2019 Guide to Modern Corporate Travel & Expense Management
How to Choose the Best TEM Solution for Your Company

2019 | Featuring Insights On...

» T&E Trends Within Market Segments
» Features of Leading Automated TEM Tools
» Recommended TEM Solutions for Different Organizations
» A Leading TEM Software Provider

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certify
travel & expense made easy
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Introduction

As the global business environment becomes larger and more competitive, business travel is a more common and essential function of innovative organizations across all sizes and industries. However, with increased business travel, travel and expense (T&E) reporting processes are growing more complicated for traveling employees, their managers, and accounting teams. Lack of proper T&E control turns what should be a strategic function into a time-consuming and costly process that burdens Accounts Payable (AP) teams and hinders a traveling workforce’s productivity.

A welcome response to increasing business travel was the emergence of travel and expense management (TEM) solutions in the 1990s. Today, these types of tools automate the expense reporting process, including report creation, submission, routing, and reimbursement; many also provide travel booking functionality. However, these solutions have historically been tailored to large enterprise organizations with high travel spend and a need for fully-featured software capable of managing their widespread operations. Smaller organizations, or those in more niche industries and markets, typically went without a best-in-class solution due to their different needs and budget constraints. Instead, these companies continued with manual processes or leveraged an ERP-based or homegrown tool in an effort to improve processes.

Fortunately, another effect of globalization is the diversification of business models entering the international arena. Therefore, a one-size-fits-all approach to TEM automation is no longer applicable, and the TEM solution space now reflects this reality. A variety of solution options are available for organizations of all types and sizes, offered by providers that understand the flexibility needed by companies operating within different industries, segments, and niche markets.

This report seeks to connect organizations with unique needs to the most appropriate TEM software for their circumstances. It analyzes TEM trends across different market segments and industries, and serves as a guide to TEM solutions designed specifically for these different segments. Levvel Research encourages readers to use this guide to identify their TEM needs and ultimately choose the best fit TEM solution for their organizations.
TEM Trends Across Market Segments

In its 2018 TEM Survey, Levvel Research surveyed over 300 business travelers to analyze market trends in corporate travel and expense management. The survey was conducted across a variety of company sizes, industries, and structures. For the purposes of this report, Levvel Research defines organizations with revenue between $30 million and $100 million as small and medium enterprises (SMEs), those with revenue between $101 million to $2 billion as middle market (mid-market) organizations, and those with revenue greater than $2 billion as enterprises.

Small and Medium Enterprises

Research shows that most SME respondents (60 percent) have a manual travel booking process, wherein individual employees book their own itineraries and subsequently request approval, see Figure 1. Almost one-third of SMEs outsource their corporate travel and booking to an external travel management company (TMC), and only a small percentage have adopted a cloud-based booking tool.

**FIGURE 1**

**SME Travel Booking Methods**

- **60%** We are fairly manual, employees (or administrative assistants) find travel itineraries online on their own using web search and either book immediately or forward their request to a manager via email.
- **29%** We use a cloud-based booking tool (Orbitz for Business, Egencia, Amadeus, Get There, etc.)
- **11%** We use a travel management company (TMC) that handles corporate travel and booking for us (Carlson Wagonlit, BCD, HRG, etc.)

Most SMEs Use Manual Travel Booking Processes

“In general, how do employees book corporate travel?”
A manual booking process typically requires that employees research transportation and lodging on consumer travel websites, then either book immediately and apply for reimbursement later or forward their itinerary request to a manager. This method of travel booking is more prone to maverick spend and higher costs, as the responsibility for adhering to company travel policy lies on travelers, and approvers must be vigilant in monitoring purchases to curb maverick spend.

Expense report submission methods vary within smaller businesses. More than one-half of SMEs use completely manual methods, see Figure 2. The largest percentage of companies (30 percent) use a combination of spreadsheets and scanned receipts, while another 24 percent mail paper receipts to their AP departments. These manual methods are costly in both time and money, as they place most of the burden on the employee for low-value tasks like data entry.

![SME Expense Report Submission Methods](chart)

**SME Expense Reporting Methods Vary**

“Please select the method with which your employees submit expense reports.”

Furthermore, these methods tend to lead to errors in reporting and a greater risk of non-compliant or fraudulent employee spend.
When it comes to automated methods, 18 percent of SMEs are using a tool that is integrated into their existing ERP, while 28 percent are using a dedicated cloud-based expense management software tool. The cloud-based adoption rate among SMEs is relatively high—in many other areas of back-office automation, such as procurement automation, SMEs are often unable to afford cloud-based tools. Levvel Research attributes the higher adoption in TEM software in part to the availability of "freemium" expense reporting licensing models on the market. These pricing structures create a lower barrier to entry for companies with few expense reports and low travel spend.

An important aspect of expense reporting efficiency is the approval workflow. When approval workflows involve more touches, they demand structure and clear lines of communication. Due in large part to their size, SMEs' travel expenses are most likely to be approved by an employee's direct manager, followed by a combination of both, see Figure 3.

