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TEM

Travel & Expense Management

Leveraging Automation to Optimize Expense Management Processes

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Executive Summary

Paper is slowly becoming a thing of the past in the world of travel & entertainment expense management. The emphasis on corporate cost containment and fraud mitigation during the past few years has prompted accounts payable professionals to seek new ways to automate traditionally paper-based and labor-intensive expense reimbursement processes. The need to document and secure the intrinsic risks associated with the expense management process within the protocols set forth by the Sarbanes-Oxley Act of 2002 (SOX) has provided additional impetus, especially where senior management has been involved.

Our research indicates that businesses are turning to a set of technologies we refer to as Travel & Expense Management (TEM) solutions that streamline the expense submission and reimbursement cycle to meet these new requirements for efficiency and control.

Consider the results of PayStream's **Financial Automation Survey (FAS)** of Fortune 1000 finance, treasury, and accounting professionals:

- The passage of the Sarbanes-Oxley Act has increased interest in new financial automation technology at more than 60 percent of respondent organizations.

- Almost 75 percent of respondents to the survey are either currently using an automated TEM solution or planning to implement one over the next 12 months.

PayStream Advisors has developed this Technology Insight Series report, **Travel & Expense Management: Leveraging Automation to Optimize Expense Management Processes**, for those companies that are actively exploring TEM solutions, yet need help identifying appropriate vendors and solutions for further investigation. This report provides an introduction to TEM, describes the most common forms that solutions take and highlights the benefits that they deliver. It also profiles six leading providers in this space.

Travel & Expense Management is one of many reports in our research library that are written for the corporate audience. Individuals who are interested to learn more about financial automation technologies after reading this report may find other titles in our Technology Insights Series helpful as well, including:

- Supplier Electronic Payments: Understanding Business-to-Business Payment Automation Solutions.

- Web Invoicing & Electronic Payments: Strategic Impact of AP Automation.

- Imaging & Workflow Automation: Using Imaging Technology to Improve Business Practices.

- Electronic Procurement: Automation Options for your Purchasing Processes.

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Building a Case for Automation

Inefficiencies Inherent to Manual Processes

Travel and entertainment related expenses - the second largest controllable cost pool at most organizations, just behind salaries and benefits - have long been subject to management programs and automation, but more recently current TEM processes have come under renewed scrutiny for the following reasons:

Rising cost of business travel. Escalating prices of travel services - airfare, lodging and travel agency fees, to name a few - coupled with an upswing in the number of annual business trips per employee, are proving to be a significant drain on the bottom-line for corporate America.

Hassle of managing travel processes. There are complexities inherent to managing any paper-based process and travel & expense is no exception. As organizations continue to rely on paper - or spreadsheets at best - the process of collecting, approving and auditing expense reports translates to long hours and numerous headaches in the travel management process.

Increase in the incidence of fraud. The practice of fudging travel and entertainment expense reports has reached epidemic proportions over the last few years, with tales of corporate abuse making headlines over the last few years. Lack of proper controls make travel related expenses fertile ground for employee fraud.

Emphasis on cost containment. Our research indicates that the average cost to manually process an expense report is in excess of $35, while travel agency fees account for an additional $50 per trip. Multiplied by the total number of trips, this amounts to thousands of dollars on travel management, reducing which can have a material impact on profitability.

Poor spend visibility and control. Lack of accurate and timely visibility into travel spending - including information on compliance with corporate travel policies and preferred vendor agreements - prevents organizations from consolidating spend, which would in turn allow them to leverage volumes and achieve stronger negotiating positions with suppliers.

Costs incurred due to late payments. Paper-based processes result in long turnarounds for expense reimbursement, resulting in low levels of employee satisfaction and morale. On the other side of the equation, lack of timely reconciliation of expenses results in late fees to credit card companies and other penalties for late payment.

This nagging realization that existing TEM processes are inadequate has been magnified by the call for greater system integrity and accurate reporting as a result of the Sarbanes-Oxley (SOX) legislation. Sarbanes-Oxley has increased senior managers' focus on travel & entertainment expenses by drawing their attention to the compliance risks inherent to manual, paper-based processes.

The application of SOX standards to the financial supply chain is expected to generate system improvements that will drive down long-term transaction costs with commensurate productivity gains.

Rationale for Expense Management Automation

Paper is slowly but surely becoming a thing of the past in the TEM world. Gone are the days when employees used to complete a paper form or Excel spreadsheet detailing their expenses, print it out and forward it along with paper receipts to their manager for approval, who would then send it to the accounts payable department to be processed. Keying this information into the company's accounting system, filing the expense report and receipts in a cabinet and issuing a paper check for reimbursement is going away.

Until recently, obstacles to automation included a lack of awareness of the technology, confusion about and reluctance to make initial investments, and the simple fact that current approaches, however slow or costly, still accomplish the goal of reimbursing employees.

However, accounts payable departments are realizing that paper-based processes lead to

- lengthy reimbursement cycles,
- losses from fraud,
- inability to comply with regulatory requirements and
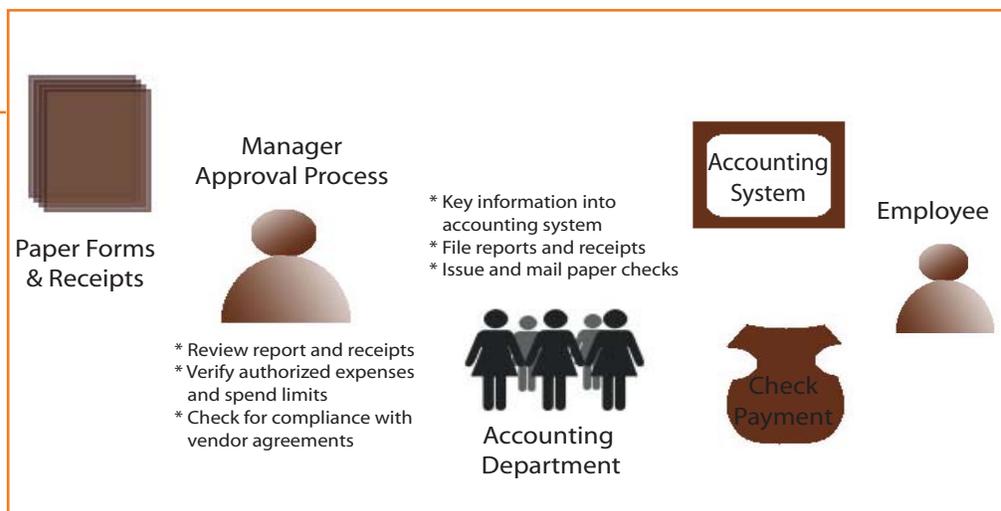- travel policy non-compliance and poor spend visibility.

Our research indicates that the typical expense reimbursement process is slow and costly to both travelers and company administrators. The average expense report is handled by four people, takes 27 days for the employee to be reimbursed and costs the company in excess of $35 to process. It is becoming clear that the challenges associated with these manual reimbursement processes (See Figure 1) far outweigh the costs of automation.

Our research suggests that, to overcome the above challenges of manual processes, accounts payable departments are turning their attention to a set of technologies that PayStream calls Travel Expense Management (TEM).

Figure 1

MANUAL EXPENSE MANAGEMENT PROCESS

The typical expense reimbursement process is slow and costly to both travelers and company administrators.

Paper Forms & Receipts

Manager Approval Process

* Review report and receipts
* Verify authorized expenses and spend limits
* Check for compliance with vendor agreements

* Key information into accounting system
* File reports and receipts
* Issue and mail paper checks

Accounting Department

Accounting System

Check Payment

Employee

The TEM Universe

Travel and Expense Management systems streamline the expense reimbursement process while providing mechanisms to control cost proactively through reporting and analytical tools (See Figure 2). TEM solutions can provide a combination of pre-trip authorization, expense reporting and reimbursement and post-trip analysis functionality in order to create an end-to-end solution. The following are the components of a TEM solution:

- *Pre-trip Authorization:* This involves setting business rules prior to the trip, like spending limits per city or per category and specifying preferred vendors to ensure compliance with the company's travel policy and vendor agreements. This feature proactively notifies employees upfront whether an expense or limit is authorized, preventing them from requesting reimbursement for unauthorized expenses after the fact.

