LEVVEL RESEARCH

2019 Travel and Expense Management Insight Report

Evaluating Modern Travel and Expense Management Process Optimization and Technology Adoption Strategies

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2019 | Featuring Insights On...

» **Travel and Expense Management (TEM) Trends**

» **Features and Functionality of TEM Software**

» **TEM Buyer's Recommendations**

» **A Few Leading TEM Solution Providers**

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Introduction

Spend management is a top priority for many organizations, and travel and expense (T&E) spend is just one of the areas entailed. However, compared to other back-office processes like accounts payable (AP) or accounts receivable (AR), a wider and more diverse pool of employees are involved in this process, and the technology involved is designed to be more versatile than those used solely by finance teams. Not only do travel and expense management (TEM) solutions need to offer control and visibility across employee travel and expense purchasing, they must also provide intuitive user experiences and innovative technology to ensure steady workforce productivity. In addition, the travel and expense process is one that is essentially universal, and these solutions must accommodate the varying needs of almost every organization type.

This unique intersection of control, usability, and flexibility makes the TEM software space one of the most fascinating to explore. Levvel Research has observed the following trends regarding automated travel and expense (T&E) processes in 2019:

> *Travel booking is increasingly being automated before expense reporting.* Traditionally, organizations have automated expense reporting before automating travel booking. Levvel Research has observed that trend beginning to reverse. While adoption of expense reporting software has stagnated compared to previous years, booking tool automation has steadily grown. Levvel Research attributes this to the increased competition in the booking industry and a higher percentage of traveling employees. As more providers appear in the space, they are working to differentiate themselves from the others.
>
> Advertising for booking tools has picked up, with many software companies offering incentives for using their tool, including free trials, gifts for attending product demonstrations, and referral bonuses. Additionally, expense reporting tools seem to have embraced the partnership environment, in which they allow existing and potential customers to use whatever booking tool they prefer, as opposed to trying to push their own in-house tool or forming exclusive partnerships that limit company's options.

TEM is changing alongside changes in business travel. Modern business travel has significantly changed in the past decade. Employees are traveling more than ever, and to increasingly distant locales. Organizations need more visibility into the process and are responsible for more aspects of their employees' travel. Companies must now seriously consider employee safety, which has led to the expansion of duty of care and global support features. This expansion of features, when coupled with the prevalence of technology in everyday life, has led to higher expectations for TEM tools. As a result, TEM providers have invested significant resources into innovation that will establish themselves as leaders in the space.

TEM is cutting edge. TEM is more similar to consumer technology than other business process automation (BPA) software, and TEM providers do a better job of leveraging the newest technologies to improve user experience. TEM software is used often by employees when traveling and via mobile devices, and much of the solutions' technology is native to mobile environments. In all, these providers are prioritizing advanced technology in the product development, incorporating it into their software to save organizations time and money.

This report explores data behind these three key analyst takeaways, as well as overall T&E market trends. It also discusses prominent use cases of TEM software today, emerging trends in TEM software, and best practices for organizations looking to implement a TEM solution.

## Current TEM Trends and Technology Usage

Traveling Workforce

Due to accelerating globalization, it is becoming more necessary and common for employees to travel for work. Today, 40% of organizations report that at least a quarter of their workforce travels as a key part of their jobs (see Figure 1). This is a notable shift from 2016, when Levvel Research survey data showed that 40% of organizations reported that their workforce traveled about once per year—a frequency that does indicate travel being a "key function" of a job.

FIGURE 1

TRAVELING WORKFORCE SIZES

40% of organizations indicate that at least one-quarter of their workforce travels as a key function of their job

What percentage of your organization's current workforce would you say travels as a key function of their job?

None	1-9%	10-24%	25-49%	50-75%	More than 75%
0%	17%	43%	28%	10%	2%
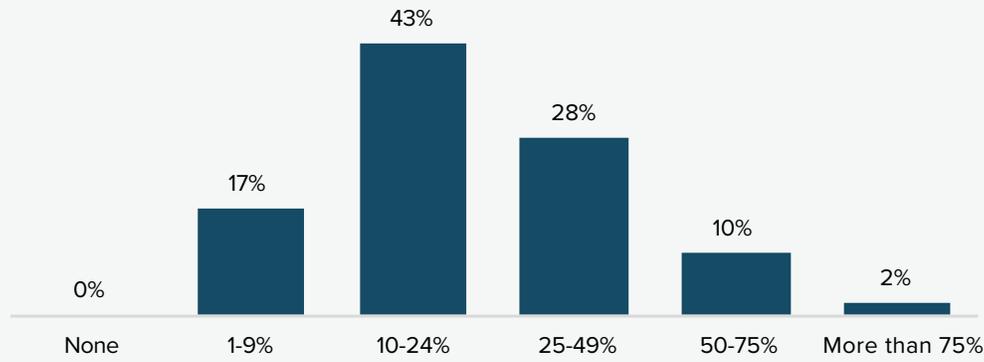
n = 418 ("Don't know" excluded)
Source: Levvel Research "Travel and Expense Survey," 2019

Travel trends are also evident across industries. For example, 56% of the technology sector (including Levvel Research's categories of computers, engineering, internet, and telecommunications) reported that more than a quarter of their workforce had to travel for their job. Tech companies have a significantly higher percentage of their workforce traveling than other industries, especially compared to the nonprofit and education sectors. Business, consulting, and professional service industries also tended to have higher portions of their workforce traveling.

The most revealing data point regarding an organization's travel and expense management is the number of expense reports the organization processes. One-third of organizations are processing at least 1,000 expense reports every month (see Figure 2).

FIGURE 2

MONTHLY EXPENSE REPORT VOLUME

One-third of organizations are processing more than 1,000 expense reports per month

On average, how many expense reports would you estimate your organization processes per month?
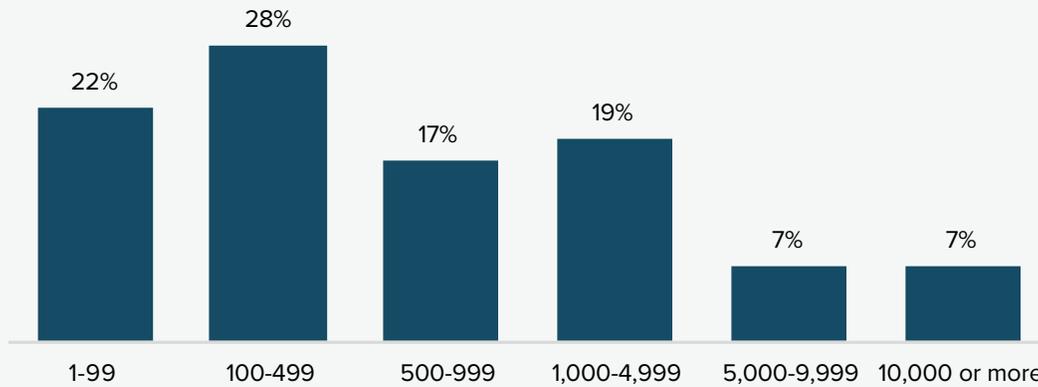
n = 418 ("Don't know" excluded)
Source: Levvel Research "Travel and Expense Survey," 2019

Organizations with high volume are significantly more likely to automate both the travel booking and expense reporting processes. They are also more likely to have dedicated travel managers, whereas low-volume companies typically have their accounting departments approve expense reports.