![SME Expense Report Approval Structure](image_url)

The Most Common Approval Structure for SMEs Involves Employees' Direct Manager

"Who is typically responsible for approving an employee's expense reports?"
Even though many SMEs did not report complex approval chains, the greatest TEM pain point for SMEs is manual entry and routing of expense reports, see Figure 4. Considering that many SMEs manage this process without the proper software tools, this data speaks to the difficulty in manually managing approvals—no matter how simple the process. Manual expense reporting tasks are also low-value in nature, and the time-consuming nature of this work is a burden on company productivity and morale. This is especially true for small companies with stretched resources, small teams, and plans to scale in their markets.

**FIGURE 4**

<table>
<thead>
<tr>
<th>SME TEM Pain Points</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manual entry and routing of expense reports</td>
<td>75%</td>
</tr>
<tr>
<td>Lack of visibility into spend / travel data</td>
<td>30%</td>
</tr>
<tr>
<td>Inability to enforce corporate travel policies</td>
<td>28%</td>
</tr>
<tr>
<td>Lost expense reports</td>
<td>28%</td>
</tr>
<tr>
<td>Lengthy approval and reimbursement cycles</td>
<td>19%</td>
</tr>
<tr>
<td>Poor employee productivity</td>
<td>14%</td>
</tr>
<tr>
<td>High overall T&amp;E processing costs</td>
<td>7%</td>
</tr>
<tr>
<td>High maverick spend</td>
<td>5%</td>
</tr>
<tr>
<td>High volume of expense reporting fraud</td>
<td>0%</td>
</tr>
</tbody>
</table>

Levvel Research, 2018

Manual Entry and Routing of Expense Reports Is the Greatest Pain Point for SMEs

“What are the top pain points in your TEM process?”
When it comes to TEM solution adoption barriers, SMEs are more likely to opt out of software because they do not believe that an automated tool would result in a great enough ROI, see Figure 5. This belief persists across both booking tools and expense reporting tools, likely because many SMEs believe their company is too small and travel and expenses are too low in volume to warrant adopting a solution.

**FIGURE 5**

**SME Barriers to Implementing Booking or Expense Reporting Solutions**

<table>
<thead>
<tr>
<th>Barriers–Booking</th>
<th>Barriers–Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>We do not feel there would be an ROI / not enough of our workforce travels frequently</td>
<td>We do not feel there would be an ROI</td>
</tr>
<tr>
<td>We lack an understanding of available solutions and what we should choose</td>
<td>Our workforce does not travel enough / we don’t have enough expense reports to process</td>
</tr>
<tr>
<td>We can’t get executives on board</td>
<td>No executive sponsorship</td>
</tr>
<tr>
<td>We don’t have the budget</td>
<td>Lack of budget</td>
</tr>
</tbody>
</table>

Levvel Research, 2018

**SMEs Believe TEM Solutions Will Not Deliver ROI**

“What is the primary reason your organization does not use an online booking tool?”

Or

“What is the primary reason your organization has not automated its expense management process?”
Despite their hesitation to automate, SMEs do hope to improve their TEM process. When asked about what strategies they use to drive improvement, respondents value strategies to enhance communication between management and staff and updating technology to facilitate more automation, see Figure 6.

**SME Strategies for TEM Improvement**

- Better communication between management and staff: 41%
- Updated technology / more automation: 41%
- Less manual activity / hinderance on travelling employees: 41%
- Better trained employees: 29%
- More visibility into travel data: 24%
- Better use of analytics / big data: 20%
- More employees dedicated to expense management processes: 14%

Levvel Research, 2018

**SME Strategies to Improve TEM Processes Focus on Better Communication and More Automation**

“What strategy would best help you achieve your top goals in managing expenses?”
While over one-half of SMEs do not plan to implement a cloud-based TEM solution in the foreseeable future, 12 percent of SMEs are currently in the process of implementing one, and almost one-third are planning to adopt a solution at some point within the next 5 years, see Figure 7. Levvel Research believes this data shows that SMEs are aware of the value of automating, and plan to incorporate the technology in the back office when their processes have grown enough to justify an investment.

**FIGURE 7**

SME TEM Solution Implementation Timeline

- 53% Not in the foreseeable future
- 4% We are in the process of implementing one now
- 19% Over 5 years from now
- 12% Next 1-2 years
- 12% 3-5 years

Most SMEs Are Not Planning to Implement a Cloud-Based TEM Solution in the Near Future

“When do you estimate your organization will implement a cloud-based TEM solution?”
A great benefit of automating the TEM process is reducing maverick travel spend, which can be difficult to control or even identify under disparate systems and manual processes. When asked about maverick travel spend reduction they have seen from automation, many SMEs that had adopted a TEM solution were either unaware of the effects or only seeing a small change, see Figure 8. This is likely because smaller companies are more likely to be new adopters of this software, and its effects on maverick spend can often take a while to become evident. SMEs are also much more likely to be using simpler, more affordable tools that are built to address challenges around manual expense reporting, rather than large-scale solutions built for enterprise companies with much higher travel spend and a greater need for tools tailored to curb maverick spend.