- *Online Booking:* This step enables employees to book the various segments of their trip including flight tickets, hotel reservations and car rentals through an integrated Web-based system. It provides a single source to manage all aspects of a trip and ensures that employees use only preferred suppliers. Some vendors also offer affiliations with Global Delivery Systems (GDS) that provide companies with lower transaction costs compared to using a traditional travel agent. Online booking integration with TEM is a newer, yet growing offering of TEM solutions.

Figure 2

TEM UNIVERSE

TEM solutions optimize the expense reimbursement cycle by streamlining how organizations manage and approve expense reimbursement and improve their spend management analysis.

Figure 2: TEM Universe — Pre-Trip Authorization, Online Booking, Expense Reporting, Approval & Reconciliation, Expense Reimbursement, Post-Trip Analysis

- **_Expense Reporting:_** Most solutions allow pre-population of expense reports with data from corporate credit card issuers eliminating the need for manual entry of data. Pre-population also reduces the occurrence of errors and fraud. Receipts can be scanned and digitally attached or mailed to accounts payable. Users also have the option to fax receipts with a bar-coded cover sheet. Additionally, employees can allocate expenses to appropriate categories (personal vs. client entertainment for example) and different cost centers.

- **_Approval and Reconciliation:_** The TEM solution can be integrated with the existing HR infrastructure to determine where each report should be sent for approval. The workflow functionality enables routing of tasks to managers based on pre-determined rules and access rights and provides email notifications/reminders for pending requests. Intelligent agents and flags guide users to take appropriate actions. Managers have access to current report status and can view reports online to approve or disapprove requests on an individual basis.

- **_Expense Reimbursement:_** Direct deposit to employees' bank accounts either through payroll or accounts payable eliminates the time-consuming and inefficient process of preparing and mailing paper checks. Payments are made to employees and credit card companies more quickly resulting in improved employee satisfaction, better card issuer rebates and a reduction of late fees. Records of all payments made are maintained for posting to the general ledger.

- **_Post-trip Analysis:_** This stage involves analysis of key metrics and generation of standard and ad-hoc reports. Spending can be analyzed at various levels - employee, department, category etc. - eliminating wasteful expenditure through control measures and regular audits. Data can be aggregated to identify vendors who are getting the bulk of the business to negotiate volume discounts. Overall cost of services can be reduced through these mechanisms. The decision support tools are generally well-developed and give purchasing managers vast amounts of aggregated information about purchasing habits, a very compelling feature of TEM solutions.

Learn from the Innovators

Our latest research indicates that the difference between a winning travel expense management program and a dud comes down to the ability to execute such programs. Further, the subtleties between a success and a failure are usually based on rather simple principles.

This section endeavors to identify the secrets of successful travel and expense management with a look into the best practices of the innovators. What techniques have they employed to better control their costs? How do they monitor their programs? In short, what are they doing that you could be doing?

- Travel policies should be dynamic, updated and disseminated from one centralized source. When employees know their boundaries and are rewarded through rapid reimbursement of out-of-pocket expenses for compliance, travel policies become part of the corporate culture. Ultimately, adoption of and compliance with travel policies is the best means you have to optimize your TEM process.

- Integration of corporate card programs with TEM solutions means that spend data is automatically posted to general ledger and accounting systems and reported in formats that create business intelligence from raw data. Further, our research reveals that rebates from using corporate cards are more than the monthly cost of some TEM systems.

- A wealth of information can be gleaned from TEM systems. Recent advancements in analytical capabilities allow managers to examine spend at various levels; including type of expense, employee, department and region. Savvy managers now use the tools at their fingertips to control spend to their advantage, acquiring volume and bulk discounts from preferred vendors.

- Most TEM solutions automate the expense management process from expense reporting to reimbursement via the Internet. Electronic payments to employees and vendors represent one of the most important practices a company can employ to drive down the cost of travel-related expenses.

- Imaging technology hasn't changed much recently, however, outsourcing of the process as well as a preference for "verified original documentation integrated with expense reporting" is growing rapidly. Imaged and verified receipts facilitate SOX process control requirements and IRS receipt archive standards.

- TEM solutions also deliver the ability to expose patterns of waste and fraud, two areas of growing concern for companies all over the world. Estimates vary, but perhaps as many as one third of expense reports contain erroneous or fraudulent charges. Companies that are ahead of the automation curve are those that are proactively using fraud detection and prevention tools offered by their TEM vendors.

Benefits of TEM

Accounts payable departments that utilize a TEM solution experience a wide range of benefits, depending on the type of solution they deploy. In general, they benefit in the following areas:

- **Faster Reimbursement:** Under the traditional expense reporting system, the entire process is paper based translating to a long and painful approval and reimbursement process. Using an automated system, employees can enter their expenses via an online interface and supervisors can approve charges online, resulting in a smoother process and faster reimbursement of expenses.

- **Employee Satisfaction:** Through corporate card integration, TEM solutions reduce out-of-pocket expenses, decrease manual data entry and accelerate expense reimbursement. TEM solutions also offer Web-based options allowing employees to complete and submit their expense reports whenever and from wherever it is most convenient for them. These factors translate to improved employee satisfaction and worker productivity.

- **Travel Policy Compliance:** Ensuring travel policy compliance is another way a TEM solution can save a company thousands of dollars a year in needless spending. By integrating a travel booking feature and pre-trip authorization workflow, companies can prevent non-sanctioned travel spending before it happens, rather than address it after the fact. Finally, pre-populated reports, using data from credit card statements, further mitigate the likelihood of errors or fraud in reporting.

- **Lower Costs:** Our research revealed that automating the TEM function can slash the cost of processing an expense report by 80 percent or more and reduce a company's reimbursement cycle from weeks to a matter of days. Additionally, online review and approval of expense reports frees up accounts payable staff time spent on data entry, enabling them to spend time on more important, strategic tasks.

- **Spend Visibility & Analytics:** TEM solutions generate a wealth of data that can be mined for spend analysis. Aggregating purchase orders and negotiating preferred vendor agreements and volume discounts can save a large company millions of dollars a year in expenses. Greater spend visibility brings attention to trends while allowing companies to benchmark themselves against peers, making long-range planning much easier for corporate managers.

- **Regulatory Compliance:** Another major benefit of TEM solutions lies in the functionality they offer in the area of compliance management, enabling organizations to adhere to regulatory requirements and control the costs of compliance initiatives. TEM solutions provide features and tools to ensure proper documentation and testing of controls. Secondly, these solutions promote travel policy compliance and offer organizations the ability to audit all travel spending resulting in better compliance with Sarbanes-Oxley and other regulatory requirements.

Concur Overview

Concur a global leader in the employee spend management services space has been serving organizations of all sizes since its inception in 1993. Concur is headquartered in Redmond WA, with offices in Eden Prairie, MN, Alexandria, VA, Slough, UK, Frankfurt, Germany, Paris, France, Prague, Czech Republic and Sydney, Australia.

Concur's end-to-end solutions unite online travel booking with automated expense reporting, streamline meeting management and optimize the process of managing vendor payments, employee check requests and direct reimbursements. Concur's clients rely on its solutions to help them control spend before it occurs, while eliminating paper from the source and optimizing supplier relations.

In January, 2006, Concur acquired Outtask, Inc, makers of the Cliqbook travel booking tool. Concur acquired Gelco Information Network, Inc., the owner of Gelco Expense Management in October, 2007. Concur works with a wide variety of organizations that re-sell or co-sell its services, including American Express, ADP, US Bank, Bank of America, Citi, and BCD Travel.

Concur has over 8,000 clients and the profile of its clients runs the gamut, from small organizations of less than 100 employees all the way up to some of the largest companies in the world. Concur processes over 24 million transactions worth more than $35 billion on an annual basis.

Concur Travel & Expense

Concur's on-demand TEM service, Concur® Travel & Expense, delivers end-to-end functionality from pre-trip approval to post-trip analysis. The modular nature of the solution allows clients to implement specific functionality based on their needs. Concur's service integrates seamlessly with every back-office system, from enterprise-wide ERP systems to smaller and even home-grown back-office processes. The company is constantly innovating and adding new features and functionality to its service, all of which are delivered automatically via monthly service updates, requiring no upgrades or newer versions to be installed.

