

On the road again: managing the road warriors' expenses

Providing suitable tools to meet the mobile worker's expense management needs

August 2010

The tool of choice to the highly mobile workforce is the mobile phone. From customer contact and records keeping, through calendaring and scheduling to mapping and news feeds, the mobile phone is usurping the laptop as the main point of technology for the road warrior. Aside from the typical conveniences the mobile phone offers travelling employees, the ability to manage expenses closer to the point of spend, bypassing the credit card/receipt/spreadsheet/bank payment process through the use of a suitable mobile phone focused solution can optimise expense management for all concerned.

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An independent report by Quocirca Ltd.

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Commissioned by
Concur Technologies, Inc.



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Mobility within the average organisation has increased rapidly over the past few years. Whereas yesterday's "road warrior" would have carried a range of different devices with them in order to carry out their job, the focus is increasingly on the growing intelligence and ubiquity of the mobile phone. Providing a suitable experience for the road warrior is the key to success in ensuring a cost effective expense management system.

- **Today's tool of choice for the road warrior is the mobile phone**
Increasingly, the PC and the laptop are diminishing in importance and use for the road warrior. The increasing capabilities of the mobile phone should make this the focus for any new expense management system – although the PC and laptop cannot be discounted as access devices for less mobile users.
- **Managing receipts on the move is error-prone and leads to expenses being misclaimed and/or claimed late**
Manual or purely PC-based expense management systems require the mobile employee to store receipts and other records of business-related spend to be input into the system at a later time. Errors are bound to creep in through the loss or illegibility of receipts.
- **Paper-based expense receipts are open to fraud**
Blank receipts, changing figures and multi-claiming for a one-off expense can be too easy through manual systems. Integrating the claims solution into the point of expense wherever possible avoids such fraud.
- **Being able to run reports across a disparate mobile community has to be a higher priority**
Through aggregate reporting against all employees, best (and worst) practices can be identified and optimised to minimise expenses wherever possible.
- **"Point of expense" submission systems need to be a focus**
Systems that can capture expense events and bypass the need for employees to make payment themselves are becoming more capable. Minimising the involvement of the employee should be a focus, so streamlining the whole process.
- **"Mash ups" and other loosely integrated systems all point to better expense management**
Mobile phones are increasingly making use of functions and services provided through the cloud by a host of different providers. Many of these solutions offer means of e.g. booking and paying for taxis, meals or other expenses, and can be integrated directly into suitable expense management systems.
- **Automating expense payments to bypass the employee can provide massive overall efficiency improvements**
As the mobile phone continues to increase in capability and be more widely used as a business tool, using it as a means of payment where the expense is automatically reconciled against either a personal or corporate credit card account means that the employee is removed from the process to the maximum level – which is good for the employee and employer.
- **An externally hosted system removes availability issues and minimises management costs**
Attempting to create a system that is not only available 24x7, but also understands the way that different tax and expenses rules work on a global basis, is expensive and difficult to maintain. It is far more effective to outsource the provision and management of the platform along with expense management domain expertise to an external service provider.

Conclusions

As mobility increases within an organisation, the needs and habits of employees continue to change. Employee reliance on the use of the PC or laptop for the hyper-mobile is rapidly diminishing, with the increased capabilities of the mobile phone coming to the fore. Looking for expense management systems that not only work on the mobile phone, but optimise its capabilities, will lead to far more effective expense management across the whole business.

1. Introduction

Employee mobility in all organisations is becoming more of the norm – whether this is the occasional traveller or the permanently mobile sales or field worker, also known as the “road warrior”. Tracking and managing expenses from a disparate mobile community can be a major cost to a business. Unfortunately, dealing with expenses will always be a cost to the business and the aim has to be on minimising the cost of ensuring that the processes involved reach the desired end result of effectiveness, legal audit capabilities and speed.

The main means of dealing with expenses in an organisation can be distilled down into three approaches:

- **Spreadsheet templates** – the ubiquity of the spreadsheet as a productivity tool and the familiarity of many users with its use means that many organisations choose to run their expenses based on a spreadsheet template model. Each employee has a copy of the spreadsheet template (or can access one on the company's intranet) and transcribes expenses from paper-based receipts, ticket stubs and/or credit card statements in an agreed format. The spreadsheet is emailed to a superior for signing off and then on to finance or HR for validation and payment. The receipts, stubs and statements are generally sent separately as a pack, and finance or HR then reconcile the spreadsheet and the paper, checking for transcription and other errors. This approach leaves expenses as a set of silos of information from each person, unless further means are used to import the data into a centralised system. Errors are commonplace – both through accidental errors of transcription and claiming, but also through low level or systematic fraud, such as adding a few miles per trip here and there, changing figures on existing receipts, or submitting false, fabricated receipts for expenses never made.
- **In-house bespoke system** – many organisations have recognised that a spreadsheet approach does not meet their requirements, and have then tried to take the common usability approach of a spreadsheet layered over other code created in-house to provide better capabilities for workflows and reporting. Although these systems can provide greater visibility of expenses across a complete organisation, the front end systems are still open to error and fraud and, as government rules change on how expenses need to be dealt with, the front end templates and back end code may need to be regularly changed and updated to reflect this. Building up a full understanding of how global expenses and tax laws impact the mobile employee when it comes to expense claims is no facile task, and can lead to problems that are only uncovered when an external audit is carried out either by the company auditors or by a government agency.
- **Standardised, off-the-shelf software** – a growing approach, yet one where the choice between an on-site or outsourced solution is still causing issues for the organisation. Commercial off-the-shelf software (COTS) can be highly focused on the problems of expense management, yet an on-site implementation may not be capable of being updated rapidly enough to reflect legal changes, or to reflect how employees are now travelling across new borders into new geographies. An outsourced, on-demand solution may not be flexible enough to reflect the organisation's own internal compliance needs. The front end of such software may be completely different to the software the employee is already used to, and may only work through certain devices.

As can be seen, each approach has its own strengths and weaknesses. The aim of this report is to enable the reader to see which approach best fits their needs in dealing with an increasingly mobile workforce.

2. The end of binary mobility

At one stage, an organisation could be split into two essential groups – those who were office-based and those who were mobile, such as the sales and field forces. Executives may have travelled to some extent, but the amount of travel tended to be low and could be relatively easily dealt with as exceptions, rather than needing a full set of rules around what each individual needed to do. Those who were highly mobile tended to develop their own means of dealing with the day-to-day issues, collecting receipts into wallets and boxes and filling in expense claims once per month as needed by the business – or when a large enough amount of expenses had been built up to make it a necessity to claim and pay off personal credit card bills and so on. Indeed, up through the 1980s, many sales professionals had a monthly expense account – an amount that was paid to them irrespective of how much was actually spent, negating the need for detailed expense claims to be submitted. With the advent of more legal controls around expenses and how personal tax has to be calculated against remuneration, such luxuries have disappeared – and full, highly granular expense claims arising from work conducted outside the office have to be maintained by any employee.

Even the deskbound worker will have the occasional need for claiming expenses – and the approach used has to be as easy as possible to enable such occasional users to rapidly and effectively log their expenses in a secure and rapidly completed way. The end goal has to be to deal with expenses in such a manner where the role of the employee in the overall process is minimised, enabling them to concentrate on adding value to the business through focusing on the more value-add processes they are employed to undertake.

3. A day in the life of a road warrior

If we go back a few years, the way that a road warrior dealt with their day would be along the lines of getting up and logging on to a tethered computer to plan out their day. Once on the road, they would then use their mobile phone to call in to the office and gain any updates on what was happening, adapting to meetings being cancelled and to other changes as the day went on. At the end of the day, they would then log back on to the tethered computer and update all their records – and, if the employer was lucky, log their expenses.

Nowadays, the approach has changed. Many road warriors do not spend much time at a PC or laptop at all, but see the mobile phone as being the central tool for their work. With direct access to corporate applications and services such as email, calendaring and scheduling as well as sales force automation tools, the road warrior has continuous access to everything they need to be able to carry out their job on the go. Updates to customer records can be made and seen in real time; scheduling issues can be dealt with immediately; traffic issues can be resolved through the use of satellite navigation and information feeds. As the capabilities of the mobile phone continue to increase, more and more mobile employees are beginning to use laptops less for their ad hoc mobile needs.

Even so, the majority of organisations still insist on the road warrior using a PC or laptop to file their expenses – leading to errors, a lack of immediacy in entering details and a degree of unhappiness within the employee forced to use an access device for which they now have little time. Moving expense management over to the mobile phone not only makes sense from a usability point of view, but also introduces a set of features that would not easily be feasible with a laptop – from the capability to attach a photograph of a receipt directly to an electronic expense record to using the mobile phone as a means of paying for certain services such as taxi fares.

4. The new mobility

The last 20 years have seen a massive change in corporate mobility. The move from defined expense accounts to a mix of corporate and governmental policies, combined with an increase in the number of individuals having different degrees of mobility, means that the requirements for an expense management system have changed. It has to be easy to use, has to be able to mitigate against accidental and fraudulent use, and needs to be able to provide the business with the means of tracking expenses at an individual, group and corporate level.