Expense report volume affects a company's amount of fraudulent or non-compliant spend as well. High-volume companies are three times more likely to find discrepancies and violations in their expense reports than low-volume organizations, and are more likely to report high fraud and an inability to enforce expense policies as among their top challenges than low-volume companies.

Booking

One way that companies try to improve control over travel spend is by implementing specific processes or channels for employees to book travel. Travel booking is likely to be completed through booking functionality within, alongside, or integrated with TEM software, or handled by a corporate travel management company (see Figure 3). This is a significant year-over-year change from Levvel Research's 2018 survey data, which showed that most booking was performed manually, with employees booking their own itineraries. Many respondents within the "Other" segment in Figure 3 are also booking travel themselves, as well as outsourcing to assistants or travel agencies, and in some cases accepting itineraries created by their management or Human Resources department.

FIGURE 3

TRAVEL BOOKING METHODS

TEM software is the top method for booking corporate travel, followed closely by the use of corporate travel management companies

Which of the following methods is primarily used by employees at your organization to book corporate travel?

Method	Percentage
TEM tool or software	47%
Corporate travel management company	43%
Other method	10%
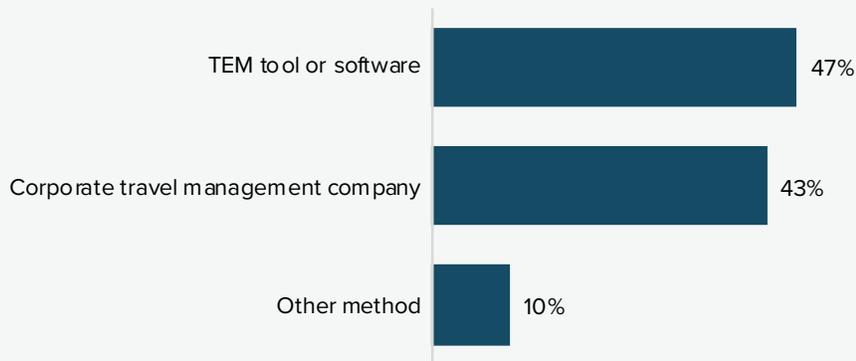
n = 424
Source: Levvel Research "Travel and Expense Survey," 2019

Outsourcing travel management to travel management companies (TMCs) is a traditional approach for controlling business travel spend. With the increase of online options and changing expectations among consumers and businesses, however, TMCs are less relevant to the business traveler than they once were. Booking solutions, either standalone OBTs (online booking tools) or those that are part of larger TEM solutions, have risen in popularity for their ability to streamline travel booking without sacrificing control or transparency around spend. Booking solutions are typically designed to serve either individual organizations or their TMCs with platforms that aggregate competitive booking

options, integrate client-specific travel and spend policies, and centralize travel planning. Booking tools also bring savings by increasing volume-based discounts and frequent traveler rebates.
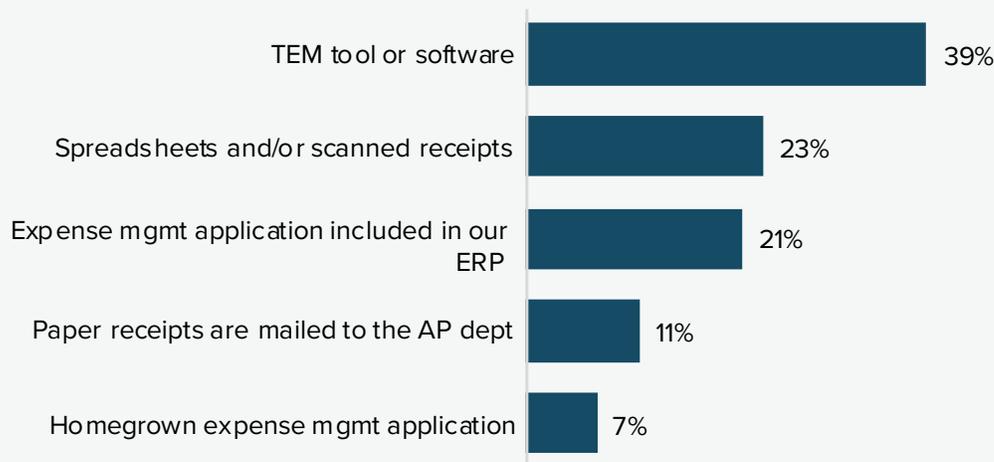
Expense Reporting

According to Levvel Research survey data, the most common method for expense reporting is through a dedicated, cloud-based TEM software or tool (see Figure 4). Larger organizations are significantly more likely than smaller organizations to adopt TEM software for expense reporting, as they must manage a higher volume of expense reports and usually find that TEM software is a straightforward solution that delivers high returns.

FIGURE 4

EXPENSE REPORTING METHODS

TEM tool/software is the top method for expense reporting

Which of the following methods is primarily used by employees at your organization to submit expense reports?

Method	
TEM tool or software	39%
Spreadsheets and/or scanned receipts	23%
Expense mgmt application included in our ERP	21%
Paper receipts are mailed to the AP dept	11%
Homegrown expense mgmt application	7%

n = 424
Source: Levvel Research "Travel and Expense Survey," 2019

About one-third of organizations are still using completely manual expense reporting methods: either scanning receipts and creating spreadsheets, or mailing paper receipts to Accounts Payable (AP). These approaches impel employees to waste their time on low-value tasks, including precisely recording each line item of spend or filing individual paper receipts. Manual methods also increase the risk of fraudulent, maverick, or noncompliant spend. Larger organizations are significantly less likely than smaller organizations to use spreadsheets for expense reporting, likely because the volume of spreadsheets would be difficult to manage with an enterprise-level number of expenses.

Across industries, expense reporting trends were very similar, with the majority of verticals using TEM software to process their expenses. The nonprofit, education, military, and public sectors were exceptions, as they were significantly more likely to be mailing paper receipts to their AP departments. The heavy reliance on outdated, manual, paper-based methods is expected in these industries, as they often have fewer traveling employees and also have limited resources to invest in technology tools.

Organizations have varying approaches to approving expense reports, and they may use one or several types of approvers. The most common expense report approver is an employee's direct manager (see Figure 5). Delegating approvals to employees' direct managers is often most appropriate, as direct managers have the most exposure to and familiarity with an employee's work-related needs. When the number of items needed for approval accumulate, however, it is common for there to be delays and for noncompliant spend to slip through the cracks.

FIGURE 5

EXPENSE REPORTING APPROVALS

Employees' direct managers are most commonly the approvers of travel expense reports

Which of the following roles are typically responsible for approving travel expense reports at your organization? (Select all that apply.)

Role	Percentage
Employees' direct managers	73%
Accounting department	51%
Designated travel managers	28%
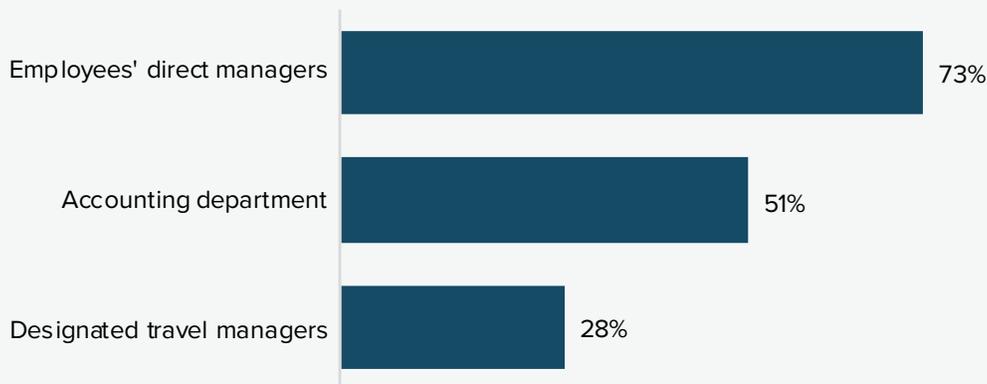
n = 424
Source: Levvel Research "Travel and Expense Survey," 2019

It is rarer for organizations to use designated travel managers for approvals, although larger organizations are significantly more likely to have travel managers assigned to process the higher volume of expense reports. When

organizations funnel all expenses to a single department or group of approvers, they often have better visibility into and greater control over spend activity.