Pre-Trip Approval
Concur's pre-trip authorization capabilities are robust. The system is flexible, so it can be configured to determine which trips needs prior authorization based on amount, individual, travel destination, travel type and other such parameters. Once the pre-tip estimate has been created, it will be routed for approval to a manager similar to a post-trip expense report. At any given time, users have the ability to view the status of the transaction and a visual representation of the workflow.

Concur provides comprehensive access to alternative content and enables travelers to see and book air and rail side-by-side. Concur also supports multiple carbon calculation models and displays estimated carbon emissions for each travel choice during booking process. Concur also provides companies with the data to report on emissions after travel.

Online Booking Integration
Online travel booking is integrated directly into Concur Travel & Expense solution. The service connects to all major GDS as well as directly with thousands of suppliers and facilitates the booking of travel without the aid of an agent. The system allows travelers to make reservations for flights, rail, hotels, car rentals, shuttles, meals etc. through an online interface, while ensuring that these transactions are

not violating corporate travel policies. In addition to helping the user comply with policies, the service also delivers a customized experience to each business traveler – "remembering" frequent itineraries, seat preferences and more – based on profile data collected by the system.

Report Submission
Expense report submission is made simple through the integration of credit card data, exclusive e-receipts from hotels and other suppliers and pre-population of data from travel booking and pre-trip records. Further, optimizing the process is the fact that Concur captures itinerary data from the travel booking and reconciles that with both captured corporate card data and e-receipts captured directly from travel providers. When all three of these sources of data match and are within corporate policy, the result is a Smart Expense™ which requires no additional approval or audit.

Line items in an expense report that are in violation of corporate travel policy are flagged for users' attention. Warning or soft exceptions are displayed using yellow icons and allow user to submit the expense report with a justification. Red icons denote hard exceptions, which will prevent the user from submitting the report. The system can also be configured to determine which expenses need receipts. Concur provides all clients with both fax imaging and scan-and-attach imaging capabilities for accepting paper receipts. The offline version of the solution allows users to create and store expense reports from anywhere at any time and then submit them when connected to the Internet.

An interesting feature of the solution is the Travel Arranger role, which allows administrators to make reservations for managers or to complete group bookings. The Travel Arranger view can also track where travelers geographically are at any time.

Approval Workflow
We were really impressed with the workflow functionality of the solution. All workflow and exceptions are handled automatically by the service, based on the policies put in place by the organization. The service is easily configured and integrates into all HR infrastructures, ensuring that the most up-to-date employee information is in place. The system also supports delegation of authority allowing users and managers to define what the delegate can do and restricting delegation to only those users who have the required access rights and authority.

Managers can configure how and when they would like to receive expense reports for submission and then easily approve them online. The system is intelligent enough to automatically assign most expenses to the appropriate category, and for those requiring additional attention, intuitive enough to help guide employees through the process of accurately allocating those expenses. Expense allocation can also be split by percentage or dollar for each line item.

Expense Reimbursement
Concur enables organizations to directly reimburse employees via direct deposit or payroll. The company can pay the card issuer as well. All of this data is captured and maintained within the system for use throughout the organization. The solution also delivers robust capabilities for VAT reclamation, where required by the client.

Reporting & Analysis
Concur Travel & Expense provides solid on-demand data analysis capabilities that enable managers to drill down into all expense data and get a 360 degree view of employee spend. Powered by Cognos reporting technology, Concur's analytics capabilities enable clients to report on, compare and analyze booked itineraries,

corporate card spend, supplier e-receipts, cash expenses and supplier contracted rates – all through the same seamless on-demand service accessing one integrated and comprehensive source of corporate travel spend data.

Spend data can be captured and aggregated to provide valuable insight into supplier activity. In addition, to the standard reports that come bundled with the solution, users can create and share custom reports throughout the organization. Further, advanced attendee tracking and reporting functionality captures and provides access to data needed to produce reports in accordance with federal compliance guidelines and individual state laws. Companies in industries where these regulations are critical can now have complete visibility into sales and marketing dollars spent on fueling company growth.

Implementation & Pricing

Implementation of the Concur TEM solution can be completed in phases with major activities including project team preparation, requirements and analysis, configuration review and validation, readiness and deployment and transition. Implementation timelines vary by customer and scenario, with an average timeframe of around eight weeks. Factors that impact the length of implementation are customer size, customer requirements, and add-on features such as ERP bridge programs, custom workflows, and single-sign-on. Concur clients pay a nominal implementation fee, and an ongoing monthly subscription based on transactions processed. Price ranges vary based on the specific needs of the client and number of transactions.

Outlook

Concur has long been a leader in the TEM space and since it entered the market in 1993 it has been a constant innovator, consistently adding new features and functionality to its already robust solution suite. The company has achieved significant penetration throughout a wide range of industries, representing both middle market and large enterprise customers. Already a strong contender with multi-national companies, Concur's completely Web-based Software-as-a-Service (SaaS) model has enabled it to make significant inroads with mid-size and small companies as well.

Concur's acquisition of Outtask and Gelco Expense Management have enabled it to strengthen its already comprehensive TEM solution with online booking and improved expense report audit and payment capabilities. We believe that Concur's on-demand service and price per transaction coupled with strong solution functionality, should be attractive to any organization – big or small – in the market for a cutting-edge travel and expense management solution.

Concur Case Study

Financial Company Combines Travel and Expense with Concur

A prominent financial company, ranked among America's 'Most Admired Companies' in its industry category by Fortune Magazine, was struggling with a manual, paper-based expense reporting solution.

Chalenges with the Current State

The manual process presented a number of challenges including:

- The travel and expense management process was neither integrated nor intuitive and user friendly;

- The time consuming process to complete an expense report led to low employee adoption;

- Lack of automation and the use of travel agents resulted in high travel booking fees.

Solution of Choice

In 2007, the company made a change to Concur's automated expense reporting solution. Also unhappy with its travel booking tool, the company switched to Concur's on-demand travel booking solution. The solution is easy to use and intuitive, with the ability to control employee spend from the time travel is procured all the way through to payment and reporting – by driving compliance and enforcing policies.

With Concur Travel & Expense, data is captured during the booking process and throughout the business trip, with booked and actual data flowing directly into the expense reporting process – along with e-receipts from participating suppliers. This has enabled the company to increase employee adoption and provided more visibility into employee spend.

"Travelers want to work on their expense report while they're traveling," the Vice President of Travel Services said. "We have found with Concur, travelers typically have 80 percent or more of their expense report done before they return home from travel and that is a huge satisfier for our road warriors."

Increased Policy Compliance

Despite having a non-mandated travel booking policy, the company watched its travel booking adoption rate double within six months of implementing Concur Travel & Expense. In the company's mind, the greatest benefit it has seen with Concur Travel & Expense is the reduction of receipts required to complete the expense reporting process. Because Concur captures e-receipts directly from travel providers, the amount of data entry required on the employee side is minimized. The power of Concur e-receipts, combined with a newly written corporate travel policy, has significantly changed the way travelers file their expense reports. In fact, the only paper receipts employees now need to include in their expense reports are those required by the IRS.

Not only has Concur Travel & Expense made the entire travel booking and expense reporting process easier for employees, it has also increased employee spend visibility and compliance within the organization. Preferred supplier compliance has increased 15-20 percent since implementing Concur Travel & Expense. This has not only saved the organization money, it has strengthened the company's program and improved relationships with suppliers.

CyberShift Overview

CyberShift offers Workforce and Expense Management solutions that enable its clients to dramatically enhance their ability to proactively manage and control the two largest variable costs for most businesses: people and employee expenses. Founded in 1996 and headquartered in Parsippany, New Jersey, the privately-held company is backed by several well-established venture capital firms.

CyberShift's Canadian headquarters is located in Toronto, Canada. CyberShift's extensive expertise in this space allows it to offer advanced technology, multi-faceted functionality and flexible deployment options, delivering its Web-based products in either a Software-as-a-Service or traditional license fee model, to best meet the business needs of its clients.

