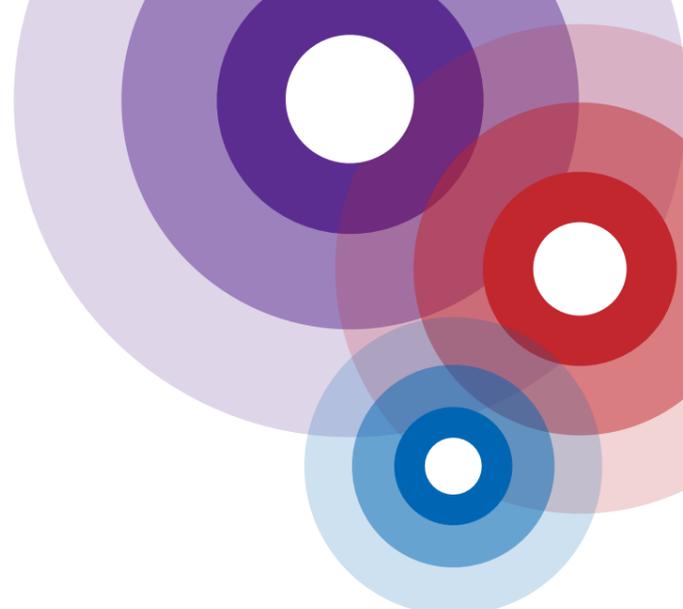
- **Increased compliance** – improved capture of auditable data, e.g. receipts, increasing ability to monitor compliance against policies
- **Positive behaviour change** – managed processes and relevant control points are helping employees make the right decisions throughout all travel related expenses. The average online travel adoption within the Opteva client base is 80%. Opteva clients using expense data have visibility on an average of 40% additional travel related costs not captured in travel data
- **Duty of Care** - Increased visibility of all non-compliant travel and reconciliation of travel and expense transactions is enabling organisations to identify travellers booking outside of approved channels and manage them

### Processing

- **Reduced processing time** – reduced timeframes on corporate card reconciliation and payment of any personal re-imbursements
- **Reduction in incorrect payments and fraud** – smarter processes are reducing room for error and willful abuse of expense claims
- **Actionable audit findings** – increased automation and control is enabling organisations to become more targeted in their audit approach and enhance policies and controls accordingly
- **Improved user experience** – simple straight-through processing is saving time and improving accuracy
- **Reduced internal processing costs** – centralisation of key expense and accounts payable functions is reducing cost and improving processes

### CSR

- **Improved CSR performance** – through increased transparency in relevant metrics



## Are organisations actually revolutionising the way they process T&E or just talking about it?

The amount of organisations looking at travel and expense has increased significantly over the last two years. Developments in both technology and data management is enabling businesses to improve efficiency and reduce internal expense processing costs by over a third. In addition, identifying and managing uncontrolled travel related spend which can equate to a quarter of travel related expenditure is just too compelling to ignore.

Gary Povey – Sales Director Traveldoo Travel & Expense Technology says

“ In 2014 40% of tenders included both travel and expense in 2015 78% have included both travel and expense and this trend continues to grow. ”

Travel Manager Representative says

“ I am under increasing pressure to help our business manage and effectively budget all travel related costs. The volume of data and the current fragmentation is daunting. Our finance team needs my travel expertise to identify controllable costs and educate the business on how to drive behaviour change. I'm planning on bringing travel and expense into a cohesive process and dataset in the next 12-18 months to enable cost control and repeatable analysis. ”

Once you start to unpick travel related expenses and understand what can be managed in a quick and repeatable way the opportunities become really exciting.

Johanne Young – co-founder Opteva says

“ Sometimes our industry over complicates things and loses sight of basic cost management and control. We regularly see examples of travel related spend not being controlled, like employees spending more on airport taxi transfers than on the airfare when there are suitable alternatives available. Making it simple for employees to do the right thing supported by relevant controls has to be the way forward – and how can you achieve this if you don't factor in travel related expenditure and processes as a whole? You can't. This is one of the reasons why we are starting to see an increased appetite to implement solutions that can achieve the relevant transparency and controls to manage all travel related costs. It's a fantastic opportunity for travel managers to grab hold of all the travel related costs and manage them. ”