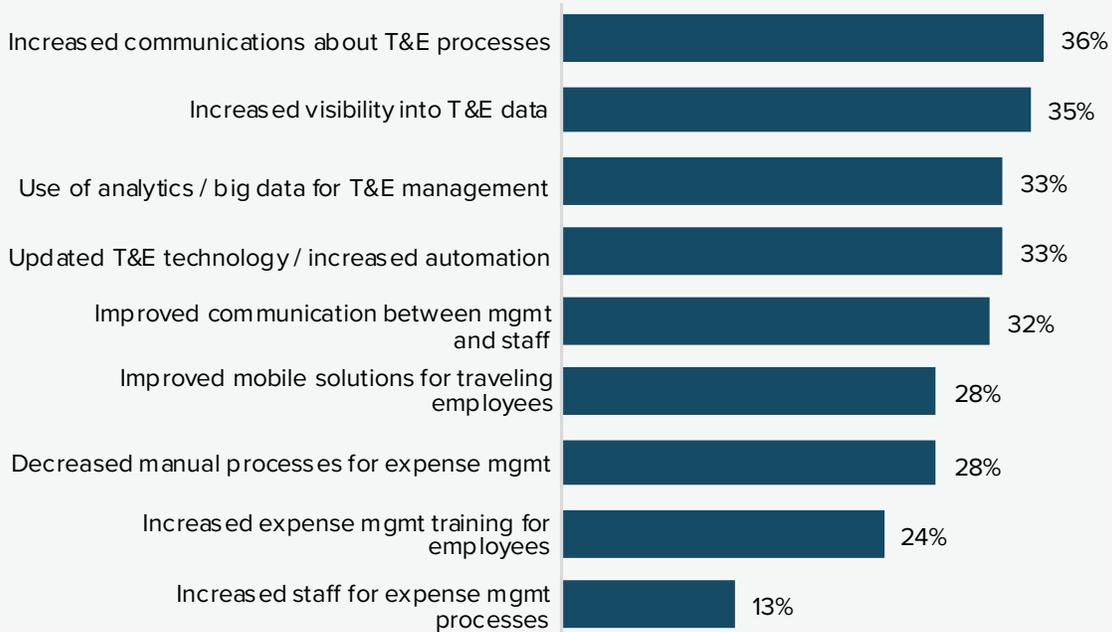## Challenges and Strategies for Improvement

Like many other back-office processes, the greatest pain points for TEM stems from using manual-based processes. These challenges include the manual entry and routing of expense reports, lack of visibility into travel and spend data, and lengthy approval cycles. The overarching TEM challenge for most organizations, though, is managing travel booking and expensing in a well-controlled, efficient, and cost-saving manner.

When Levvel Research asked organizations which strategies would help them manage their expenses, respondents reported that the most important changes would be increased communication about TEM policies and increased visibility into TEM data (see Figure 6).

FIGURE 6

TRAVEL AND EXPENSE MANAGEMENT GOALS

Increased communications, T&E data visibility, analytics, and automation will all help organizations achieve their top goals in managing expenses

Which of the following do you think would most help your organization achieve its top goals in managing expenses?

Increased communications about T&E processes	36%
Increased visibility into T&E data	35%
Use of analytics / big data for T&E management	33%
Updated T&E technology / increased automation	33%
Improved communication between mgmt and staff	32%
Improved mobile solutions for traveling employees	28%
Decreased manual processes for expense mgmt	28%
Increased expense mgmt training for employees	24%
Increased staff for expense mgmt processes	13%

n = 424
Source: Levvel Research "Travel and Expense Survey," 2019

Strategy preference varied among organizations of different sizes. Large corporations are more likely to have a bigger traveling workforce, and thus much more expense activity; this means it is more complicated and demanding to obtain a comprehensive picture of employee travel spend. When enterprises[1] gain that data transparency, they can better manage any expenses occurring outside of company policy, or better understand spend patterns so they can update budgets and employee travel guidelines. SMEs, on the other hand, tend to already have more visibility across their smaller workforce, and instead want to focus on improving communication between management and staff to better enforce booking policies, approve expense reports, and manage employee travel overall.

The LMM reported that the use of analytics and big data would best help their T&E management. Applying technology-driven data insights beyond basic visibility into spend positions organizations for "smarter" management. Levvel Research sees the LMM most leaning toward this approach as they often lie in the "sweet spot" for adoption of advanced technology solutions: they have a smaller workforce to manage, so implementation is easier and internal adoption rates possibly higher, and they have more resources than SMEs to invest in technology. This contrasts with the UMM, whose resources are more stretched with more employees, and whose most reported strategy for improving T&E management was better internal communication about policies.

Barriers to Adoption

One of the top reported strategies to improving TEM is updating an organization's T&E technology. There are several barriers, however, that keep organizations from purchasing and implementing a cloud-based TEM tool. The top reported reason organizations do not adopt a TEM solution is a lack of budget (see Figure 7 on the following page).