CyberShift has more than 300 enterprise clients and its typical client demographic is Fortune 2000 and Fortune 5000 mid market to enterprise companies processing more than 500 expense reports monthly. Its largest client has over 250,000 users accessing the system.

Through its Partner Program, CyberShift has established a network of strategic business relationships with other industry leaders in the workforce and expense management fields. A sample of the company's expense management business partners include: ImageTag, Meridian, InterplX Technologies, Rearden Commerce, and TRX.

Necho Expense

CyberShift acquired Necho Systems in 2005. CyberShift's solution, Necho Expense, offers end-to-end, configurable functionality that allows organizations to automate the entire expense management process. Going beyond just travel and entertainment, this solution can process all employee business expenses including fleet, cell phone, p-card and more.

The flexible deployment options offered – SaaS and in-house deployment – appeal to a wider customer base. In the On Demand environment, each client has its own instance of the application and database; there is no co-mingling of data, ensuring complete security and data integrity. Necho integrates seamlessly with back-end ERP and other systems through Standard Adaptors for importing and exporting data.

Pre-Trip Approval
Necho Expense offers a complete pre-trip authorization module. We liked the fact that the pre-trip functionality utilizes the same policy engine as an actual expense report, so users are notified in advance of any potential spending or policy violations. The pre-trip document can be routed through the same workflow as an expense report or a unique workflow can be configured. At the time of expense report submission, users can attach the approved pre-trip document for management review. Optionally the solution can be configured so that if the approved expenses are less than or equal to the actual expenses, no additional workflow is required.

Online Booking Integration
CyberShift partners with leading online booking tool solution providers to provide clients with a best of breed approach and solution set. Necho Expense can be integrated with a travel portal to provide clients and their users with a single launch point for both travel booking and expense reporting. CyberShift's approach to the integration of travel booking and expense data is to provide clients access to the

Industries Served
Business Services

Financial services

Food and beverage

Law firms

Manufacturing

Media and entertainment

Pharmaceuticals

Retail/hospitality

Transportation

Key Clients
BB&T Financial Corporation

Mitsui USA

Hitachi Global Storage Technologies, Inc.

Loomis Sayles & Company, L.P.

American Electric Power

consolidated data from travel booking and expense. The booked transaction data is automatically matched with actual expense data based on a number of key parameters and algorithms. This seamless integration of booking and expense data into one consolidated repository provides clients with detailed reporting and analytics.

Report Submission

Necho Expense can integrate charge card transactions from multiple cards and providers making it easy for clients to use different providers for T&E and purchasing card transactions. Necho Expense can integrate with multiple card providers and is unique in that it fully supports Level III and enhanced hotel folio data available from certain corporate card programs including Visa and MasterCard.

Expense reports can be created easily either online or offline by users. Necho Expense Offline is a version of Necho Expense designed to allow travelers to create expense reports comprised of both credit card and out-of-pocket transactions on the go and submit them once an Internet connection is established. The receipt imaging process is simple. Employees can fax supporting documentation with a bar-coded cover sheet, which links the images to specific expense reports. Receipts can also be submitted via scan to email devices such as digital photocopiers or scanned and uploaded electronically.

Two features we really liked in the solution are the support for VAT reclamation and mobile users. If any line items are subject to VAT, the system prompts the user that original VAT receipts are required in addition to imaged receipts. Necho Expense also has an application specifically designed to accommodate mobile workers. Necho Expense Mobile Edition is not just a scaled-down Web version, but a purpose-built solution specifically for mobile users and is available on mobile devices such as the BlackBerry smartphone. The expense allocation and travel policy enforcement features of the solution are solid

Approval Workflow

Necho Expense provides tremendous flexibility in approval workflow. Workflow can be based on organizational hierarchy, business rules, project selected, cost element selected, dollar thresholds, spending guidelines, location and region of spend, expense types, etc. Specific approval rules can be applied to all or parts of the organization, based on configuration and there is no limit on the number of approvers in a given approval chain.

Necho Expense can be integrated with an organization's HR or organization structure systems to pull existing reporting and approval workflow into the system. Documents and items can be routed in parallel versus sequentially from approver to approver if being applied to multiple approval chains. All of the configuration for the approval workflow is setup and maintained within the administration module of Necho Expense.

Expense Reimbursement

The expense reimbursement options offered by Necho Expense are flexible and can be chosen by the employees. The following reimbursement methods are supported – direct deposit, payroll, AP check and outsourced payment. Corporate card transactions can also be paid through the system.

Necho Expense provides a standard notification to the user on export of expense data for posting and reimbursement, which can be customized to reflect the organization's payment policies. For example, employees can be informed that checks will be issued every Thursday, expenses will be included in the end of month payroll, direct deposit will occur three days from this email, etc.

Reporting & Analysis

We were really impressed with the reporting capabilities of the solution. Necho Expense offers clients two reporting options. The first is a series of Crystal reports designed to be used and augmented by customers. The second option is the ability to do multidimensional OLAP (online analytical processing) reporting i.e. the ability to slice and dice data in a drag and drop environment, out-of-the-box. The solution comes bundled with a number of standard reports and custom reports can be created, but there are some limitations on custom report creation for the hosted model.

Implementation & Pricing

The typical duration of an implementation of Necho Expense is between 60 and 120 days to initial production status, depending on scope and complexity from kick-off to rollout to end-users. The main factors that affect the length of the implementation include organizational structure, number and location of users, complexity of business rules and policies, number of acquisitions and unique business units, size and skill set of the client project team and executive level priority and support. CyberShift offers flexibility in pricing. This can include a traditional software license with annual maintenance to transaction pricing based on a per expense report basis.

Outlook

CyberShift has been delivering expense and workforce management solutions for over a decade now and has established a strong position for itself in this market. The acquisition of Necho Systems in 2005 has enabled CyberShift to further enhance its solution functionality and strengthen its presence in the market.

Not resting on its laurels, the company is constantly innovating and adding new functionality to its expense management solution. In July 2008, CyberShift announced the availability of expense report approval functionality for its Necho Expense™ Mobile Edition. The mobile solution, which enables Necho Expense users to conveniently create an expense report, now also allows busy managers to review and approve expense reports directly from their handheld device such as a BlackBerry® smartphone.

Whether an organization is looking for a robust TEM solution or a more comprehensive offering that automates its entire expenses, CyberShift has something to offer.

CyberShift Case Study
BB&T Achieves Enhanced Spend Visibility with Necho Expense

BB&T Financial Corporation is the 14th largest financial holding company in the United States. Headquartered in Winston-Salem, North Carolina, BB&T supports 1,500 financial centers and 29,000 employees and at least half of the company's employees are involved in some type of business travel. The company's accounts payable (AP) department is located in Whiteville, North Carolina with 36 employees, eight of whom are dedicated to managing employee expense reports. In 2007, the AP department processed approximately 198,000 expense reports, 75,000 of which were credit card-related and the rest were cash-related.

Manual T&E Process
Prior to automating the T&E process, BB&T's expense report submission, approval and reimbursement process was completely manual and paper-based. For cash expenses, BB&T employees used an Excel file to complete their expense reports, to which they attached paper receipts to the printed copies of the expense reports and forwarded these documents to their managers via inter-office mail. Managers sent the documents to accounts payable after approval, where AP staff checked the reports and receipts manually and entered the information in the accounting system.

Designated travelers had Visa cards and would receive monthly statements. For expenses charged to the cards, employees would fill in expense reports, attach the statements and receipts and forward these for approval. While card expenses were submitted monthly, cash expenses could be submitted at any time. Some employees sent the expenses separately while others sent both card and cash expenses together on the same expense report. BB&T paid the card expense directly and cash expenses were reimbursed to employees.

Challenges with Current State
The manual process presented a number of challenges – missing expense reports and receipts that got lost between the employees and the AP department, time wasted chasing pieces of paper and inaccurate data entry. The biggest issue was the inability to report to management on spend and the enforcement of travel policy. Automation came on the radar for three reasons: to gain better ability to enforce policy, to remove paper from the equation and to acquire the ability to report to management by different criteria.