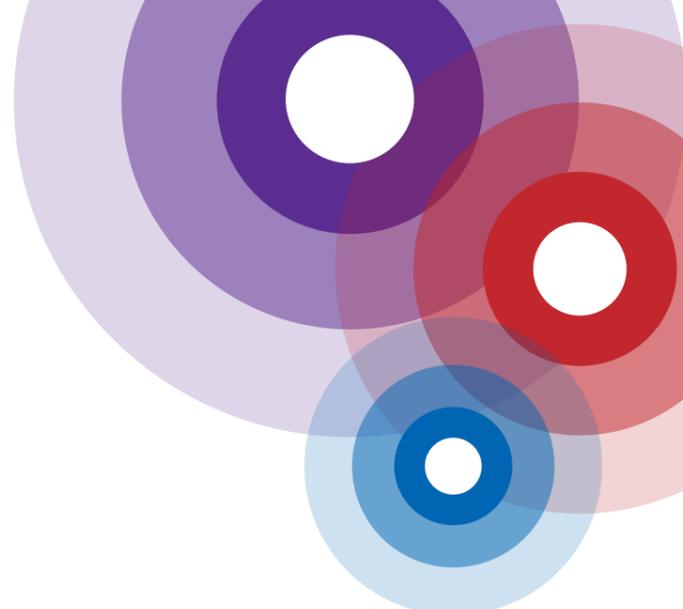
ITM Buyer Member Survey Benefits from E2E T&E Solution	Rank
Data/visibility/transparency – total cost of trip	1
Cost reduction	2
Efficiency creation	3
Policy	4
Enhance the traveller/employee experience	5
Governance	6
Audit	7
CSR	8

In a recent ITM survey, 21 travel buyers ranked the benefits their organisation has gained from implementing an automated T&E solution in the following order:

What has your organisation achieved from implementing an E2E T&E Solution	Rank
Data/visibility/transparency – total cost of trip	1
Policy	2
Efficiency creation	3
CSR	4
Enhance the traveller/employee experience	5
Cost reduction	6
Governance	7
Audit	8

Interestingly, in the same survey 45 buyers planning on implementing an automated solution cited data visibility and transparency as the most important reason, which is the main benefit those already implemented have gained.

<p><b>Data/visibility/transparency</b></p> <p>Ability to join up travel and expense charges into total cost of trip data, providing full transparency on costs, enabling relevant traveller/departmental benchmarking.</p>	<p><b>Policy</b></p> <p>Ability to activate and manage policy through the life cycle of travel and expense.</p>	<p><b>Efficiency creation</b></p> <p>Removal of manual processing and duplicate data entry across multiple systems.</p>	<p><b>CSR</b></p> <p>Full trip data enabling improved CSR metrics.</p>	<p><b>Enhance the traveller/employee experience</b></p> <p>Improved user experience faster more streamlined travel and expense workflows.</p>	<p><b>Cost reduction</b></p> <p>Ability to reduce processing costs and manage all travel related expense costs through increased transparency via consolidated data.</p>	<p><b>Governance</b></p> <p>Enhanced controls through increased visibility of behaviours.</p>	<p><b>Audit</b></p> <p>Data and processes consolidated enabling more cohesive and less labour intensive audits and controls.</p>
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## What technology is being deployed by organisations to ease process and improve compliance on travel related spend?

As more organisations invest in automated T&E solutions, technology companies are innovating and deploying solutions to up their game. On the go approvals, mobile receipt capture, and reading receipts through character recognition were once show case items but have now become standard requirements of a T&E tender and implementation process. Travel suppliers are progressing e-receipts and software providers are looking to further simplify the user experience by developing solutions to capture more with less user key strokes.

## So as it all gets smarter what does this mean for the traveller and ultimately compliance?

Quite simply it makes it easier to do the right thing and less challenging to identify employees doing the wrong thing. That said, unless business processes are redesigned to support the technology workflow bad practice will continue and compliance will suffer. Sometimes technology is perceived to be the solution without fully understanding the business problems that need to be solved, continued practice like expensing multiple trips on one report and bulking up receipts make it difficult to resolve trip costs and manage behaviours.

With the right supporting processes increased receipt capture will provide transparency and drive the right behaviour. Just by making it easier some organisations now operate with 99% of claims being supported by valid receipts.