The next most reported barrier was a lack of understanding about available TEM solutions. Enterprises especially expressed this shortcoming, which Levvel Research attributes to their larger structures and complex hierarchies that can hinder the ability to gain buy-in for new technology solutions, as well as decrease the incentive to conduct research and create business cases.
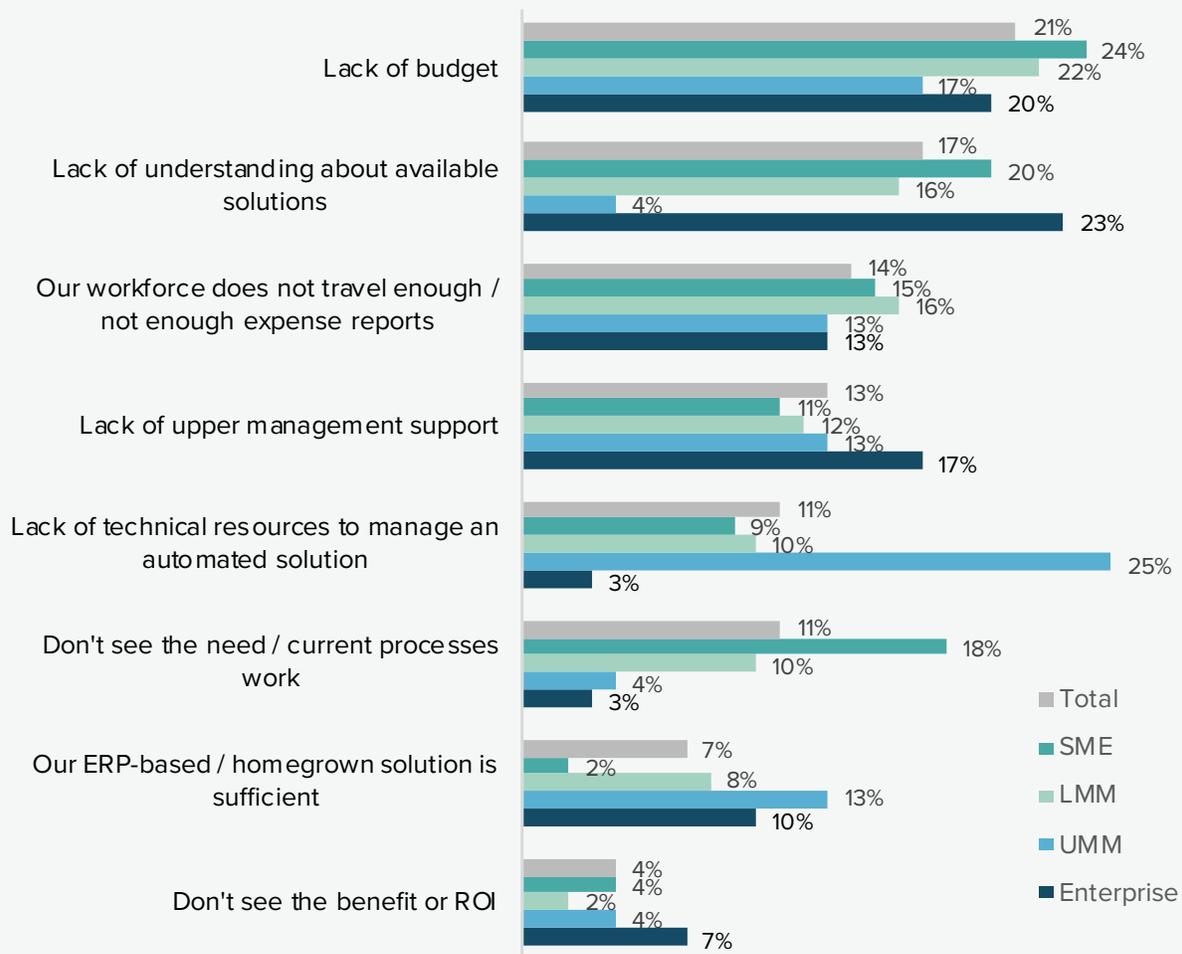
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[1] Levvel Research defines organizations with revenue greater than $1 billion as enterprises, organizations with revenue between $51 million and $1 billion as the middle market, and organizations with revenue between $1 million and $50 million as SMEs.

FIGURE 7

BARRIERS TO TEM SOFTWARE ADOPTION

Lack of budget is the overall top reason for not adopting TEM

What is the primary reason your organization has not adopted a TEM tool or software tool?

Lack of budget
- Total: 21%
- SME: 24%
- LMM: 22%
- UMM: 17%
- Enterprise: 20%

Lack of understanding about available solutions
- Total: 17%
- SME: 20%
- LMM: 16%
- UMM: 4%
- Enterprise: 23%

Our workforce does not travel enough / not enough expense reports
- Total: 14%
- SME: 15%
- LMM: 16%
- UMM: 13%
- Enterprise: 13%

Lack of upper management support
- Total: 13%
- SME: 11%
- LMM: 12%
- UMM: 13%
- Enterprise: 17%

Lack of technical resources to manage an automated solution
- Total: 11%
- SME: 9%
- LMM: 10%
- UMM: 25%
- Enterprise: 3%

Don't see the need / current processes work
- Total: 11%
- SME: 18%
- LMM: 10%
- UMM: 4%
- Enterprise: 3%

Our ERP-based / homegrown solution is sufficient
- Total: 7%
- SME: 2%
- LMM: 8%
- UMM: 13%
- Enterprise: 10%

Don't see the benefit or ROI
- Total: 4%
- SME: 4%
- LMM: 2%
- UMM: 4%
- Enterprise: 7%

Legend: Total, SME, LMM, UMM, Enterprise

n = 159 (Base = Organizations that have not adopted a TEM tool for travel or expense reportingl "don't know" reponses excluded)
Source: Levvel Research "Travel and Expense Survey," 2019

The barrier least reported was not seeing the ROI of implementing a TEM solution, which is due to the benefits of automated booking and expense management being straightforward. The next two least-reported barriers conveyed the perceived acceptability of the organization's current state. It is notable that smaller organizations were much more likely to report that their current processes—which may include manual methods—were sufficient, while larger organizations were more likely to say that their ERP-based or homegrown solution was sufficient.

TEM Automation Benefits and Use Cases

When organizations decide to adopt TEM software, they report many benefits. The most common improvements reported include improved visibility into spend and improved reimbursement of employee expenses (see Figure 8). Another benefit of TEM software is greater accuracy of expense reports, as it reduces the impact of human error. TEM software strengthens an organization's control over spend by improving its ability to enforce travel policies, as well as its ability to detect and prevent fraudulent spend.

The content on the following page offers an overview of the various components and benefits of TEM technology.

FIGURE 8

TRAVEL AND EXPENSE MANAGEMENT AUTOMATION BENEFITS

Improvements in visibility over spend, expense reimbursement, and accuracy are among the most commonly cited benefits of TEM software

What would you say are the top benefits to your organization in using TEM software?

Benefit	%
Improved visibility over spend	50%
Improved reimbursement of employees expenses	50%
Improved expense report accuracy (fewer errors)	49%
Improved ability to enforce travel policy	48%
Improved ability to detect and prevent fraud	48%
Decreased time spent processing and creating expense reports	45%
Reduced processing costs	43%
Reduced unauthorized spending	42%
Improved employee satisfaction	40%
Improved compliance with regulatory requirements (SOX, FASB)	28%
Reduction in late payment penalties and interest	27%
Increased corporate card usage and rebates	24%
Ability to negotiate volume discounts with vendors	22%

n = 424
Source: Levvel Research "Travel and Expense Survey," 2019

Pre-Trip Planning and Booking

With current TEM solutions, users can plan and book a trip in advance, as well as submit travel plans for approval. This helps limit unauthorized expense reimbursement requests after a trip, and it reduces one of the primary problems associated with T&E: spend outside of company travel policies.

Integrated booking and expense management systems incorporate the client's corporate travel policies, preferred vendors, and spending limits during the pre-trip authorization process. The TEM software sends notifications to employees that are attempting to book outside spending limits, saving time for both employees and approvers. Managers also receive pre-trip notifications, are notified when out-of-policy requests are submitted, and can approve or deny requests based on budget restraints or spend limits.

Online booking tools (OBTs) streamline employees' travel planning by connecting them to a variety of items and services at competitive prices. Some leverage machine learning to offer search results and travel options that best meet the employee's needs and preferences. OBTs can also track compliance with travel policies by allowing companies to configure business rules within OBTs according to their specific needs and travel policies. They can also configure the system to flag out-of-policy bookings and to refuse bookings that are not compliant with travel policies. Many tools also permit companies to highlight preferred vendors, and can prompt employees with reminders about specific travel policies.

Some OBTs automatically create a tentative travel itinerary based on a user's parameters. For example, a traveling employee can enter the time, dates, and preferred method(s) of travel for an upcoming trip, and the booking tool will build a plan of ready-to-book items that cover the transportation and accommodation needs for the entire trip. Other tools allow users to save recurring trips for one-click booking—such as for a business professional who makes regular trips to a specific client or subsidiary in another state or country.