**FIGURE 8**

**SME Reduction of Maverick Spend**

- 23% I don't know
- 32% No, we have seen no change
- 32% We have seen a small change
- 13% Yes, we have noticed a great difference

Most SMEs Have Seen Some Reduction in Maverick Spend After Implementing a TEM Solution

"Has your organization seen any marked reduction in maverick travel spend since implementing the solution?"
Mid-Market

Most mid-market businesses outsource their corporate travel and booking to a travel management company (TMC), see Figure 9. Levvel Research attributes this trend to organizations within this revenue segment seeing the benefit of shifting tedious travel booking tasks away from the employee, but not yet investing in a cloud-based booking tool or one embedded in a TEM solution. Only one-third of mid-market companies use manual travel booking processes, which reflects a significantly higher percentage of outsourced or automated activity in larger organizations than in SMEs. Mid-market organizations are also more likely to have adopted a cloud-based booking tool than SMEs; this is likely due to the fact that mid-market companies have a larger workforce to support and more available resources.

FIGURE 9

Many Mid-Market Organizations Outsource Travel Booking to TMCs

“In general, how do employees book corporate travel?”
When it comes to expense reporting, the largest portion of mid-market companies use a dedicated cloud-based expense management software tool (42 percent), a significantly higher percentage than SMEs, see Figure 10. Mid-market organizations are more likely to have adopted expense reporting software than booking tools. As not all TEM solutions are full-suite packages, many companies may choose to automate their expense reporting processes independently rather than in conjunction with their travel booking. Expense report creation, routing, approval, and reimbursement processes tend to be more laborious than travel booking, which is reflected in the higher implementation rates of expense management software.

**FIGURE 10**

**Mid-Market Expense Report Submission Methods**

- Employees use a dedicated cloud-based expense management software tool: 42%
- Employees use an expense management application that is part of our ERP: 25%
- Employees use a combination of spreadsheets and scanned receipts: 21%
- Paper receipts are mailed to the AP department: 12%

Levvel Research, 2018

**Much of the Mid-Market Uses a Cloud-Based Expense Reporting Solution**

"Please select the method with which your employees submit expense reports."
For mid-market organizations, most expense reports are approved by the employee's direct manager, see Figure 11. Similarly to SMEs, many mid-market companies also use a combination of various individuals for approval routing, including those from the accounting department and designated travel managers.

**FIGURE 11**

![Mid-Market Expense Report Approval Structure](image)

The Most Common Approval Structure for Mid-Market Organizations Involves Employees’ Direct Manager

“Who is typically responsible for approving an employee’s expense reports?”
Pain points for mid-market businesses show a bit more variation than SMEs. As with SMEs, the greatest pain point is still manual entry and routing of expense reports, see Figure 12. However, mid-market organizations place more emphasis on the lack of visibility into spend and travel data, which can lead to lost savings opportunities. Employee travel spend is difficult to gauge and control without proper tools in place for monitoring expenses and ensuring compliance with company policies—another top pain point for mid-market organizations. Consequently, larger companies with more traveling employees and greater T&E activity are more likely to place more significance on transparency of spend data.

**FIGURE 12**

Mid-Market TEM Pain Points

- Manual entry and routing of expense reports: 60%
- Lack of visibility into spend/travel data: 51%
- Inability to enforce corporate travel policies: 32%
- Lost expense reports: 27%
- Lengthy approval and reimbursement cycles: 25%
- High overall T&E processing costs: 16%
- Poor employee productivity: 14%
- High maverick spend: 11%
- High volume of expense reporting fraud: 1%

Levvel Research, 2018

Mid-Market Pain Points Include Manual Entry and Routing of Expense Reports

“What are the top pain points in your TEM process?”
Mid-market companies’ top reason for using manual expense reporting methods is because they believe that their current processes are working, see Figure 13. This is a common barrier for many organizations, and it is usually driven by a lack of awareness of the true challenges and costs under a manual process, coupled with hesitancy towards change and disruption. Mid-market companies are particularly susceptible to carrying on with manual processes because of their changing operations as they grow in their markets, and the difficulties of migrating from the systems on which they became dependent as smaller companies (e.g., SME-focused ERP solutions). Mid-market businesses also report an inability to sway executives, which is a challenge that increases with company size.