Steven Thompson Managing Director – Erudite Crisis Management says

*“ An automated travel and expense process provides travelling employees with a credible excuse, which can be articulated to those who would try and persuade them to undertake fraudulent acts that would expose them to the risk of prosecution. Furthermore, it provides increased accuracy in auditable trails that can be examined and scrutinised by those in the organisation charged with identifying fraudulent charges. In addition providing a robust system takes away the temptation to cut corners and submit claims that may not necessarily be legitimate. ”*

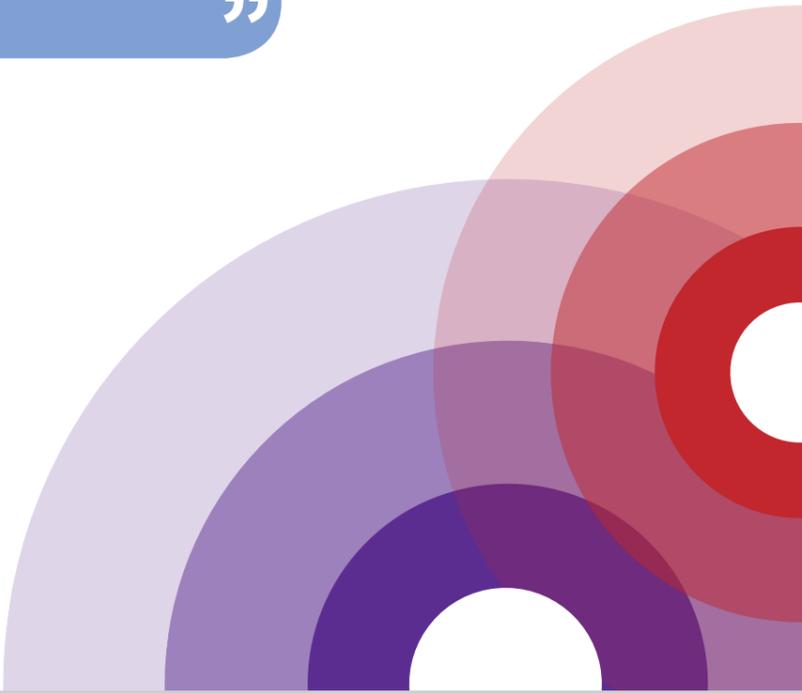
## How are organisations leveraging the integration aspect to improve controls and drive efficiency?

In a disparate T&E environment duplication of work effort is a given and controlling all points of the process is challenging. Booking travel, gaining approval to travel and expensing through different channels delivers fragmented data that is hard to reconcile throughout the lifecycle of a travel to expense process. In addition, legacy support systems such as HR, accounts payable and finance further add to the fragmentation of processes and data.

Organisations that have implemented an E2E solution are getting smarter at looking at the whole life cycle of the T&E process and implementing checks and balances along the way that could in time enable auto-approval of some expenses. For example, if an employee has an approved flight cost at the booking stage which matches the expensed amount – does this need to be approved again? Whilst straight through processing and targeted messaging may not be immediately available the integration provides the platform to shape the optimal process and the knowledge to design business processes and policies to fit it.

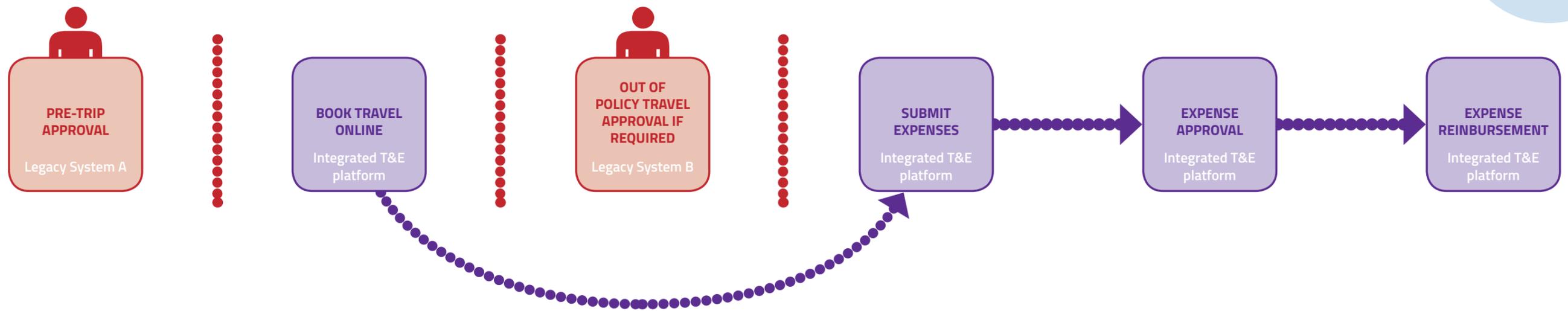
Travel Manager Representative says

*“ We're looking at communication and controls to enable employees to be messaged during relevant points to drive the right decisions and create accountability. We currently have policy controls in our online booking and expense tool but are looking to see how we supplement that with targeted messaging on say for example; ground transportation policies and client related entertainment rules. We ultimately want to get to straight through processing of compliant expenses. ”*