OBTs are available to organizations in a variety of ways. Some OBT providers partner with another service so that they are white labelled and integrated within an expense management solution or even on a TMC's platform. Sometimes the expense management provider develops their own native, fully integrated booking tool, effectively offering it as another core service alongside expense capabilities. Organizations may also use an OBT as a standalone tool and use a

separate tool for expense management. Many OBTs have strategic partnerships with expense management providers or develop robust integration capabilities so their customers can easily automate their full T&E lifecycle. However the integration is offered, leading solutions automatically transfer itineraries into a company's expense management system and connect the itineraries to expense reports after a trip has been completed.

Expense Reporting

TEM solutions automate the expense reporting process by prepopulating expense reports from corporate credit card transactions, receipt image capture, and electronic receipts, thus eliminating an otherwise time-consuming and error-prone manual entry process.

The simplest step in this process is submitting each expense, whether pre-calculated or unanticipated, and attaching receipts or records of purchase. Expense reporting tools have many advanced features for submitting expense items, including direct import of commercial and personal card transactions, global capabilities (such as for languages, currencies, and tax regulations), and automatic expense categorization based on company policies and type of spend. Integrating with corporate card programs is an important element of streamlining expense reporting. Some providers also offer their own travel card program for companies that do not yet have a corporate card program.

TEM is increasingly dependent on mobile functionality for expense report creation, particularly for employees on the go. Mobile versions of the solution, offered via native mobile applications and mobile-friendly web apps, allow traveling employees to submit their expense reports from anywhere at any time. These solutions often feature offline modes in which expense reports can be created and then automatically submitted once the employee has an internet connection.

Mobile apps may allo allow for IRS-compliant electronic receipts, receipt forwarding, and mileage calculators. Providers are designing their software to be compatible across many devices so that users can begin their expense report submission on a tablet or smartphone and finish on a desktop computer without any loss of accuracy or content.

A fundamental capability of mobile TEM is its receipt capture functionality. Most providers attach photographs of receipts to expense reports for later verification, but many leading developers also provide OCR scanning, which extracts the data

from the receipt and automatically matches it to the expense report. This reduces reliance on manual data entry; instead of entering each individual expense, users only need to verify the extracted information and submit for approval.

Some TEM providers have developed partnerships with commonly used vendors (e.g., food and beverage providers, airlines). These partnerships ensure that employees earn loyalty rewards and negotiated business rates by syncing purchases with the company's TEM solution.

Approval and Reimbursement

An automated expense report approval workflow is crucial for organizations, as it shortens reimbursement processing times, thus increasing employee satisfaction and productivity. Configurable routing and customizable policy triggers ensure that reports are properly routed with little manual intervention, and automatic escalation settings facilitate the approval of requests in a timely manner. Mobile approvals enable managers to manage expense approvals via smartphones, tablets, or any device with email connectivity. Administrative features accelerate and control the process with support for bulk actions, comment fields, and central administration and reconciliation of company card transactions.

While organizations use different methods to reimburse employee expenses, most prefer direct deposit. Many TEM solutions support direct deposit reimbursement or integrate with clients' payroll systems. They also allow employees to track the progress of their payment through every step of the submission, approval, and reimbursement cycle.

Data Analytics

Gaining access to T&E data has proven to be a significant hurdle in achieving cost control and compliance for many companies. It is difficult to control T&E spending without the ability to identify patterns in travel activity. Companies that employ TEM solutions have real-time access to key metrics and reporting data to analyze spending at various levels, including by employee, department, and supplier.
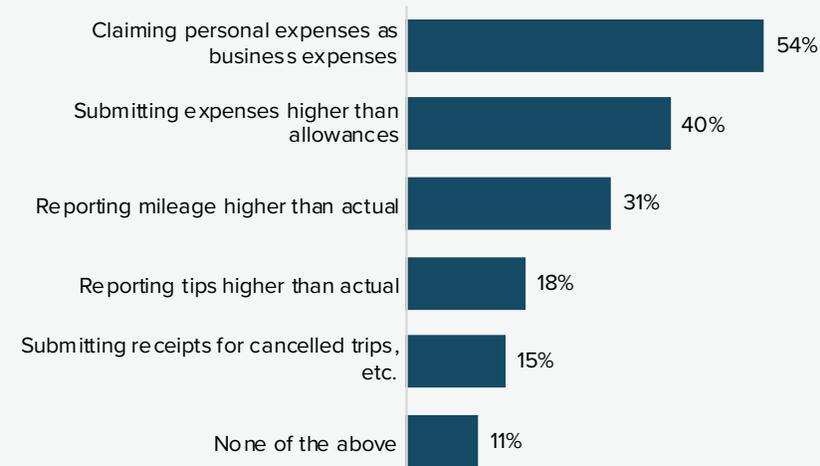
Many TEM solutions also bring some of the back-end reporting functionality to front-end processes. When submitting expense reports, employees can provide business ratings and reviews to improve spending techniques, enhance vendor relationships, and help select preferred vendors. Post-trip analysis tools provide purchasing managers with invaluable information regarding a company's overall T&E spending habits.

Some solutions include reporting tools that help to eliminate wasteful expenditure through control measures and regular audits that identify maverick, noncompliant, and fraudulent employee spend. Fraud in particular can be difficult to measure; basic policy rules, such as a control in place to monitor reported spend against budgets, may not catch it. The most common example of fraudulent reporting is claiming personal expenses as business expenses; this is followed by submitting expenses higher than allowances (see Figure 9).

FIGURE 9

EXPENSE REPORTING FRAUD TYPES

Falsely claiming expenses as personal is the most common type of expense reporting fraud

What are the most common types of expense reporting fraud at your organization? (Select all that apply.)

Claiming personal expenses as business expenses	54%
Submitting expenses higher than allowances	40%
Reporting mileage higher than actual	31%
Reporting tips higher than actual	18%
Submitting receipts for cancelled trips, etc.	15%
None of the above	11%

n = 424
Source: Levvel Research "Travel and Expense Survey," 2019

While regular expense report auditing is an important measure for finance teams to maintain control overspend and catch fraudulent reporting, not every company regularly or consistently takes it. The majority of respondents indicated they audit between 1% and 25% of reports. The schedule on which companies audit also varies, as some companies perform audits for a set sample size on a regular basis (e.g., once a month), while others do it irregularly or unannounced, or even wait until a fraudulent instance has come to light.

Leading TEM solutions include spend monitoring and auditing capabilities either in house or through a travel and expense compliance partner. These tools are built to run regular audits and catch irregular spending behaviors. They evaluate spend reports to determine weak spots in policies and employee policy adherence, and they relieve a lot of pressure from AP staff.

Value-Added Travel and Expense

Global Support

Leading providers should be compatible with most, if not all, major global currencies. Language support is another mandatory compatibility feature as networks become globalized. Some TEM solutions provide in-solution translators and custom translations for specific words and phrases for all employees who work within any given language. For leading solutions, the support of foreign languages includes an OCR program with the ability to not only convert captured print characters into machine-encoded text, but also to translate it.

Some solutions also offer integration with tax and advisory services. These provide increased visibility into potential areas of tax noncompliance, immigration law liability, and necessary compliance procedures (e.g., payroll withholding tax) each time an employee books a trip through the company's TEM solution. This type of integration is important, as breaching tax or immigration laws can mean that companies are not upholding their duty of care towards their employees. It also ensures that tax or immigration issues do not prevent employees from carrying out business while they are traveling.