**FIGURE 13**

**Mid-Market Barriers to Implementing Booking or Expense Reporting Solutions**

<table>
<thead>
<tr>
<th>Barriers–Booking</th>
<th>Barriers–Expense</th>
</tr>
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<tbody>
<tr>
<td>We do not feel there would be an ROI / not enough of our workforce travels frequently</td>
<td>Current processes work</td>
</tr>
<tr>
<td>We lack an understanding of available solutions and what we should choose</td>
<td>No executive sponsorship</td>
</tr>
<tr>
<td>We can’t get executives on board</td>
<td>We do not think there will be an ROI</td>
</tr>
<tr>
<td>We don’t have the budget</td>
<td>Our workforce does not travel enough / we don’t have enough expense reports to process</td>
</tr>
<tr>
<td></td>
<td>Lack of understanding of available solutions</td>
</tr>
<tr>
<td></td>
<td>Lack of budget</td>
</tr>
<tr>
<td></td>
<td>Lack of technical resources to manage an automated solution</td>
</tr>
</tbody>
</table>

Levvel Research, 2018

**Mid-Market Companies Believe TEM Solutions Will Not Deliver ROI**

“What is the primary reason your organization does not use an online booking tool?”

Or

“What is the primary reason your organization has not automated its expense management process?”
Mid-market strategies to manage expenses focus on more visibility into travel data and better communication between management and staff, see Figure 14. The emphasis on travel data visibility shows that businesses are looking to better monitor spend and identify any fraudulent employee activity, as well as determine areas of improvement within their expense management—all to make more strategic and well-informed decisions.

FIGURE 14

Mid-Market Strategies for TEM Improvement

- More visibility into travel data: 46%
- Better communication between management and staff: 46%
- Updated technology / more automation: 39%
- Better trained employees: 35%
- Less manual activity / hinderance on travelling employees: 30%
- Better use of analytics / big data: 27%
- More employees dedicated to expense management processes: 10%

Levvel Research, 2018

Mid-Market Strategies to Improve TEM Processes Focus on More Visibility and Better Communication

“What strategy would best help you achieve your top goals in managing expenses?”
Most mid-market businesses are not planning to implement a cloud-based TEM solution in the near future (47 percent), which indicates that mid-sized companies are only slightly more innovative than SMEs when it comes to adoption plans, see Figure 15. SMEs might be more likely to be currently implementing a solution because they have found a solution that is a good fit for their smaller size and relatively simple technical environment. Larger organizations, on the other hand, must consider overhauling existing systems or investing more resources when implementing a TEM solution, and are less likely to make definitive, immediate plans for automation adoption.

**FIGURE 15**

**Mid-Market TEM Solution Implementation Timeline**

- 3-5 years: 23%
- Next 1-2 years: 9%
- Over 5 years from now: 5%
- Not in the foreseeable future: 16%
- We are in the process of implementing one now: 47%

*Levvel Research, 2018*

**Most Mid-Market Businesses Are Not Planning to Implement a Cloud-Based TEM Solution in the Near Future**

“When do you estimate your organization will implement a cloud-based TEM solution?”
For mid-market businesses, most respondents that have implemented a TEM solution have witnessed a reduction in maverick spend, see Figure 16. Research data indicates that larger businesses see greater improvements in this area, which is largely due to the differences in solution functionality for solutions tailored for mid-market and enterprise companies, as well as the length of time mid-market companies have been using their tools.

**FIGURE 16**

*Mid-Market Reduction of Maverick Spend*

- **43%** Yes, we have noticed a great difference
- **21%** No, we have seen no change
- **19%** We don't know how to measure that
- **11%** We have seen a small change
- **6%** I don't know

Levvel Research, 2018

Most Mid-Market Organizations Have Seen a Reduction in Maverick Spend After Implementing a TEM Solution

“Has your organization seen any marked reduction in maverick travel spend since implementing the solution?”
Enterprise

Just as enterprise organizations typically have the highest volume of travel spend, expense reports, and employees, they also have the highest adoption rate of TEM software. Most enterprises have adopted a cloud-based booking tool (60 percent), and only 7 percent are using manual booking methods, which is a great decrease from both the SME and mid-market segments, see Figure 17. These data points illustrate how larger organizations have the resources to invest in and are more likely to prioritize adopting an automation solution. With a larger traveling workforce, there is much more value in streamlining and consolidating booking processes, which increases control and enables more competitive pricing.

FIGURE 17

Enterprise Travel Booking Methods

- 60%: We use a cloud-based booking tool (Orbitz for Business, Egencia, Amadeus, Get There, etc.)
- 33%: We use a travel management company (TMC) that handles corporate travel and booking for us (Carlson Wagonlit, BCD, HRG, etc.)
- 7%: We are fairly manual, employees (or administrative assistants) find travel itineraries online on their own using web search and either book immediately or forward their request to a manager via email

Levvel Research, 2018

Most Enterprises Use a Cloud-Based Booking Tool

“In general, how do employees book corporate travel?”
The largest portion of enterprise businesses use a dedicated cloud-based expense management software tool (54 percent)—a significantly higher percentage than SMEs and mid-market companies, see Figure 18. One-third use an application that is integrated into an existing ERP, which reflects the fact that more established companies find it harder to move away from an ERP or homegrown solution that is already in place. Enterprises handle very few paper receipts, in contrast to businesses in smaller market segments.