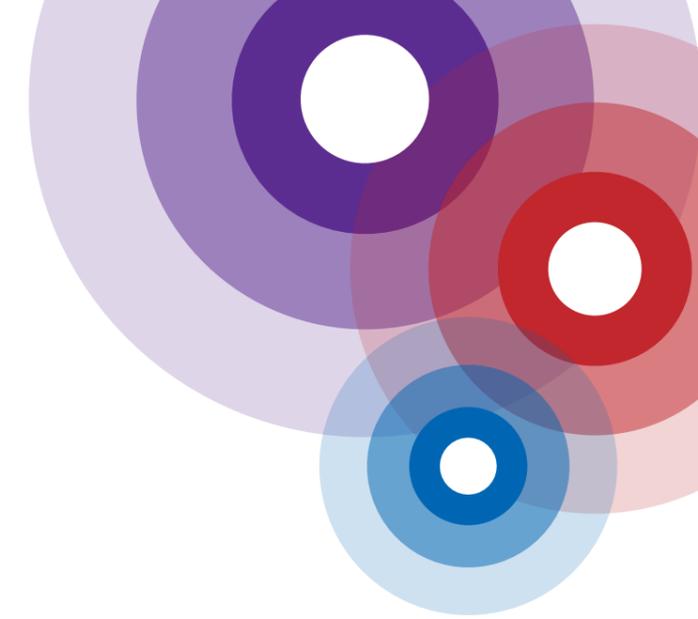
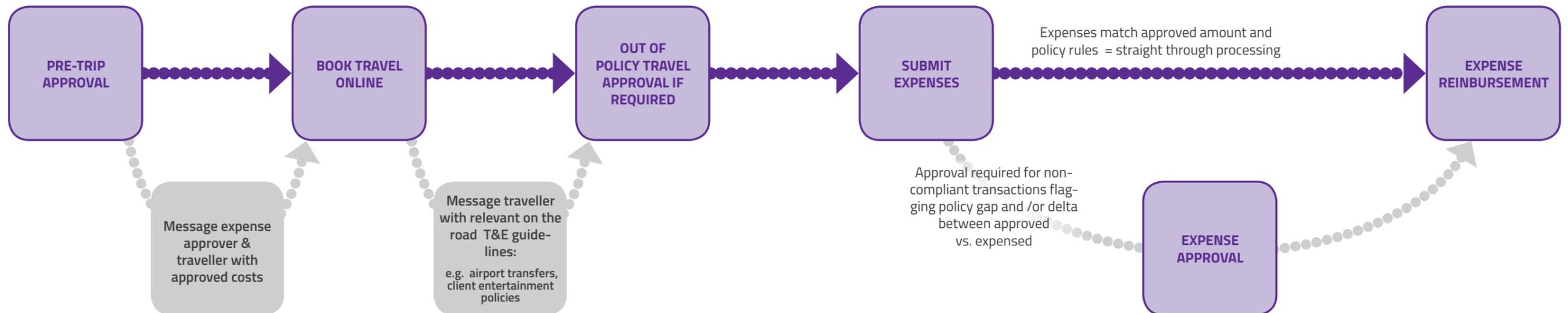
### Sample: Current Process Travel Approval Booking and Expense