Multi-Use Expense Management

Another valuable attribute of expense management platforms is their use case as a purchasing tool for some smaller enterprises. If an organization does not have an official procurement department or formal purchase process, or if average approval times for purchases are very high, employees may use personal or business credit cards for their purchases and expense those items. Some TEM providers have realized their software's value for enabling a procurement function, and have built out broader procurement services, such as integrations with online marketplaces (e.g., Amazon). This versatility is valuable for organizations with constrained technology investment resources, as it leads to higher utility and ROI from a single application, as well as greater control over spend.

Duty of Care

Companies have the responsibility of knowing an employee's location and status when they are traveling for business-related reasons (termed "duty of care"). Duty of care capabilities alert companies to employees' whereabouts in the event of a crisis or travel risk, such as in the case of political instability or

civil unrest. This information is also relayed to the employees' managers and risk management staff. Advanced solutions have dashboards that display global breaking news, as well as a list of traveling employees that could be affected by any potentially hazardous events. Duty of care capabilities should help organizations anticipate and react to potential safety issues, such as inhibiting travel to locales deemed too dangerous at a given time.

Emerging TEM Technology Trends

The T&E process within most organizations is ahead of many other business processes when it comes to technology utilization, and the technology tends to mirror the design and functionality of consumer-facing tools. This is partly out of necessity, to ensure use; for example, employees are used to easily making personal travel arrangements, and unless their company's booking software offers a similarly seamless experience, they may choose to book outside of mandated channels. Additionally, as a TEM tool is used frequently by employees whose core function is unrelated to expense reporting, a solution's ease of use crucial in order to ensure high productivity.

The result is that the TEM technology space has become one of the most innovative in business software. In the following section, Levvel Research has highlighted some of the most recent and notable TEM-related technology trends.

The Mobility Race

Mobility is a requisite for expense management software because the solution is used primarily when employees are away from their offices, and TEM is one of the few types of work-related software that is native to the smartphone. Designers leverage a smartphone-centric philosophy to enable a touchless process. For example, when a user uploads a receipt to their mobile app, advanced solutions automatically extract receipt data with OCR, create line items, and begin to create the expense report—all with little to no involvement from the user and while the user is still on the road. Product designers also consider the look and feel of every feature they create through a mobile lens, and they consistently take into account mobile-focused technology trends and concerns.

Another emerging trend in mobile applications at a high level is the notion of the "invisible app," or an application that runs in the background collecting data on the mobile user's activity to enhance performance. TEM applications have already begun to employ these methods, one of the best examples being leveraging GPS and geolocation capabilities. Some apps automatically track mileage through map application integrations and even via direct communication with a vehicles' computer. Others use intelligent, geolocation-based expense creation features that leverage information from card integration, spend type, and time of day to suggest expense items (e.g., automatically creating an expense line item after an employee makes a purchase at a coffee shop in the morning with a corporate card). Capabilities like this will increase as business travel software progress to become more touchless and value-adding.

Artificial Intelligence, Big Data Analytics, and Machine Learning

Artificial Intelligence (AI) and Machine Learning (ML) are two of the most commonly utilized technologies in business process automation. Expense reporting is no exception. The technology that powers the improvement, accuracy, and efficiency of OCR is built with AI and ML, and the application of these technologies extends throughout the reporting process.

AI- and ML-powered tools incorporate the company's travel policies to show which arrangements fall within corporate guidelines. This is especially useful when companies have partnerships with specific rental car companies, hotel chains, and airlines, specifications around when to book business class versus economy, or detailed duty of care policies. They also integrate with employees' calendars to make recommendations that they book travel, give them guidance on which hotels to stay at, and propose itineraries, including travel to and from the airport and departure times.

Natural language processing (NLP), a subset of AI, is another technology commonly seen in modern TEM tools. Traditionally, travel has been handled by executive assistants or designated travel services; providers have begun to replicate that process with NLP-powered virtual assistants. Users can type into chatbots or speak to virtual assistants to book travel, enter line items, and submit and approve expense reports. These tools also ask for interaction with users, such as asking for clarification on expense items when building expense reports.

Big data analytics (BDA) is another useful branch of AI. TEM software generates large amounts of data on habits and preferences when employees travel, and BDA is the key to making all of that data useful. BDA is used in booking tools to give recommendations on travel, since it has access to employees' past behavior and preferences. On the expense reporting side, it can also use past behavior to audit reports for activity that falls outside of normal conduct. This saves organizations significant time, freeing them to focus on the high-risk reports that the tool flags.

Virtual Cards

Virtual cards have become another focal point for TEM providers. A virtual card is a unique credit card number that is linked to a specific dollar amount, product type, or time period. Virtual cards provide the data and benefits of a physical credit card; they also provide additional anonymity and security, because the

transactions cannot be directly linked to the payer's credit card or bank account, and the card can be used only once. These cards can be used to book travel and purchase most items that typically appear on an expense report. Integration with TEM software gives budget owners instant, real-time visibility into spend.

Bleisure

Today, employees are increasingly blending travel for business with travel for leisure. According to National Car Rental's 2019 State of Business Travel Survey, 90% of employees that fit within the "millennial" category, 81% of "Gen Xers", and 80% of "baby boomers" have engaged in "bleisure" travel in the past year. Mixing the two has a distinct effect on TEM, and Levvel Research predicts this effect will only increase. Certainly, traveling for business is a perk of the job, but it can be unclear who bears the responsibility for different elements of a trip. For example, does duty of care end once an employee is on their personal time? Who is responsible for which expenses? What if plans need to be changed? As bleisure becomes more commonplace, tools will need to be flexible and ready to accommodate its unique challenges.

Travel and Expense Partnerships

TEM providers are increasingly focusing on a single core competency—either travel booking or expense management—instead of trying to do everything at once. While the two seem complementary, T&E companies are struggling to tackle both well, as each comes with its own set of issues. Many expense management tools are now happy to allow customers to use their booking tool of choice and vice versa, while some allow their tool to be white labeled. This is a net positive, as it creates more options and flexibility for customers.

Buyer's Recommendations

The following best practices are for organizations looking to identify and select an optimal TEM solution.

To choose the best solution...

Engage All Stakeholders

To successfully choose the right solution for technology innovation, the change driver must identify all key stakeholders. The stakeholders, however, will not always be the decision-makers; they may also be influencers, contributors, or the eventual end users. Regardless, they should not be excluded from weighing in on the software selection. For example, even though the CFO or CEO may approve the purchase, involving the accounting department, travel managers, IT department, and traveling employees themselves when sourcing and evaluating the solution is crucial.

The IT department will be heavily involved in implementing the solution, and they should vet the technical specifications of the tool in order to accelerate the go-live timeline and reduce integration issues. Accounting departments will need to make sure the tool is built for the needs of finance teams, rather than just a flashy solution with a compelling user interface. And end-users' buy-in and enthusiasm for the solution will go a long way toward increasing the ROI of the tool.

Identify Varying Value Propositions

Change drivers should also understand that the value of a TEM tool varies across users and teams, and they should be able to identify the features and capabilities that accommodate specific use cases.

If an organization's traveling workforce is large, active, and widespread, booking capabilities will be very important. If that traveling workforce is mostly domestic, global capabilities might be optional; instead, industry-specific features that support compliance requirements and strong data security might be more useful. If the organization does not have many traveling employees, but they do process a high volume of expense reports, a solution that offers a high degree of automation, such as one that automatically matches data from receipt images with the appropriate line items or one that offers ML-based approval workflows that speed up approval cycles over time, will be more valuable.