**FIGURE 18**

Enterprise Expense Report Submission Methods

- 54% Employees use a dedicated cloud-based expense management software tool
- 33% Employees use an expense management application that is part of our ERP
- 10% Employees use a combination of spreadsheets and scanned receipts
- 3% Paper receipts are mailed to the AP department

Levvel Research, 2018

Enterprise Expense Reporting Methods Are Mostly Automated

"Please select the method with which your employees submit expense reports."
Enterprises’ greatest pain points are a lack of visibility into spend and travel data, manual entry and routing of expense reports, and decreased employee productivity, see Figure 19. They are also concerned with how much time employees waste on booking travel and creating and submitting expense reports, as well as the high cost of the entire process.

FIGURE 19

Enterprise TEM Pain Points

- Lack of visibility into spend/travel data: 45%
- Manual entry and routing of expense reports: 42%
- Poor employee productivity: 33%
- High overall T&E processing costs: 30%
- Inability to enforce corporate travel policies: 27%
- Lengthy approval and reimbursement cycles: 24%
- High maverick spend: 12%
- High volume of expense reporting fraud: 9%
- Lost expense reports: 6%

Levvel Research, 2018

Lack of Visibility into Spend Data Is Enterprises’ Greatest Pain Point

“What are the top pain points in your TEM process?”
Enterprises report that they do not automate their travel booking due to a lack of understanding of available solutions and inability to convince executives, see Figure 20. Automated cloud-based travel booking is a relatively new feature in the market, and many enterprises operating with long-established TMC partnerships may not see the value in the newer offerings. Enterprises face more challenges in persuading executives, which is caused by greater organizational complexity in larger organizations. The lack of ROI is not a significant barrier for enterprises compared to SMEs and mid-market companies, but when it comes to expense reporting automation, enterprises are more likely to believe that their current expense processes work—in this case, their ERP-based or homegrown tool.

**FIGURE 20**

**Enterprise Barriers to Implementing Booking or Expense Reporting Solutions**

<table>
<thead>
<tr>
<th>Barriers–Booking</th>
<th>Barriers–Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>We lack an understanding of available solutions and what we should choose</td>
<td>Current processes work</td>
</tr>
<tr>
<td>We can’t get executives on board</td>
<td>Lack of understanding of available solutions</td>
</tr>
<tr>
<td>We do not feel there would be an ROI / not enough of our workforce travels frequently</td>
<td>No executive sponsorship</td>
</tr>
<tr>
<td>We don’t have the budget</td>
<td>We do not think there will be an ROI</td>
</tr>
</tbody>
</table>

- **We lack an understanding of available solutions and what we should choose**: 39%
- **We can’t get executives on board**: 32%
- **We do not feel there would be an ROI / not enough of our workforce travels frequently**: 22%
- **We don’t have the budget**: 7%
- **Current processes work**: 47%
- **Lack of understanding of available solutions**: 22%
- **No executive sponsorship**: 13%
- **We do not think there will be an ROI**: 6%
- **Lack of budget**: 6%
- **Lack of technical resources to manage an automated solution**: 6%

Levvel Research, 2018

**Enterprises Lack Understanding of Current Available TEM Solutions or Believe Current Processes Work**

“What is the primary reason your organization does not use an online booking tool?”

Or

“What is the primary reason your organization has not automated its expense management process?”
Enterprise strategies to manage expenses focus on better use of analytics and big data, as well as better trained employees, see Figure 21. This emphasis on data visibility reflects a greater need to better manage TEM-related data across more employees. Better training is a higher priority in larger organizations where more people need to be introduced to a new system or process. This is especially true of TEM software—if employees do not know how to properly use their organization’s TEM tools or there is low internal adoption, then the tool loses much of its value. Only when employees are comfortable with TEM software can organizations maximize their efficiency.

**FIGURE 21**

Enterprise Strategies for TEM Improvement

- Better use of analytics / big data: 47%
- Better trained employees: 43%
- More visibility into travel data: 41%
- Better communication between management and staff: 40%
- Updated technology / more automation: 36%
- Less manual activity / hinderance on travelling employees: 26%
- More employees dedicated to expense management processes: 17%

Levvel Research, 2018

Enterprise Strategies to Improve TEM Processes Focus on Better Use of Big Data

“What strategy would best help you achieve your top goals in managing expenses?”
A large portion of enterprises are either currently implementing a TEM solution or plan to do so soon, see Figure 22. This speaks in part to the greater value large companies see in automating, as well as the greater amount of available options specifically geared towards enterprises’ strategic and financial goals. One-third of organizations are planning to implement in the next 3-5 years, which may be due to the fact that migrating from existing systems is a much more difficult and lengthy process for larger organizations. Even though automating their TEM process is a competitive and financial necessity for many large companies, they must often set lengthy timeframes when it comes to technology adoption.