The new mobility has to be aimed at empowering the road warrior to do what is needed to carry out their job more effectively. This means removing ancillary tasks through the use of automation, as well as making dealing with the distraction of entering expense details easy enough that it is accepted as part of the job, rather than seen as something that is an imposition or as something that has a detrimental impact on their capability to fulfil the task in hand.

Although many large organisations use corporate credit cards to enable the highly mobile to centralise their expenses, these cards tend to be used for personal expenditure as well, leading to issues with fully paying off outstanding amounts, which can end in the organisation having to pay considerable interest payments on expenses not incurred by the business itself. Also, not everyone will be provided with a corporate credit card, and the less mobile will have to expense to their own personal credit card and claim back from the business. Here, anything that slows down payment to the individual can result in them having to carry interest charges on a legitimate business expense, which can lead to a high degree of unhappiness with the way that expenses are managed.

Further, the sources of expense payment have multiplied. The individual may book their travel and accommodation through a dedicated corporate system, where the financial aspects are managed centrally without the need for the employee to provide any payment details. Or, it may be through a consumer travel site such as Expedia or Travelocity, using either a corporate or personal credit card. Incidental costs at the hotel may be charged to a credit card. Tips to the concierge and bellhop will generally just be cash, without any receipt. Taxi fares may be through cash with a hand-written receipt. Restaurant bills may be a printed credit card receipt. Other items may be part of a larger bill receipt containing personal items, or contained within the individual's personal credit card statement. Ensuring that

sufficient proof of expenditure is provided in each case, and consolidating everything so that an overall view of an individual's trip can be seen by the individual, their superiors and the business itself as it looks for best value, economies and best practices in how expenses are accrued, is a significant challenge.

By the time an employee comes to filling in their expense claim, many receipts may have been misplaced, may have become illegible through the receipt being creased or the printing technology used being unable to deal with the heat and humidity of how the receipt has been stored. Taxi receipts may have been provided as blanks to the employee, who, even if wanting to be honest, may have little recollection of what the actual fare was at the time. For others, the use of blank taxi receipts and faint or illegible receipts provides a means of "playing the system" – carrying out fraud by overcharging for expenses wherever possible.

Keeping up to date with the complexities of the interplay between an employee's geographic place of work, the corporate policies around different expense categories and the geographic laws on expense claims is no easy matter. For example, a European trip for a U.S. employee will involve a mix of transport costs (plane, train, taxi, car hire), accommodation costs (mainly hotel, but maybe serviced apartments, or bed and breakfast), subsistence expenses (meals, snacks, drinks) as well as ancillary items such as laundry, possibly a theatre visit or other entertainment while on business, tips and so on. The company's policies may include per diem rates that dictate a standard amount that is paid to the employee per day travelling, or there may be maximum amounts that the employee can spend on e.g. a hotel room. There may be local laws that dictate local taxes applicable to the room rate, which may (or may not) be reclaimable by the company. Having a system that can manage and track how these rules layer on each other can all be automated, minimising the amount of time wasted in cross-checking and reconciling expense claims. For example, a \$100 per night room, excluding tax, is allowable, making a room in London at \$117 within policy (sales tax in the UK currently runs at 17.5%). However, the same \$117 room cost would be unallowable in California (where state sales tax is only 8.25%, and local taxes do not exceed 2.5% for a total of 10.75% maximum tax).

5. Supporting mobility with on-demand services

The aim for an on-demand expense claim management system must be to make it easy for the employee to deal with their expenses – no matter where they are. If it is possible to capture the expense directly, then the employee is removed from the process as much as possible, to the point where they are unaware that the expense has been managed. If this is not possible, it becomes necessary to ensure that the means of capturing the expense is rapid and easy – so encouraging the employee to do this, rather than to store up expenses to the last possible moment, and introduce problems further down the line.

The main problem with a mobile workforce is in providing suitable access and support for them wherever they are – at a hotel, in an airport lounge, on a train, in a car, in a café or wherever. Therefore, any system that dictates a need for a specific device and that the employee should be on the corporate network is a non-starter for effective mobile expense management.

Through an on-demand service, major points of expense, such as travel and accommodation booking, can be automatically captured and controlled, so that the employee does not have to be involved with the financial aspects at all. Corporate rules on maximum room rates and standard of flight class can be enforced, while workflows can still be utilised to deal with any exceptions, such as the need for a room rate to be exceeded due to room availability, or for a person to be able to fly a level above their normal one in order to fly with someone else.