Organizations should also always consider the finance use case. SME-focused solutions are often simple, but some are simplistic, leaving out vital accounting and reporting features. Without strong accounting capabilities, SMEs will not be able to meet their goal of holistic spend management.

Find a Market-Focused Provider

It is important to identify a solution provider that is suited for the organization's' own market space. For example, SME-focused providers understand that within smaller companies, travelers and accounting teams alike are often stretched thin and wearing many different hats. Therefore it is vital that the solution is easy to use and easy to learn, and that it does not distract from more strategic tasks and initiatives. These providers will offer solutions that are affordable to SMEs without sacrificing key functionality or quality. Enterprise-focused solutions on the other hand will offer services and functionality to accommodate enterprises' larger traveling workforces and more complicated needs, such as integration capabilities for multiple existing systems and strong global support features.

The diversity of the current TEM landscape is beneficial for organizations of all types, and sometimes smaller, niche providers will be more appropriate for some companies than the leaders in the market. It is important that organizations evaluate providers according to unique current state environments and in line with business goals.

Conclusion

The TEM space is one in which Levvel Research sees some of the most advanced innovations in business process automation. It is also an extremely competitive environment, where solution providers constantly contend for market share. The fast-paced changes in software offerings impact the buyer's market, where organizations are able to explore high-tech solutions available at competitive price points. The following profiles cover the offerings and services of a few leading travel and expense solution providers.

Deem

Deem Work Fource is a suite of travel booking and management tools for the entire business travel ecosystem. It provides customers with access to a variety of travel products, from international airfare to region-specific car service. Deem Work Fource uses intuitive design, machine learning, and customization to provide travelers, travel managers, TMCs and accounting teams with a seamless platform, from shopping and booking to applying policy and managing costs. Deem's travel technology plugs into its customers' travel management company and expense provider of choice.

Founded	2000
Headquarters	San Francisco, US
Other Locations	Dublin, Ireland and Bangalore, India
Number of Employees	260
Number of Customers	50,000+
Partners/Resellers	Expense Providers and TMCs
Awards/Recognitions	Most Outstanding Business Travel Solutions Provider by CV Magazine in 2018 and 2019

Solution Overview

Travelers can access extensive global content, including low-cost carriers, through Travelfusion and rail content through SilverRail, including VIA Rail and Amtrak. Deem's National Car and Driver in China capability allows travelers to book a car and driver in China directly from the Deem platform. Deem supports many languages, including French, Spanish, German, and Italian; by the end of 2019, it will be expanding the available languages to fourteen, including Danish, Dutch, Swedish, Norwegian, Portuguese (Brazil), and Finnish. Deem also supports currency conversion for more than 150 types of currencies, including the U.S. dollar, Euro, Indian rupee, Australian dollar, and Chinese yuan. Travelers can use their currency at the point of sale for easier booking and expensing. The solution also allows travelers to select their date format and system of measurement.

Deem's hosting environment complies with the Payment Card Industry Data Security Standard (PCI DSS), which ensures that credit card data is handled appropriately and securely. Deem complies with Systems and Organization Controls (SOC) which is an independent third-Party examination report that demonstrates how key compliance controls and objectives are achieved around security, availability and confidentiality principles. Deem is also compliant with

General Data Protection Regulations (GDPR) and is working towards California Consumer Privacy Act (CCPA) compliance which comes into effect on January 1, 2020.

Travel and Expense Management

Deem's Work Fource features include a variety of travel planning, booking, and management capabilities.

Deem allows travelers to rebook or refund unused tickets automatically, and it recalculates complex fares, penalties, taxes, and fees for domestic and international flights. The solution also includes a PNR Editor feature, which is designed to create consistency between online and offline passenger name records (PNRs) for travel management company back-office, fulfillment, and reporting needs. Travelers can change or cancel bookings from the desktop or mobile app as needed.

Deem supports linking calendars to its solution, and automatic, dynamic calendar entries are created with every travel booking. The solution is fully integrated with Exchange Server, LDAP, iCal, and Google Calendar, and calendar information is accessible online and offline, via mobile, is shareable, and is connected to an address book.

Deem offers pre-trip authorization functionality with complex control features, including interactive pre-trip approval, seamless workflows, dynamic flagging, and contextual messaging. Customers can customize messaging based on individuals or groups, and messages can be assigned to content or behavior, such as out-of-policy bookings and real-time emergencies or inclement weather.

Travelers can use either commercial or personal credit cards to pay for travel products. Also available is virtual payment, which is designed to remove the need for a physical credit card when booking travel and to protect travelers and companies from credit card fraud. Deem's Virtual Pay generates a unique credit card number for each transaction and is linked to a specific dollar amount and service type.

Implementation and Pricing

Implementation timelines vary depending on customer size and the level of customization required. SMB customers can self-onboard in five minutes, while larger corporations with traveler profile porting and policy requirements can take up to eight weeks.

Deem offers customers weekly live virtual training, customized guided help integrated into the platform, and access to training documentation. The Deem customer support team is available 24/7 via email and phone.

ExpenseAnywhere

ExpenseAnywhere is a global provider of corporate spend management automation solutions, supporting its clients from offices in Canada, Europe, and India. ExpenseAnywhere solutions serve private and public sector customers globally, helping to reduce their operating expenses through increased operational efficiencies; this includes automating travel and expense management, Procure-to-Pay, and supplier invoice management processes, and purchase and prepaid card reconciliation and management. Each implementation delivers a turnkey solution that works to save clients money, mitigates risk, and provides business data and intelligence that leads to more informed financial decisions. ExpenseAnywhere solutions are in use by clients across the globe, including in the United States, Canada, Europe, India, Japan, China, and Korea.

Founded	2005
Headquarters	Pittsburgh, Pennsylvania
Other Locations	London, England; India
Number of Employees	50
Number of Customers	225
Target Verticals	Real Estate Management, Consumer Goods, Medical Devices, Federal Agencies / Contractors, Pharmaceuticals, Manufacturing
Partners/Resellers	Avalara, Comdata

Solution Overview

ExpenseAnywhere integrates with client ERPs and other backend solutions through either APIs or file transfers, based on client preferences. The ExpenseAnywhere T&E solution is built on a global codebase with built-in, configurable, country-specific features, including tax tracking and reclamation. This reduces training, maintenance, and support costs for interregional clients.

ExpenseAnywhere Release 12 offers end-to-end integrated travel and expense management automation. In addition to the modern, streamlined user interface, the solution offers a one-click "Perfect Expense Report" feature, which uses OCR, artificial intelligence, and machine learning algorithms to automatically verify, validate, and audit each expense item to deliver the perfect report in seconds. This minimizes the time needed to create, allocate, approve, and verify expense reports, and eliminates user interaction unless a policy exception requires attention.

Travel and Expense Management

ExpenseAnywhere is integrated with several travel booking systems, including GetThere, AmTrav, TripEasy, and Thomas Cook India. ExpenseAnywhere also offers a built-in travel booking tool, TravelAnywhere. Travelers and travel managers can book a variety of travel products, including flights, accommodations, and car services. ExpenseAnywhere is currently integrating with train services in Europe, China, and Canada.

ExpenseAnywhere offers pre-trip authorization for enhanced control over travel spend. Travel itinerary data from the integrated OBT solutions are used to automatically create a pre-travel authorization, capturing the total cost of travel validated with client-specific policies and cost allocations. Upon approval, the system automatically triggers the OBT to confirm and issue tickets, with the final booked data received from the travel sites for use in creating an expense report.