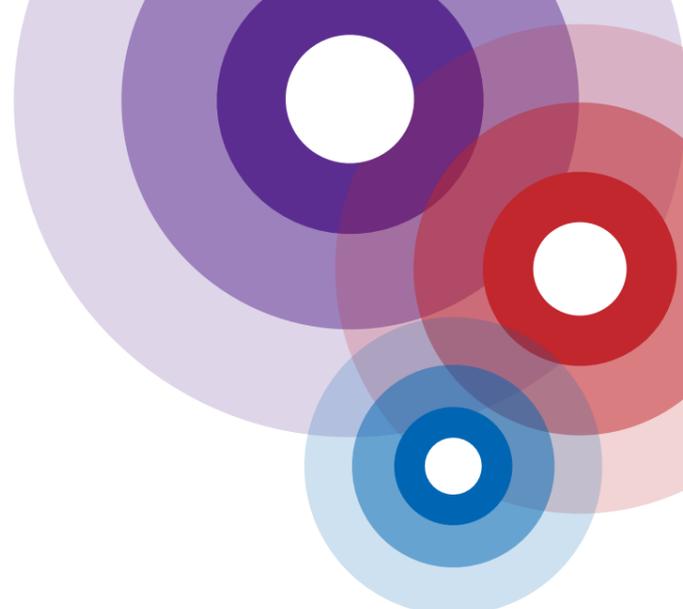
Legacy approval systems, integrated T&E – no linkage with travel booked and approved vs. expensed



### Sample: Optimal Process Travel Approval Booking and Expense

All systems integrated – enabling straight through processing of compliant transactions, cost transparency throughout the process and simplification of approvals





## How has integration benefited payment cycles and processes?

Every organisation should have a policy in place defining the timeframes for processing all expense related activities. In practice an automated process will make it easier for employees to submit their expenses in a timely manner but the timeframe still needs to be defined. For some organisations client billable expenses are highly relevant and the late submission of expenses can become a direct cost after a client billable project has closed.

Organisations using corporate cards have seen improvements to the timeliness of expense submissions; integrated card data reduces the need to rekey data making it easier for employees to transact expenses.

Finance Representative says

“ We always experienced issues with charges hitting corporate cards which are our company liability and the timeliness of employees processing their expenses, since implementing an automated solution with a card feed our cycle times have dramatically improved and the number of queries on card charges have reduced. In turn we are able to provide faster reimbursement of out of pocket expenditure which has also helped motivate employees submit trip level expenses as opposed to bulking them up. ”

## What are organisations achieving in internal processing cost reductions?

Some organisations have leveraged T&E automation to centralise servicing of expense related and accounts payable functions. It creates an opportunity to standardise and then deal with country level exceptions. Typically organisations have calculated a synthetic internal transaction fee with the aim to reduce by at least one third.

Consolidation in processes and automation has also delivered positive results in relation to auditing expenses. Automated expense tools will have a 'rules engine' which is configured on key policy triggers, therefore, non-compliant expenses are immediately flagged, there will still be a need to audit but this can be done in a targeted way.

**Auditing every expense report is a huge resource drain. A more targeted approach supported by the right technology solution will deliver the same end result with significantly less resource.**

Finance Representative says

“ Since implementing an automated solution the finance team is no longer having to check all policy elements as the system is flagging non-compliance and can focus more on potential fraudulent transactions, which have reduced as a result of automation – it's just got harder to do. Having more time to be more targeted we can do more checks on inflated expenses where we see instances of excess tipping and artificial exchange rates etc. It also highlights employees not following process, they aren't committing fraud but they are polluting the data through bad practice and this enables the business to manage that accordingly. ”

## Are organisations with mature travel programmes identifying non-compliant spend?

Any process enabling reconciliation of what has been booked via approved channels versus what has been expensed is going to expose non-compliant transactions, quite simply if an air ticket appears in the employee expense data and not in the travel data and the travel supplier is mandated for air bookings it is a non-compliant transaction. This presents organisations with the information to manage the gaps that arise through not being able to track travellers and manage spend.

Steven Thompson Managing Director Erudite Crisis Management says

“ While I understand an organisation would want to address this from a duty of care perspective, the response to this type of incident will depend on a number of factors. If the organisation experiences this event on a low frequency basis, by a very low percentage of travellers then a standard template email (with an automated response back to the sender once opened) should be sent to the individual(s) concerned together with a link to information on the correct process.

The email should highlight the point that the system is there to help keep the traveller safe and deviating from the system may well reduce the ability of the organisation to support the traveller in a time of need. = Duty of Care

At the other end of the scale, if this were a high frequency event then it would suggest that there is a requirement to undertake a communications initiative on the how the system is used. This will also allow the organisation to reiterate the point that the system is there as much for the benefit of the traveller as it is for the organisation. From a safety point of view due diligence is conducted on airlines and hotels on the travel system thus reducing the risks to acceptable levels for travellers and in the event of an emergency the organisation can quickly locate and provide guidance to their employees.