More ad hoc expenses can be captured through the use of an associated credit card. If this credit card is a corporate one, then the credit card statements can be captured in their entirety and made available to the finance department or HR within the organisation. Their role then becomes one of ensuring that what has been put on the card is a valid business expense, and in dealing with anything that they are not sure about as an exception. When using personal cards, the details of business expenses can be captured and made available to the organisation, while keeping personal expenditures and outstanding debt confidential.

The use of a mobile phone for ad hoc expenses enables the employee to take photographs of receipts at the point of transaction and attach this to their expense claim automatically. Therefore, it is easy for the employee to deal with the expense there and then while everything is at hand – rather than putting off the task to some later time.

6. The mobile phone as the preferred device

As the capabilities of mobile phones have increased, more mobile individuals are looking at how these devices can be used to provide access to a greater number of the tools they need during their working day. The increased functionality of items such as the RIM BlackBerry, Apple's iPhone and the emerging Android phones means that these devices are well designed for employees to use them for inputting details of expenses at the point of expenditure. However, any system chosen must demonstrate the flexibility to support desktops, laptops, mobile phones – and have the ability to be rapidly modified to support any new form factors that come along.

Increasingly, many areas where expenses are incurred are providing the possibility for further automation. For example, more taxi cabs are enabled for payment by credit card, so the use of cash receipts is being reduced. Fewer shops insist on cash payments, using credit or debit cards so, again, these expenses can be directly captured and dealt with. The use of cheques for payment has almost died out, with many banks around the globe now looking to phase out the use of cheques completely. Along with the move towards credit card payments, many companies are also moving towards higher degrees of automation for their own systems and looking to embrace the tool of choice of the road warrior – the mobile phone. For example, some taxi companies are tying in with global positioning system (GPS) based solutions to provide enhanced services to customers. Here, the individual can use their phone to identify which taxis are closest to them and can book a taxi right there and then. They can then track the progress of the taxi towards them and, after being picked up, transported and dropped off, can make payment for the fare plus tip directly via their phone. A more common example is in paying car park charges using the mobile phone, removing the need to use credit cards or cash. These systems can then be integrated with an on-demand expense management system so that the actual payment is made directly by the employee's organisation, so negating the need for the employee having to do anything other than book the taxi.

Increasingly, Quocirca expects to see developers innovate on the mobile phone platform, using "mash ups" (the building of a composite application using functionality from a range of different sources) to provide easier means of dealing with common mobility issues. Complete end-to-end travel and accommodation systems for mobile phones are already available in many forms, along with the continued evolution of taxi booking systems, meal booking and payment systems and more ad hoc expense solutions. As each one emerges, it is important that they can be integrated easily into the chosen overall expense management system.

7. Business and IT benefits to an on-demand expense management system

An on-demand service provides a series of benefits to the organisation, many of which are of greater value to a highly mobile user, whereas others will help any expense claimant.

To start with, as the system is hosted by an external agency, it is their responsibility to maintain availability. A good on-demand service provider will have taken steps to ensure that not only is the platform resilient, but also that the facility is resilient, connectivity is multiply redundant, full business continuity plans are in place, and support is provided on a 24x7 basis. For the highly mobile user, this means that availability and support should be there for them no matter what time zone they are in – without their employer having to pay for dedicated skills and resources in the organisation itself.

For the business, an on-demand service aggregates all expense details into one place, and it should provide the reporting tools necessary to report at a highly granular level - per trip, per employee, per business group, per type of expense or pan-organisational expenses - allowing deep analysis to be carried out of how expenses are being incurred. This enables best practices to be uncovered, as well as identifying areas where savings could be made, for example through consolidating multiple suppliers of a similar service to maximise contractual savings, or that ad hoc expenses are being made through companies that provide existing special deals to the organisation.

For IT, an on-demand service negates the need to build an in-house platform to manage such a service. From hardware through the operating system to the application itself, along with the skills required to manage the support, patching and upgrading of such a system, all of this is covered through the outsourced service.

Even within the business, the lack of need for extreme domain expertise across the complex world of global expenses can be a saving in itself. Indeed, whereas it may not be seen that such savings are large in the first place, should an external audit uncover expense issues, the cost could be far higher in lost productivity, in employee morale, in legal repayments and fines, as well as in any hit to the organisation's brand should such findings be made public.

An on-demand service with full domain expertise also helps mitigate fraudulent claims, as the actual act of completing a claims form is minimised with as many expenses as possible being completely automated. Only claims where direct capture is impossible will need to be entered by the employee – and this makes it far easier for the financial function or HR to check these exceptions for veracity.