**FIGURE 22**

**Enterprise TEM Solution Implementation Timeline**

<table>
<thead>
<tr>
<th>Timeline</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-5 years</td>
<td>33%</td>
</tr>
<tr>
<td>Next 1-2 years</td>
<td>33%</td>
</tr>
<tr>
<td>Not in the foreseeable future</td>
<td>10%</td>
</tr>
<tr>
<td>We are in the process of implementing one now</td>
<td>24%</td>
</tr>
</tbody>
</table>

Most Enterprises Are Currently Implementing a Cloud-Based TEM Solution or Plan to Soon

“When do you estimate your organization will implement a cloud-based TEM solution?”
For enterprises that have implemented TEM software, employees are more likely to have seen at least a slight improvement in reducing maverick spend than mid-market companies, see Figure 23. According to Levvel Research data, the larger the company, the more likely they will see reduction in maverick spend.

**FIGURE 23**

**Enterprise Reduction of Maverick Spend**

- 50% Yes, we have noticed a great difference
- 24% No, we have seen no change
- 21% We have seen a small change
- 5% I don't know

Levvel Research, 2018

**Most Enterprises Have Seen Reduction in Maverick Spend After Implementing a TEM Solution**

“Has your organization seen any marked reduction in maverick travel spend since implementing the solution?”
Industry Differentiators

Levvel Research has also analyzed trends by industry and market segment, identifying leaders and laggards of automation within each category. The breakdown is listed below in Table 1.¹

### TABLE 1
Leaders and Laggards of Automation by Revenue Size and Industry

<table>
<thead>
<tr>
<th>Size</th>
<th>Least Automated</th>
<th>Most Automated</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMEs</td>
<td>• Manufacturing</td>
<td>• Food Service/Hospitality</td>
</tr>
<tr>
<td></td>
<td>• Education</td>
<td>• Business/Professional Services</td>
</tr>
<tr>
<td></td>
<td>• Finance</td>
<td>• Consulting</td>
</tr>
<tr>
<td></td>
<td>• Non-Profit</td>
<td>• Oil &amp; Gas/Mining</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Transportation/Distribution</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Healthcare/Medical</td>
</tr>
<tr>
<td>Mid-Market</td>
<td>• Education</td>
<td>• Technology</td>
</tr>
<tr>
<td></td>
<td>• Oil &amp; Gas/Mining</td>
<td>• Finance</td>
</tr>
<tr>
<td></td>
<td>• Engineering/Architecture/Construction</td>
<td>• Business/Professional Services</td>
</tr>
<tr>
<td></td>
<td>• Construction</td>
<td>• Consulting</td>
</tr>
<tr>
<td></td>
<td>• Legal</td>
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<td></td>
<td>• Aerospace/Aviation</td>
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<td>• Wholesale</td>
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<td>• Accounting</td>
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<td></td>
<td></td>
<td>• Manufacturing</td>
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<td>• Finance</td>
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<tr>
<td></td>
<td>• Aerospace/Aviation</td>
<td>• Entertainment</td>
</tr>
<tr>
<td></td>
<td>• Biotech</td>
<td>• Manufacturing</td>
</tr>
<tr>
<td></td>
<td>• Education</td>
<td>• Pharmaceuticals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Telecommunications</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Business/Professional Services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Retail</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Healthcare/Medical</td>
</tr>
</tbody>
</table>

Some notable trends were:

» Business and professional services are more likely to have automated TEM processes across all revenue segments.

» Education tends to be a laggard in terms of automation. This is likely due to a lack of available budget and limited travel.

» Finance organizations are only leaders in the mid-market segment. They are the least automated in the enterprise segment, and fairly manual among smaller businesses.

¹ Table 1 features automation rates among industries that make up a statistically relevant sample of survey responses. Industries that were omitted were those that did not make up a considerable amount of survey responses.
Oil & gas/mining is the most automated industry in the enterprise segment, even though Levvel Research usually sees the industry as a laggard in other areas of back-office automation.

Most industries—with the exception of education, where travel is minimal—have similar rates of adoption for travel booking solutions at around 25-40 percent, see Figure 24. Education, manufacturing, and non-profit businesses are the most manual, whereas finance, business/professional services, and retail are more likely to use a cloud-based travel booking tool.

**FIGURE 24**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Manual Method</th>
<th>Cloud-Based Tool</th>
<th>TMC Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>31%</td>
<td>38%</td>
<td>31%</td>
</tr>
<tr>
<td>Business/Professional Services</td>
<td>23%</td>
<td>38%</td>
<td>39%</td>
</tr>
<tr>
<td>Non-profit</td>
<td>38%</td>
<td>6%</td>
<td>56%</td>
</tr>
<tr>
<td>Education</td>
<td>65%</td>
<td>25%</td>
<td>10%</td>
</tr>
<tr>
<td>Healthcare/Medical</td>
<td>31%</td>
<td>28%</td>
<td>41%</td>
</tr>
<tr>
<td>Finance/Banking/Insurance</td>
<td>26%</td>
<td>39%</td>
<td>35%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>4%</td>
<td>24%</td>
<td>35%</td>
</tr>
</tbody>
</table>

We are fairly manual, employees (or administrative assistants) find travel itineraries online on their own using web search and either book immediately or forward their request to a manager via email.