BB&T spent between eight and ten months researching vendors using comprehensive evaluation criteria. BB&T was looking for a Web-based, user friendly system that could handle the credit card import process. The company also looked at how the functionality met its needs and the associated cost, what support would be provided to production issues and the available training and documentation for each solution. BB&T also conducted client reference interviews to understand how existing clients of the vendors under consideration were using the systems.

Solution Selection
After careful evaluation, BB&T chose CyberShift's Necho Expense™ as it met all the company's needs. In April 2006, a three-month pilot program was launched including areas that did the most travel – sales training, branch regional staff and insurance services. Key people from the different divisions who would be heavy users of the system were asked to participate. The solution then went 'live' in July 2006.

Travelers now use the Web-based Necho Expense application to submit their

expenses. Cash expenses can be input at any time. When expenses are incurred using credit cards, BB&T receives electronic data in the form of imports from the credit card providers twice a month to reconcile expenses. Additionally BB&T employees automatically receive email reminders that they have pending expenses. Once the expense reports have been completed, users print a bar-coded cover sheet and fax or scan the receipts along with the cover sheet into a central processing center, where receipts are imaged into a FileNet system. The fax transmittal connects the receipts to the reports via a reconciliation process.

The approval hierarchies are imported into the system by leveraging an internal database of employees. Once expense reports have been submitted electronically, the system determines who needs to approve them and forwards them appropriately. Managers get emails notifying them that they have expense reports that they need to approve. After manager approval, the expense reports are routed for approval from the AP staff who will make sure that the proper receipts are attached and properly documented for IRS purposes. The file is then uploaded into the AP system and employees are reimbursed by direct deposit or check.

Automation Benefits
The benefits of automation have been numerous:

- Enhanced reporting has been one of the biggest benefits. BB&T is now able to breakdown spend by a number of parameters.

- The other major benefit is policy compliance. The travel policy is so seamlessly integrated into the system that users are alerted at the time of expense report submission itself if certain line items violate policy, instead of after the fact.

- The entire process has become more efficient with the removal of paper; no more missing reports and no more tracking paper. This has enabled BB&T to take on a higher volume of expense reports without having to hire additional staff.

- Finally, expense report submission has become easier for employees. The credit card transactions are automatically imported relieving employees from the task of manually balancing statements. They can also track the status of each report at any given time.

ExpenseAnywhere Overview

Virtual Communications (VCOM), a privately held company, located in Pittsburgh, Pennsylvania, is a provider of corporate spend management solutions and delivers robust, scalable and secure Web-based applications in this area.

The company's core product line includes the global Expense Management Automation System, ExpenseAnywhere®, as well as a procurement-card reconciliation application, The PcardSystem. VCOM introduced ExpenseAnywhere in 2001 and releases new versions every 12 to 18 months, with upgrades and patches as needed in between major releases.

VCOM has been growing organically since inception and company representatives stated that the company has increased its customer base by 50 percent over the last three years. Company representatives stated that customers choose ExpenseAnywhere for its clean interface, configuration flexibility, simplicity in design, expansive reporting features, global travel support, scalability for companies with 100 users or 10,000+ users, and an intuitive process, which extends to easy adoption with end users.

ExpenseAnywhere

VCOM's modular solution, ExpenseAnywhere can be deployed both as a hosted and a licensed solution based on client needs. The modules provide clients the flexibility to choose specific functionality such as built in per diem rules, cash advances, pre-travel authorization, credit card integration, integration with most ERP packages, etc. VCOM integrates easily with major ERP vendors as well as smaller and even one off solutions. The company offers a variety of integration options, ranging from simple API integrations to more advanced Web services integrations for the real time exchange of data to ERP modules including, but not limited to GL, AP or HR.

Pre-Trip Approval

The ExpenseAnywhere solution delivers considerable flexibility around the pre-travel authorization process. Users can log into the system and create an authorization by providing information like dates of travel, purpose of trip and input details around flights, hotel reservations, car rentals etc. Once this is complete, the authorization can be forwarded to an outside travel agent or internal travel administrator, who then makes the required reservations and forwards to a manager for approval. The system allows travel administrators to manage their own travel as well as travel requests for other employees.

ExpenseAnywhere's flexible template driven framework allows clients to pre-define policies against any type of expense category or individual line item in a sub category. When travelers are creating their pre-trip authorizations, they will be informed of company policy and out of compliance transactions through a variety of means. Travelers can then either modify their entry or provide justifications that will be forwarded to managers for approval.

Online Booking Integration

While Virtual Communications does not currently offer integrated online travel booking with a GDS system, the ExpenseAnywhere work flow can be configured to send pre-travel authorizations to either an internal travel desk or a company's travel agency for booking.

Industries Served
Public Sector

Publishing

Manufacturing

Healthcare

Real Estate

Financial Services

Engineering

Grocery Chains

Food processing

Key Clients
New York State Department of Transportation

New York State Department of Health

New York State Office of General Services

New York State Public Service Commission

Giant Eagle

SRI Surgical

Hanley Wood

NFI Industries

Topcon Medical Services

University of Pittsburgh Medical Center (UPMC)

Agrana Fruit

Sembler

Helix

Report Submission

The expense report creation and submission process is simple. If a pre-travel authorization exists for a trip, users can use that document to pre-populate expenses into the report, to reduce the amount of data entry and associated errors.

If there is no pre-travel request, users can create an expense report from scratch by simply filling in a few details about the trip, adding credit card charges and out-of-pocket expenses. While default costs centers are assigned to different expense types to make the expense allocation process simpler, users can opt to change the costs centers and even assign each expense to multiple cost centers or project codes, splitting the amount by dollar or percentage.

At the time of expense report submission, the system validates the line items against corporate travel policy and flags hard and soft exceptions. Hard exceptions prevent the user from submitting the expense report till the exception has been corrected, while soft expenses require a justification. ExpenseAnywhere supports the submittal of receipts through either scanning or faxing. Faxed receipts (or any required pre-travel documentation) are easily submitted through a bar-coded cover page. After the cover sheet and receipts/documents are submitted, they are instantly attached to the appropriate expense report.

Approval Workflow

ExpenseAnywhere provides a lot of flexibility when it comes to both pre-travel and expense related workflow. The company performs an extensive review of core processes with each client to make sure that the workflow fits the needs of the client, while conforming to industry best-practices. The system workflow is set up prior to implementation to make sure that routing of tasks conforms to clients' current corporate travel and expense policies. The solution can also easily handle various situations, which may require the routing workflow to be altered based on client needs.

E-mail notifications which include comments and a link to the expense report within the application are sent to appropriate users at every step of the process. When a manger logs into the system to review expense reports submitted, the system identifies transactions that are in violation of travel policy. If there are no flags associated with an expense report, it can be approved automatically, but the system forces managers to review any reports that have flags.

Expense Reimbursement

ExpenseAnywhere integrates with any system that clients choose to utilize for payment to their employees. Records can be held for review prior to posting to GL or automatically posted depending on the requests and requirements of the client.

Reporting & Analysis

ExpenseAnywhere has extensive built-in reporting capabilities that allow the analysis of spend at various levels including employee, department, category, cost center, client, status, vendor, project, small dollar spend, task or billable type. Reports can be generated for individuals or groups, and the system supports reporting against compliance, aging, reconciliation, and tax reports. Additional reports can be generated for analysis with corporate cards or cash advances. ExpenseAnywhere includes a dynamic reporting engine that provides quick and easy support to generate any report type not currently found in the system.

Implementation & Pricing

Since the solution is modular in design, it can be implemented in phases or in one seamless effort. Implementation time is assessed based on an understanding of

the modules chosen as well as additional variables such as complexity of workflow, corporate policies and GL structure. Typical ranges for implementations run from a few weeks to a few months for the most complex requested setup. Pricing can be user based or per expense report.

Outlook

Virtual Communications' ExpenseAnywhere solution delivers strong functionality from pre-trip authorization to expense reporting and post-trip analysis. The company has a large number of government agencies as clients, hence the solution is well configured to meet the needs of public sector companies, including the ability to manage federal and state government policies and built in GSA rules and procedures. Government agencies and other public sector firms will find that the solution delivers virtually everything they need off-the-shelf. ExpenseAnywhere is also well positioned as a player in the global travel arena with multi-currency abilities, support for GST/PST/ VAT taxes as well as reporting features for reclamation of those taxes.