Finally I would like to point out that the organisation concerned may be forced into taking a hard line approach if they operate in a highly regulated environment such as banking. I am sure that they would want to include duty of care issues and benefits associated with following the system, however, internal procedures may dictate that in the first instance line managers give a warning to those who do not follow the procedure. ”

Johanne Young co-founder Opteva says

“ In our experience no-one can say their spend is 100% compliant unless they fully reconcile the travel and expense data, the policies might be there but often expense approvers are different to those approving travel and the process doesn't tie up and expose any gaps. We continue to find bookings outside of travel programmes when reconciling travel and expense data for our clients who are still working on non-integrated solutions. ”

## How does the integration help anti-bribery and corruption policies?

Increased capture of data and receipts will provide additional transparency on employee behaviour.

Joanna Kolatsis Partner Aviation and Travel - Hill Dickinson LLP says

“*Transparency and a strong anti-bribery and corruption policy are key. If the organisation is aware of the process and what is/is not permissible, then it is much more difficult for anyone to argue that they were not aware of their obligations. Bearing in mind the potential criminal ramifications of UK anti-bribery laws, any organisation that doesn't have a process should get organised and ensure that adequate training is also delivered to eradicate any confusion about processes.*”

## What impact is T&E automation having on CSR?

Relevant CSR metrics and streamlined processes achieved through automation invariably provide an organisation with more to go after from a CSR perspective. Some organisations are using automation to deploy trip pre-approval processes to assess if a trip is necessary or can be facilitated via video conferencing or collaborative working. Increased data also highlights opportunities to create more sophisticated ground transportation policies on areas such as airport transfers.

## What about ancillary spend, if it's identifiable in the data what are organisations doing about it?

Ancillary spend data has been talked about in the industry for some time, everyone knows travel suppliers are actively growing and targeting this area to up sell services and increase revenues. In reality what are business travellers buying and why? The answer is most organisations don't really know unless they are scrutinising expense data.

Johanne Young co-founder Opteva says

“*We are seeing an increase in additional costs coming through the back door, for example hand baggage only fares being upgraded to reflect baggage, upgraded car types on airport transfers etc. Travellers are becoming more accustomed to being sold additional travel products and services on the leisure side and if not managed could view it as a perk of a business trip that can just get expensed. At the moment we aren't seeing organisations address this with suppliers they are targeting their own internal policies.*”

## Are there any additional areas employees are making cost saves as a result of automated T&E?

While VAT incurred on a business trip is a “travel” cost, the topic of recovery is often been left to a finance or administrative function or completely overlooked. It makes total sense to factor VAT recovery into the E2E Travel & Expense process.

Clive Gould Director of Business Development Taxeo says

“*Domestic VAT is typically managed as part of a company's routine tax reporting obligations. Most recoverable travel-related VAT is incurred on hotel and car rental usage. These are the domain of the travel manager, so it is reasonable to suggest they could play a role in ensuring VAT refunds are optimised.*

*Automation will help to identify foreign incurred VAT, which is the spend category with the most challenging obstacles to ensure refund values are optimised. VAT refund levels and rules do vary across Europe. It's important for a travel manager to know which countries offer the best refund opportunities and where possible, weave into their supplier negotiations, if / how a hotel can assist in streamlining the VAT refund process.*”

## So in summary, are the benefits being sold by T&E automation suppliers being realised?

In a recent ITM travel buyers survey 90% of travel buyers confirmed all of their business requirements had met been by the deployment of Travel & Expense automation.

Johanne Young co-founder Opteva says

“*Organisations we work with have met the majority of their objectives on T&E through automation. Data remains an ongoing challenge but you have to consider that it's only as good as the information captured and some organisations still have some way to go on this.*”

Finance Representative says

“*We've learnt a lot but we've also gained a lot, some of our processes needed to be re-worked but fundamentally getting a single solution in place enabled all of our associated processes that were failing to be exposed and fixed. It's never going to be perfect from day 1 but we've delivered all of our bottom line targets within 18 months of implementation – so we're happy.*”

## Conclusion

Aside from the processing and associated cost reductions gained from T&E automation Travel Managers are really adding value to their organisation by managing all travel related expenses and leveraging their expertise to enable their business leaders to budget and fully manage all travel related costs.

The automation of T&E is rapidly increasing requirement and is now a growing trend as opposed to an emerging one, businesses not looking at best practice around consolidation and management of all travel related expenditure should be; the benefits speak for themselves.



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