We use a cloud-based booking tool (Orbitz for Business, Egencia, Amadeus, Get There, etc.).

We use a travel management company (TMC) that handles corporate travel and booking for us (Carlson Wagonlit, BCD, HRG, etc.).

**Education Organizations Use Manual Travel Booking Methods More Than Other Industries**

“In general, how do employees book corporate travel?”

and

“What is your organization’s industry?”
There was not a large difference in numbers of companies using cloud-based expense reporting tools by industry, besides education, see Figure 25. Average adoption rates across industries hovered around 40-50 percent. Instead, a more significant indicator of whether or not a company would use an expense reporting solution is how many expense reports they process per month.

**FIGURE 25**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employees use a dedicated cloud-based expense management software tool</th>
<th>Employees use an expense management application that is part of our ERP</th>
<th>Employees use a combination of spreadsheets and scanned receipts</th>
<th>Paper receipts are mailed to the AP department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>46%</td>
<td>15%</td>
<td>23%</td>
<td>16%</td>
</tr>
<tr>
<td>Business / Professional Services</td>
<td>54%</td>
<td>23%</td>
<td>15%</td>
<td>8%</td>
</tr>
<tr>
<td>Non-profit</td>
<td>38%</td>
<td>6%</td>
<td>38%</td>
<td>18%</td>
</tr>
<tr>
<td>Education</td>
<td>20%</td>
<td>35%</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>Healthcare / Medical</td>
<td>41%</td>
<td>14%</td>
<td>31%</td>
<td>14%</td>
</tr>
<tr>
<td>Finance / Banking / Insurance</td>
<td>38%</td>
<td>42%</td>
<td>17%</td>
<td>3%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>44%</td>
<td>15%</td>
<td>24%</td>
<td>17%</td>
</tr>
</tbody>
</table>

There is an average amount of cloud-based expense reporting adoption across industries.

“Please select the method with which your employees submit expense reports.”

“What is your organization’s industry?”
Leading TEM Features and Functionality

TEM solutions improve visibility into expense data and reduce reliance on paper-based processes by consolidating expense reporting tasks and approval. TEM solutions also feature advanced business intelligence and analytics tools to help managers proactively control costs. This section provides a brief overview of the features found in today’s leading TEM solutions, from pre-trip authorization through post-trip analysis.

Pre-Trip Authorization

With leading solutions, users can submit their travel plans for approval and book trips in advance. This helps limit unauthorized reimbursement requests after a trip, and 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 system sends notifications to employees that are attempting to book outside spending limits, saving valuable time for both employees and approvers. Managers 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 Travel Booking

Essential to the pre-trip planning process, travel booking functions provide companies with an additional level of control, as well as the ability to find competitive booking prices. Travel booking technology provides employees with a tool to book airfare, hotel reservations, and transportation through approved or preferred vendors only, thereby cutting costs and increasing volume-based discounts and frequent traveler rebates. Some tools automatically create a tentative travel itinerary based on a user's parameters, while other tools can save recurring trips for one-click booking.

Mobility

TEM is increasingly dependent upon mobile functionality—especially via native mobile applications—and solution designers are making mobile features a top priority in development. One of the most valuable assets of mobility is the real-time capability—traveling employees can submit their expense reports from
anywhere at any time, and approvers can see the information clearly, accurately, and immediately. In many cases, this technology enables expense approval in just minutes.

A fundamental capability of mobile TEM is its receipt capture functionality. Most providers facilitate attaching pictures 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.

TEM apps have also begun to take full advantage of mobile devices’ GPS functionality. Beyond GPS-based mileage tracking, many are also including intelligent, location-based expense creation features (i.e., the solution will automatically create an expense line item after an employee makes a purchase at a coffee shop).

Global Features

In today’s increasingly globalized world, many organizations are expanding their customer bases overseas, thus diversifying travel expenses. Leading providers should be able to process expenses in most, if not all, major global currencies. Language support is another essential feature as networks become more global. For leading solutions, the support of foreign languages also includes an OCR program with the ability to not only convert captured print into machine-encoded text, but to also translate it, if necessary.

Duty of Care/Travel Risk Management

As business-related travel has become more common, companies have realized that they have an obligation to ensure their employees are always in a safe and secure work environment. This has led to a demand for risk management and duty of care features from TEM solutions.

Leading solutions often have alert systems to notify traveling employees of potential geopolitical, weather-related, or even health-related incidents that could put them in harm’s way. 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 potentially be affected by any potentially dangerous events. Duty of
care capabilities should include preventative measures that help organizations anticipate and react accordingly to potential safety issues, such as restricting travel to locales deemed too dangerous at a given time.