In terms of new functionality, ExpenseAnywhere has recently announced the addition of offline functionality for travelers. Expenses may be filled out while offline and the new entries or changes will be automatically synced the next time the traveler connects to the online system. The system now supports Blackberry approval functionality for road warriors. Company representatives stated that VCOM will continue to expand its line of spend management applications in 2008 and will introduce a new system for online purchase orders and then roll out a CFO Dashboard in 2009.

Overall, ExpenseAnywhere is a sound foundational solution for most companies seeing to automate the travel and expense management cycle.

IBM Corporation Overview

IBM Corporation's mission is "to lead in the creation, development and manufacture of the industry's most advanced information technologies, including computer systems, software, networking systems, storage devices and microelectronics." The company translates these advanced technologies into value for its customers around the globe through its professional solutions and services.

Incorporated in 1911, with headquarters in Armonk, NY, IBM Corporation has over 385,000 employees in 170 countries. IBM has been involved in the development of automated expense related solutions since the late 1980's and has been providing travel and expense management services since 1991.

IBM's Global Expense Reporting Solutions (GERS) has been deployed in over 60 countries and in more than 30 languages worldwide. Over 500 companies and 3 million end users leverage GERS to manage over 12 million expense report filings per year. IBM works with several banks and corporate card providers on a global basis including American Express, Bank of America, Citibank, HSBC, JPMC, US Bank, and Visa International.

Global Expense Reporting Solutions (GERS)

IBM GERS is an integral piece of the end-to-end corporate needs around travel expense management from travel policy and booking to expense management to travel sourcing. The GERS tool has evolved from an initial mainframe application to the current highly configurable, Web-based version that provides users ultimate flexibility through both on-line and off-line use. By utilizing a dynamic profiling functionality, the GERS application can accommodate foreign currency, language, business and tax considerations, as well as additional systems integration capabilities that are all transparent to the traveler. IBM has just released a new version in which it has completely revamped the user experience based on customer feedback and extensive usability studies.

Pre-Trip Approval
GERS supports pre-trip authorization enabling organizations to exhibit greater control over trip spend, reducing the need for audit after the fact, if the actual expenses fall within range of the authorization.The business rules engine allows for the setting of spending limits and flags transactions when users book travel through non-preferred vendors. Based on configuration, the user can be informed of business rules and spend limits and these can be enforced at the time of pre-trip booking. Alternatively, the limits can be enforced in the online booking tool. Finally, policies and limits can also be highlighted to employees while they are entering expenses.

Online Booking Integration
GERS integrates with various online travel booking providers, allowing clients to achieve lower transaction costs compared to booking through a traditional travel agent. Online booking integration also allows for trip data to flow into the expense reporting tool to provide ease of use for the employee, and more comprehensive data for the client with a view into booked versus actual expense details.

Report Submission
The solution can integrate with any client back-end system to support single sign-on. Once users log into the system, they are presented with a list of all pending expense

Industries Served
Banking

Financial Markets

Insurance

Education

Aerospace

Automotive

Defense

Chemical and Petroleum

Electronics

Consumer Products

Retail

Transportation

Telecommunications

Media and Entertainment

Utilities

Key Clients
BP International

Kraft

Eli Lilly

Bristol Myers Squibb

Johnson & Johnson

Unilever

Lockheed Martin

Xerox

Awards
IBM as a company has received hundreds of awards over the past three years, although none specific to GERS

reports. The expense report submission process is made simple by the pre-population of expenses from pre-trip authorizations and credit card statements. Expense allocation is easy as the system allows employees to select or input accounting elements, which are validated in real-time against information from the client's ERP system, prior to submission.

IBM provides a proprietary fax, scanning, and imaging service that supports the attachment of electronic receipts with expense reports. For fax capture, employees fax a bar-coded cover sheet generated by the system along with the receipts. A fax server receives the faxes, parses the received images for barcodes and stores the barcode values and images into an image repository. For scan capture, users can mail the cover sheet and receipts to a central location where an administrator manually scans the transmittal sheets and receipts into a high speed scanner. Alternatively, employees may use a multi-function device at an office location and attach the scanned images directly to their expense reports.

Approval Workflow

GERS supports clients' approval routing hierarchies based on specific client requirements. Typically, most clients transmit an approver validation file with the appropriate approval information and thresholds (e.g., approver name, cost center, dollar amount, job code, etc.). As a part of the overall approval workflow, GERS supports multiple approvals including the delegation of authority, which allows multiple approvers to act upon a single claim, if the original approver is unavailable. In this case, GERS automatically generates an e-mail notification to the original and new approvers to inform them of pending transactions.

In addition to real-time status indicators within the solution, GERS utilizes the email notification process as the primary communication mechanism for employees, approvers, and auditors. The email provides a detailed summary of the expense claim in addition to an imbedded hyperlink that, when selected, will automatically link the approver into the GERS application. Further, GERS supports an exception-based approval, whereby expense reports that meet the client's policy can bypass the approver and be routed directly for payment. Business rules, policies, and workflows can be configured at various levels within the application including system-wide, country, or organizational levels based on the client's requirements. GERS has also integrated with mobile devices to allow expense report approval via various platforms such as Blackberry, Palm, etc.

Expense Reimbursement

GERS uses a common file definition and flat-file format approach to interface with any major ERP system including home-grown applications. The payment to the card provider or the employees is dependent on the client's downstream systems. IBM can also pay directly to banks through delivery of ACH files and also has payment solutions in conjunction with providers such as Chase and Citibank.

Reporting & Analysis

IBM provides a series of 54 standard reports including an ad-hoc query functionality that enables users to query any data field within the GERS application. The GERS tool supports the ability to export the reporting data into Microsoft Word, Excel, or data only (CSV) format with both the standard and ad-hoc query options. The GERS Web Reporting tool supports this requirement including analyzing exceptions across all expense categories by employee, business unit, and/or project code. GERS also has a management reporting module geared towards managers, which allows monthly views of their employee spend, outstanding advances, rule violations, etc.

IBM also offers a proprietary business intelligence module developed in collaboration with IBM's Research & Development organization, which uses patented algorithms to deliver behavioral analysis on travel and expense data to reduce the cost of audit, identify fraud, and optimize vendor spend.

Managed Business Process Services

IBM's Managed Business Process Services (MBPS) refers to the out-tasking of the expense reporting support functions, typically associated with auditing, receipt management, system administration, corporate card program management, and help desk (Level 1, 2 & 3) support services. IBM provides these services to customers with a menu-driven approach that allows them to choose which services are best kept in-house and which are best sourced through IBM. The company leverages a network of centers worldwide to provide customers with an overall delivery model that maximizes expense reporting expertise, while giving clients the opportunity to move transactional processing to lower cost geographies.

Implementation & Pricing

GERS has different implementation processes to fit the individual client and its process complexity. Implementations can range from a few days up to many months for complex global deployments. The main factors that determine implementation length are the complexity of the individual client's requirements and size, and how closely clients adhere to best practices and global standardization. Customization to the tool is also a major driver for implementation length. GERS has several different pricing models, including enterprise usage fees and pay-as-you-go pricing models.

Outlook

IBM is a strong contender in the software services industry and has been gaining significant traction in the travel and expense management space with its GERS application. The latest release of GERS has significant improvements to the user interface for the solution, while essentially retaining the same back-end and the ability to integrate with any ERP or accounting system. Better graphics and visuals as well as the ability to perform the same actions with fewer clicks and without having to navigate through multiple tabs translate to a much superior user interface.

Another area where clients can see significant improvement is corporate card integration. The corporate card data looks exactly like the corporate card statements users are used to seeing, making it easy to use the date. In the latest version of GERS, users also have the ability to see what charges were applied, see charges by statement and export the data to Excel. GERS has a lot going for it; strong solution functionality and the solid backing of a company like IBM – a good combination indeed.