8. Ensuring an on-demand service fits the business needs

The risk with an on-demand service is that it will not have the flexibility to meet the immediate and future needs of the organisation. The following areas are ones where Quocirca recommends focus is applied to ensure that the required flexibility is there:

- Personalisation – gaining buy-in from the users is a core area for any system. If the system to be used does not allow for personalisation (e.g. keeps the service vendor's brand and logo everywhere, without the capability for the organisation's brand and logo to be present), user buy-in may be compromised.
- Access device flexibility – it is incredibly important to ensure that the road warriors' needs are met in as flexible a way as possible. The days have gone where an organisation could dictate the types of devices an individual can use. Therefore, devices that an individual is likely to buy as a personal item should, wherever possible, be acceptable as business devices – provided they meet the organisation's needs for security. An on-demand provider should be able to demonstrate that their platform has the flexibility to rapidly and effectively embrace new devices as they come to market.
- Major partnerships – travel and accommodation websites tend to use data supplied by only a few significant providers. An on-demand provider should be able to show how they have partnership agreements with these players to capture details of bookings and expenses, and how they can use this within their own systems. Likewise, although there are multitudinous credit card companies available to individuals, the root card issuers are few in number, and the service provider should be able to show that they have partnerships in place for data exchange and payment reconciliation.
- Innovation – the service provider should be able to demonstrate a history of innovation and progress, and should have items on its existing road map that show that it is looking to the future. Areas such as being able to use the camera on the mobile phone, being able to easily tie in with new mobile phone services and being able to be part of "mash ups", where existing services and the on-demand service work closely together to provide additional business value, should be demonstrable.
- Full 24x7, global support with domain expertise – an organisation's most mobile employees will be exploring new geographies, and will expect their existing expense claims system to follow them without problems. Being able to find out how to deal with an accommodation issue in Marrakesh is just as important as trying to find out why the suite in London suddenly seems to have been swapped for a broom closet.
- Reporting – the capability to "slice and dice" expense data to be able to look at it from as many different angles as possible is increasingly important. This is not to focus on how hard to come down on individuals, but to better identify where considered savings could be made. It also allows for trend analysis and "what if" scenarios to be carried out, for example seeing if it would make any difference for a road warrior not to fly to a destination, but to take the train or to use video conferencing.

9. Conclusions

An increasingly mobile workforce is ready to push organisations to look to new ways of dealing with travel and entertainment (T&E) expenses. Automating the expense process can help remove any steps that can introduce errors and a lack of speed in dealing with claims. A managed on-demand system provides such means, and offers additional device reach and enterprise reporting capabilities while ensuring that cross-border issues are dealt with. Such an approach offers direct cost savings through removing the need for human intervention, ensures that credit card bills are paid in a timely manner and that an organisation can ensure that best practices can be utilised across groups of similar users.

The mobile phone has become the tool of choice for the road warrior. Functionality such as in-built cameras for photographing receipts, the capability to use cloud-based functions combined with location, and for on-demand expense-based systems to integrate with the phone gives a solid capability for the employee's role in submitting expense claims to be minimised through the use of automation. Increasingly, as the mobile phone begins to become an "electronic wallet" and becomes the actual means of payment, the capability to integrate the phone as a complete device into the expense management system will be incredibly important.

About Concur Technologies, Inc.

Concur is the world's leading provider of on-demand Employee Spend Management services. Concur helps small, mid-size and large organisations control costs by uniting online travel booking with automated expense reporting, and streamlining invoice processing. Concur's suite of award-winning on-demand services allow companies to get up and running quickly so they can focus on what's most important. By automating and optimizing business processes, Concur delivers actionable business intelligence and rapid ROI, helping companies increase efficiency, control employee spend and drive down operational costs. Concur's business travel and invoice solutions are trusted by thousands of companies and reach millions of employees worldwide. Learn more at www.concur.co.uk.

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REPORT NOTE:

This report has been written independently by Quocirca Ltd to provide an overview of the issues facing organisations seeking to maximise the effectiveness of today's dynamic workforce.

The report draws on Quocirca's extensive knowledge of the technology and business arenas, and provides advice on the approach that organisations should take to create a more effective and efficient environment for future growth.

Quocirca would like to thank Concur Technologies, Inc. for its sponsorship of this report and the Concur Technologies, Inc. customers who have provided their time and help in the preparation of the case studies

About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with firsthand experience of ITC delivery who continuously research and track the industry and its real usage in the markets.

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to advise on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca's mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

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