For on-the-go spend, the solution integrates with travelers' credit cards and provides complete card spend reconciliation. Personal, business, ghost, prepaid, and various commercial cards are supported. ExpenseAnywhere users may submit receipts before creating their expense report via the mobile app, email, or direct upload, as well as via fax using the system-provided barcoded fax cover page. The ExpenseAnywhere solution has advanced OCR functionality that handles handwritten receipts, automatically capturing Level 3 data from all receipts.

The ExpenseAnywhere Audit module automatically audits every expense entered into the solution against the company policies and receipts. It identifies personal versus business expenses upfront to help companies and users stay in compliance and minimize time spent reviewing and auditing expense reports. The Audit module can be configured to perform a detailed audit at random or on a specific selection based on employee, group, department, or type of policy exception, or over a specific date range. Based on the chosen criteria, the system automatically directs those reports to the auditors for their detailed audit and corrective actions where necessary. The solution defines offenders as low/medium/high risk based on various parameters and built-in logic to enable organizations to focus on exceptions.

ExpenseAnywhere has a built-in workflow engine that can be easily configured to client-desired approval processes, whether that be escalation-based, approval threshold–based, project-based, or expense type–based. Additionally, the

approval process supports escalation and forwarding to alternate approvers. The solution's policy control capabilities are extensive; it can be set with client-specific policies in addition to the built-in validations to minimize risk and fraud.

For reimbursement, ExpenseAnywhere Pay provides a service that reimburses client-employee globally in the method of the company's choice, including into bank accounts, in their reimbursable currency, and settlement to their corporate card payments.

ExpenseAnywhere offers the necessary functionality for tracking and reporting requirements of pharmaceutical and related (e.g., medical devices) companies for compliance with the Sunshine Act. The solution also offers a Cash Advances module to track the request, approval, and reconciliation of cash advances, and federal agencies and state departments can stay in compliance with the federal travel regulation rules via the ability to validate and reimburse appropriate CONUS and OCONUS per diem rates for various types of travel.

For India-based customers, ExpenseAnywhere supports the additional functionality of sales plan tracking and related expenses required by companies in consumer goods. The solution has additional modules to track India-based employee healthcare benefits, sales compensation, leave travel approval, and expense reimbursement.

ExpenseAnywhere offers many standard reports and charting, with drill-down capabilities and exporting available in various formats. The solution includes a custom report designer that clients can use to create, save, and run custom reports on-demand or on a schedule.

Implementation and Pricing

ExpenseAnywhere's average implementation occurs within 30–45 days from contract execution. Weekly conference room pilots with clients ensure both product knowledge and a faster implementation that is consistent with the client's requirements. The provider offers 24/7 support via phone, chat, and online portal. The solution is offered via a tiered pricing model based on expense report volume.

KDS

KDS is an American Express Global Business Travel (GBT) company. GBT, the world's largest TMC, acquired KDS in 2016 as part of its vision for a complete modern business travel experience. The SaaS technology company, founded in 1994, created one of the first business travel online booking tools in Europe, and has since continually developed solutions that streamline and improve T&E processes. Today, the company's flagship offering, Neo, is an award-winning, unified SaaS platform that streamlines the end-to-end processes for arranging and managing business travel and helps automate TEM. Neo also simplifies the complex ecosystem of travel suppliers and payment providers, bringing them together for access through a single simple interface. The easy-to-use tools help companies increase productivity and turn travel spend into an investment for growth.

Founded	1994
Headquarters	Paris, France
Other Locations	UK, Germany, USA
Number of Employees	~300
Number of Customers	1.3 million
Target Verticals	All sectors
Awards/Recognitions	Best Valued Innovation for Corporate Travel Management – Iberian Business Travel Association Awards 2019; Best Self Booking Tool – 2017 Business Travel Awards; Winner of the PayStream Advisors Innovative Travel & Expense Management Technology of the Year Award 2016; Investor in People – Annual Silver Award since 2017

Solution Overview

Neo, a unified travel booking and expense tool, is offered on a single SaaS platform and can connect to any type of travel content or back-office system globally. This includes all major HR and ERP platforms, enabling efficient and seamless integration of company reference data and expense posting to business GL/AP or payroll. The platform is PCI-certified and supports additional industry certification standards.

The solution supports all currencies and eleven languages. The Neo mobile app lets travelers manage an end-to-end travel booking and expense management process that is on par with its desktop experience. Whether on desktop or mobile, users can self-book air, hotel, car rental, or taxi options for an entire trip. In addition to capturing receipts in the app, users can also complete expense reports and submit for reimbursement directly in the app or from their desktop.

Travel and Expense Management

The Neo online booking tool allows travelers to build their trip starting with a single segment (e.g., a flight), then add in services to their travel itinerary as required. This gives travelers the flexibility to build the trip they need with preferred suppliers, negotiated rates, and within company policy. Neo is also recognized for its groundbreaking "door to door" booking approach that creates a policy-compliant, fully estimated, bookable itinerary that includes every segment of a trip in one search and one click. Based on precise departure and arrival addresses, the smart booking tool builds a trip that includes everything the traveler needs—taxis, airplane or railway tickets, and hotel accommodations.

Neo pre-trip authorization capabilities include an estimated total cost of trip prior to approval. This estimate includes the trip's booked costs as well as non-bookable costs such as meals and additional taxi rides. The unified T&E platform automatically links a planned trip to an expense report. The booked travel options appear in a calendar format for complete expense reconciliation and management. The platform automatically creates expense reports that are prepopulated with booked options and predicted expenses. Users then confirm and complete with additional expenses as the trip progresses.

The solution integrates with many payment types, including corporate and personal cards, accounts, and PayPal for business. Users can also scan cash receipts with their mobile device or desktop using OCR technology that uses machine learning to continually improve accuracy across countries, languages, and currencies.

The system automatically consolidates all captured expenses and reconciles them against expenses imported from payment solutions to avoid duplicates. It also highlights out-of-policy items and any anomalies detected by business rules that companies can customize according to their own policies.

The Neo expense report approval workflow can be configured to support many complex business policy standards and practices, as well as industry-specific workflow requirements. The solution also supports escalation capabilities for delayed approvals. Travel policies can be set at a variety of levels, configured according to preferred vendors, traveler class, hotel booking, meal expense limits, and acceptable night stay rates per city.

The Neo platform supports a configurable employee expense reimbursement interface, or customers can send expenses to major third-party payroll providers for employee reimbursement.

Implementation and Pricing

Implementation time depends on the scale and scope of the customer T&E program. A team of professional change management consultants assists with implementation, providing end users with an extensive set of best-in-class policies, training materials, and guides. Training packages include both face-to-face and digital training options and can be customized to the needs of the customer.

Neo customers get direct access to support, as well as the option for Executive Support, which provides a dedicated technical account manager to help maintain and improve the health of a customer's travel program.

About Levvel Research

Levvel Research, formerly PayStream Advisors, is a research and advisory firm that operates within the IT consulting company, Levvel. Levvel Research is focused on many areas of innovative technology, including business process automation, DevOps, emerging payment technologies, full-stack software development, mobile application development, cloud infrastructure, and content publishing automation. Levvel Research's team of experts provide targeted research content to address the changing technology and business process needs of competitive organizations across a range of verticals. In short, Levvel Research is dedicated to maximizing returns and minimizing risks associated with technology investment. Levvel Research's reports, white papers, webinars, and tools are available free of charge at www.levvel.io