Industries Served
Financial and Public
Services

Manufacturing

Service

Key Clients
see www.sap.com/tm

SAP Overview

SAP is a world leader of business software including enterprise resource planning (ERP) and related applications such as supply chain management, customer relationship management, product life-cycle management, and supplier relationship management.

Founded in 1972, with headquarters in Walldorf, Germany, SAP has a rich history of innovation and growth and today more than 75,000 customers in more than 120 countries run SAP applications. SAP's client base covers the spectrum from small and medium-size companies to global organizations. SAP is listed on several exchanges, including the Frankfurt Stock Exchange and NYSE under the symbol "SAP." SAP currently employs more than 51,400 people at sales and development locations in over 50 countries worldwide.

One interesting fact to note is that SAP now delivers innovations through enhancement packages approximately every 9-12 months. Customers no longer have to plan for major releases every five years. They can now choose to selectively implement the business functions or technical improvements that add the most value to their business. Customers can activate enhancement packages via the SAP NetWeaver platform, which helps isolate impacted objects and minimizes testing requirements.

SAP Travel Management

SAP has been offering the SAP Travel Management application since 1989. Companies in more than 90 countries across all industry verticals use SAP Travel Management. It not only supports people as they travel around the world; the application can also be implemented in different countries across the globe.

With 33 different language and 22 pre-configured international settlement versions, SAP provides a global, end-to-end solution for travel management. SAP Travel Management automates the entire travel process from pre-trip approval and online booking to expense reporting and approval. Customers can select which pieces of functionality to implement based on their business processes.

Pre-Trip Approval
Pre-trip authorization functionality comes standard with SAP Travel Management. Administrators and super users can configure spend limits and trigger workflows based on end-user behavior. During the pre-trip approval process, preferred vendors are not enforced as SAP provides a full online booking feature. Company travel policy is tightly integrated into the application and communication around policy violations can take place throughout the process – pre-trip, online booking, and expense reporting. If the actual expenses for a trip are lower than the amount approved on a pre-trip request, the expense report can be automatically approved without going through the workflow process.

Online Booking Integration
SAP Travel Management offers comprehensive online booking capabilities through its partnerships with GDS engines like Amadeus, Galileo/Apollo, and Sabre. During online booking, all the information from the travel request can be accessed and users can then add flights, hotels, card rentals etc. At this point, the system will prompt users if they are not using preferred vendors.

Expense Report Submission

After the trip, when users are creating an expense report, they are showed a list of existing travel requests and online bookings, which they can select to enter expenses; thus reducing the need to re-enter redundant information. Further simplifying the expense report process is standard travel expense management functionality offering certified electronic credit card feeds with all major credit card providers to the traveler's expense report coupled with paper receipt imaging to streamline business processes.

An offline version of the solution is part of the standard license and enabled by the SAP Mobile Time and Travel (SAP MTT) application. Expense reports and credit card receipts can be synchronized online and offline. Cost distribution is possible online and offline across cost centers, projects, internal orders, sales orders, WBS elements, etc. and the tight integration with SAP ERP Financials allows for real-time validation.

Both hard and soft warnings can be configured into the system to flag items that violate corporate policy and are available for audit. Depending on system configuration, users can either be stopped from submitting certain expenses or they can be asked to provide a justification. Based on these parameters, additional workflows can be triggered as well.

Throughout the process, users are presented with a standard Adobe form with a bar code that can be used for imaging paper receipts and sending that to managers for approval. At the pre-trip stage, this bar-coded sheet can also be sent to a travel agent to book travel, if the traveler is not using the online booking tool. This cover sheet generally contains the employee ID along with the unique trip number. Imaging of receipts is standard via a partner such as Open Text, Documentum, 170 Systems, etc. Optical archiving is enabled by SAP ArchiveLink.

Approval Workflow

SAP Travel Management integrates with the customer's existing SAP workflow, which is based on the organizational structure. Configuration can further drive audits to be sent to appropriate managers and/or auditors based on different behaviors of the end-user. Apart from this, an email workflow can be triggered, which allows managers to review and approve expenses and/or travel requests from within an email itself.

Expense Reimbursement

SAP Travel Management and the SAP ERP system support payments to employees as well as credit card issuers. Expense reimbursement to employees is available via direct bank deposit, payroll or accounts payable. SAP Travel Management is tightly integrated to SAP ERP Financials to facilitate posting to the general ledger.

Reporting & Analysis

The solution comes bundled with 25 standard reports for post-trip analysis, split between travel planning and expense reporting. Reports can be classified by expense type, region, and compared to budgets. Additionally, Infocubes for SAP Travel Management are standard in SAP NetWeaver Business Intelligence. SAP's recent acquisition of Business Objects will only make the reporting capabilities stronger and more comprehensive. Further, SAP's recent partnership with GetThere will bring in a host of RFP tools. Ad-hoc reporting is available through SAP Query, which allows users to easily create and save custom reports.

Implementation & Pricing

SAP uses ASAP, a standard methodology for implementing and continually optimizing SAP software efficiently. ASAP supports the implementation of the SAP system and

of SAP Business Suite components and can also be used for upgrade projects. It provides a wide range of tools to support all stages of an implementation project, from project planning to the continual improvement of the SAP system. The average implementation of SAP Travel Management is three to six months. Factors that determine the implementation timeline include the functionality being installed, number of countries, languages, credit card feeds and utilization of receipt imaging.

SAP Travel Management is part of the SAP Employee license for Employee Self-Service. This license fee usually includes additional SAP HCM components, such as time entry, for example.

Outlook

SAP is a global leader in the delivery of business software, including ERP and CRM applications. Over the last few years, it has created a strong position for itself in the travel and expense management space, especially with clients that are utilizing SAP as their back-end ERP application. We liked the fact that the travel solution resides under Corporate Services and can be implemented without having to use SAP's Financials or Human Resources applications. But at the same time, clients using SAP Travel Management have the benefit of tight integration with the ERP system, if they so desire.

Another interesting aspect is that SAP is moving away from its existing strategy of major releases and upgrades. Instead, clients will now have the flexibility of consistent enhancement packages that can be implemented or not, based on their specific needs. This will be a welcome change for any company that has had to deal with a major SAP upgrade every few years. Further, SAP is beefing up its solution functionality in the online booking and reporting areas with its recent partnerships with Sabre and Amadeus and its recent acquisition of Business Objects.

SAP has a strong travel management solution, the vision to be a leader and the deep financial resources to execute on its vision.

Industries Served
Private equity,
investment and
financial firms with an
increasing demand
now coming from law
firms

Key Clients
Berkshire Partners

Vestar Capital

Tailwind Capital

Charlesbank

Welsh, Carson,
Anderson & Stowe

TripsWare Overview

TripsWare is owned and operated by Paragon Computer Solutions Inc., which was founded in 1997 to provide strategic technology consulting services. As the demand for services in the financial sector increased, the company focused its efforts in this space. Identifying a need in the private equity market for travel and expense management, Paragon developed TripsWare in 2004, which is now the exclusive focus of the firm. TripsWare is a reliable and affordable T&E solution for any small or medium sized business, with a specific focus on the needs of firms in the private equity, investment and legal verticals.

TripsWare was originally designed as a custom order to meet a specific need in the private equity industry. It was redesigned in 2006 as an online, scalable, Software-as-a-Service (SaaS) solution and has been in production since then. Upgrades are added on a quarterly basis or as required by clients. TripsWare currently manages the expense reports of firms that collectively have over $30 billion under management. TripsWare has numerous strategic, technology, marketing and reseller alliances including Microsoft, Sage, Intuit, American Express and IBM.

Travel Reimbursement for Investment Professionals System (TRIPS)

The TripsWare solution offers many modules of functionality that cover the expense management process from pre-trip approval to expense report submission and processing as well as invoicing and bill back. Standard installation includes access to all modules at no extra charge. TripsWare integrates with many accounting systems including Dynamics GP, QuickBooks, Peachtree and Mas 90/200 using proprietary integration tools that TripsWare has designed and/or import utilities that are included in the various accounting systems. Additionally, TripsWare specializes in offering custom development and integration for complex or nuanced requirements.

Pre-Trip Approval
The solution delivers pre-trip authorization functionality allowing users to create and get approval for travel prior to the trip. The company travel policy is tightly integrated into the system and items that are in violation of the policy are flagged at the pre-trip approval step itself or when the user is completing the expense report for reimbursement. The system supports both hard stops and soft warnings for violations depending on how it is configured.

Online Booking Integration
TripsWare does not provide online booking tools with its application. Company representatives stated that this is by design owing to the little demand from the client base TripsWare serves. However, the company has provided custom integrations to proprietary travel systems for some of its clients and can do so as needed for any booking system.

Report Submission
Authorized users can log into the system and create expense reports using an intuitive expense reporting wizard. Credit card expenses are automatically pre-populated into the expense report reducing the amount of data entry and associated errors. Users can then enter out-of-pocket expenses and vendor charges (FedEx or limo service for example). Cash, card and vendor charges can be submitted together in one expense report or separately.

All expenses are allocated using simple pre-populated drop down list boxes that the client controls. All items in a report can be quickly assigned to one client, project, deal etc. or be allocated on an item by item basis. Itemizing and splitting expenses between various deals, clients or individual categories can be easily accomplished by specific dollar amounts or divided by dollars or by percentages.

TripsWare allows travelers to submit their receipts by scanning them and uploading an image file to the system, which will be attached to the expense report. Alternatively, users can fax the receipts to a fax server with a bar-coded cover sheet.

An interesting aspect of the TripsWare solution is that it includes an invoice management module that is tightly integrated with the TEM functionality. Small and medium sized companies that do not have sophisticated ERP and accounting systems will find this very valuable. With the invoicing module, clients can create invoices for recoverable expenses and easily generate customized cover letters and detailed reports. Additional expenses that did not flow through TripsWare but may be recoverable, for example, legal expenses or management fees, can easily be added to the invoice. Once the invoice has been created, clients have the option to print and mail the invoice or email it directly from the system.

Approval Workflow
Expense reports submitted by users follow the prescribed workflow defined by the client and go to a designated supervisor for review, if desired, or straight to accounting for processing. At the time of report submission, users are notified of any policy violations that exist within the report. These exceptions are then flagged so that supervisors or accounting personnel can easily identify them and process the reports appropriately. Foreign exchange transactions with conversion rates are also highlighted for the accounting department. All status changes to a report in the workflow process are tracked and can easily be accessed by users.

Expense Reimbursement
TripsWare automatically integrates with the back office accounting system and reconciles employee accounts receivable accounts and suspense accounts such as prepaid corporate credit cards. For reimbursement, the solution supports direct deposit to payroll, bank deposits and physical checks. Records are typically batched where they can be reviewed, modified, deleted or voided prior to posting to the general ledger.

Reporting & Analysis
The reporting capabilities bundled with the TripsWare solution are robust. An intuitive report generation tool allows users with the appropriate privileges to create reports based on a number of parameter sets. Once these parameter sets are generated, they can be stored for later use and reports can be run for any period as needed. An additional reporting engine offers standardized reports to be run by a variety of queries, filtered, printed and exported for further analysis.

TripsWare also offers a carbon footprint tracking feature developed in collaboration with Global Environmental Fund, a private equity firm in Maryland. This unique reporting tool calculates the emissions effect of air, rail and automobile travel right at the expense report creation level. This report can be used by firms to become more aware of the effect of their business travel on the environment.

Implementation & Pricing
TripsWare is an online SaaS solution and all implementation is done remotely. Typically, the implementation is completed at one time, but it can be staggered in

phases if desired by the client. After receiving the client's data, implementation is generally in the order of days. The TripsWare solution does not involve a contract or term. Fees are charged based on a per user/per month basis and vary depending on the number of users and privileges. Further, there is no charge for basic installation. Custom design and integration to meet specific requirements are available as required.

Outlook

TripsWare has made a name for itself as a dominant vendor for the financial services vertical, achieving significant traction with its expense management solution in private equity, venture capital and investment segments.

The intuitive expense reporting wizard allows for streamlined and rapid report submission and approval. We also liked the invoicing module offered in conjunction with the TEM functionality, which is very appealing to companies that do not have cutting-edge ERP or invoice management applications. This is a great tool for TripsWare's target private equity and investment segments, where expense bill back can be a time consuming and challenging process. This feature is indeed attractive to any firm that needs to recover T&E expenses.

We were impressed with TripsWare's overall solution functionality, which is flexible and robust enough to meet the needs of most organizations. With the increased need for corporate spending oversight and transparency within the financial sector, and the domain expertise that TripsWare brings to the table, this focused solution is right on target.

Evaluating TEM Vendors

Selecting the right TEM vendor can be tricky. It is critical to look at what various TEM providers offer and how exactly each solution's functionality lines up with business needs. Below are some questions that can help organizations find the TEM solution provider whose offerings best suit their needs.

Company and Product Reputation

In addition to learning how long a company has been in business, it is helpful to know whether TEM is a core offering for the company and to understand the growth plans and future vision of the service provider.

WHAT TO ASK...

- How long the company has been in business? Since when has it been offering TEM solutions?
- What percentage of its business / revenue comes from TEM solutions?
- How is it funded; if it is a public company, look at the prospectus?
- How many customers it has and who they are?
- How it plans to grow and if there are any mergers or acquisitions on the horizon?
- How it will manage growth and the resulting increased customer demand on its systems?

Performance and Value

The vendor must be able to deliver on its promises regarding systems, scalability, security, service, and support.

WHAT TO ASK...

- What security measures are in place to protect the integrity of client data?
- Where will client data be stored and who has access to this?
- What training and ongoing support are provided as part of the solution?
- Does the vendor promise an ROI?

Solution Delivery Model

Since TEM providers have different delivery models for their solution, it is important to look at exactly how the solution is delivered and how well it meets each company's needs.

WHAT TO ASK....

- Does the vendor offer the solution as licensed software or a hosted model or a combination of both?
- What are the different modules of functionality available?
- Does the vendor offer any configuration and customization of the solution, as needed?
- How does the solution integrate with existing ERP/accounting applications?

Solution Functionality

It is important to understand the specific capabilities that will be delivered as part of each module that will be implemented.

WHAT TO ASK....

- Does the solution provide pre-trip authorization capabilities? Does the solution provide functionality that allows setting of spend limits and preferred vendors before the trip?
- Does the solution inform employees of company policies before they book the trip or is this done while they are claiming reimbursement for expenses?
- Does the solution include online travel booking?
- What expense reporting functionality is available? How does the solution enable users to pre-populate transactions from credit card statements and pre-trip authorization reports?
- What is the process for submitting expense reports and receipts?
- Does the solution include expense approval workflow and exception reconciliation?
- What reporting capabilities are available as part of the solution? Does the solution support the creation of custom reports?

Implementation and Pricing

How long it will take for the solution to be implemented and the pricing model are critical factors in evaluating vendors.

WHAT TO ASK....

- What are the typical steps in the implementation processes? Can the implementation process be completed in phases?
- How long is the average implementation? What are the main factors that define the length of the implementation process?
- What is the pricing model? What are the different price components a client would have to pay?

About PayStream Advisors, Inc.

PayStream Advisors is a technology research and consulting firm that improves the way companies plan, evaluate, and select emerging technologies to achieve their business objectives. PayStream Advisors assists clients in sorting through the growing complexities of IT applications related to business process automation with the goal of making objective, analytical, and actionable recommendations. Wherever business process automation technology is an issue, PayStream Advisors is there to help. For more information, call (704) 523-7357 or visit us on the Web at *www.paystreamadvisors.com.*

About the Analyst

As Research Director, Sush Koka manages PayStream Advisors' overall technology research effort. She writes research reports, leads client briefings, and participates in consulting engagements in the purchase-to-pay and order-to-cash functional areas. Her deep experience both as a market analyst and a consultant enables her to analyze trends in financial services automation, assess feasibility of products and drive research activities. Her areas of focus include invoice and payment management, travel and expense management and business process automation. She has extensively researched and written reports in the above areas and her work has also been published in trade magazines such as Supply & Demand Chain Executive and DOCUMENT magazine.

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