**Expense Reporting**

Accurate expense reporting is vital for controlling T&E spend. Modern TEM solutions automate the process by pre-populating 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-planned or unexpected, 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 (for languages, currencies, tax regulations, etc.), automatic expense categorization based on company policies and type of spend, and more. Integrating with corporate card programs is an important element of streamlined expense reporting. Some solutions also offer integration with tax and advisory services, which provide increased visibility into potential areas of tax compliance failure, 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.

**Approval, Reconciliation, and Expense Reimbursement**

This aspect of TEM automation saves time by streamlining managed approvals and employee reimbursements. 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 provide on-the-go managers with a way to manage expense approvals via any device with email connectivity.

Improved approval workflow processes result in shorter processing times for reimbursements, increasing employee satisfaction and productivity. 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.
Post-Trip Analysis

Companies that employ TEM solutions have real-time access to key metrics and reporting data to analyze spending at various levels, including employee, department, and supplier. This data can be analyzed to eliminate wasteful expenditure through control measures and regular audits. Companies can also identify frugal and problem users to ensure that approvers and auditors are focusing their attention on the right individuals or departments.

Using data and analytics, these solutions can also establish more realistic travel expense budgets, set more accurate caps on spend based on location and expense type, and better estimate costs for pre-trip approval processes. This benchmarking allows companies to constantly improve on their T&E activity and avoid lost savings opportunities.
Choosing the Best TEM Solution

Decisionmakers must consider many different factors when selecting the right TEM solution for their organization, and sorting through available providers can often be overwhelming. It is important to understand businesses' varying needs based on their company characteristics, which can play an important role when selecting the right solution. Using the features and functionalities discussed in the previous section, Levvel Research has created several different categories that companies can use to find the best TEM solution for their needs.

It is important to note that many TEM providers offer features and functionality appropriate for many of the solution categories listed below. Organizations should use these examples as a guide to narrow down their search rather than a definitive prescription. Organizations should also consider consulting external experts for more help in their selection process.
Solutions by Size

SME

Adopters’ TEM Values

When asked which TEM solution features were most valuable to them, SMEs are most interested in automating expense capture and receipt imaging, as well as expense report creation and submission—two basic functions for any TEM tool, see Figure 26.

**FIGURE 26**

<table>
<thead>
<tr>
<th>Solution Features Valued by SMEs</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense capture/receipt imaging</td>
<td>82%</td>
</tr>
<tr>
<td>Expense report creation and submission</td>
<td>82%</td>
</tr>
<tr>
<td>Expense report approval workflow</td>
<td>55%</td>
</tr>
<tr>
<td>Credit card integration</td>
<td>36%</td>
</tr>
<tr>
<td>Native mobile application</td>
<td>36%</td>
</tr>
<tr>
<td>Reconciliation and reimbursement</td>
<td>32%</td>
</tr>
<tr>
<td>Travel booking</td>
<td>27%</td>
</tr>
<tr>
<td>Global features (currency conversion, foreign partners, language support)</td>
<td>18%</td>
</tr>
<tr>
<td>Pre-trip approval workflow</td>
<td>9%</td>
</tr>
</tbody>
</table>

SMEs Find Expense Capture, Report Creation, and Submission Most Valuable

*Which of these features do you find most valuable?*
Levvel Research asked SMEs that had adopted a TEM solution to select the features and attributes that made their final selection stand out. According to the data, SMEs are most likely to prioritize ease of use and functionality when choosing a TEM solution, see Figure 27. The next most common category was pricing. SMEs are more concerned with solution pricing because of their smaller budgets. Because smaller companies are less likely to have structured T&E processes or strong technical infrastructure in place, they are most flexible with their solution options, and are most open-minded when it comes to integration requirements. An advanced user interface (UI) was not an important factor for SMEs, as they place much more emphasis on functionality than appearance.

**FIGURE 27**

### SME Solution Separators

<table>
<thead>
<tr>
<th>Feature</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of use/functionality (more features)</td>
<td>45%</td>
</tr>
<tr>
<td>Pricing</td>
<td>18%</td>
</tr>
<tr>
<td>Our solution is highly used in our industry/by our competitors</td>
<td>14%</td>
</tr>
<tr>
<td>It integrates easily with our ERP</td>
<td>14%</td>
</tr>
<tr>
<td>We didn’t consider more than one solution</td>
<td>9%</td>
</tr>
<tr>
<td>Superior UI</td>
<td>0%</td>
</tr>
</tbody>
</table>

**SMEs Value Ease of Use and Functionality in Solutions**

“What separated your eventual TEM solution from the other ones you considered?”

**What They Should Look For**

SMEs’ primary pain points revolve around the tactical challenges of manual expense reporting, and many are focused on simply improving that process. Most SMEs are using a combination of spreadsheets and scanned receipts to submit expense reports, so any automation technology that raises them out of antiquated manual methods is an asset. This may be why almost 10 percent of SMEs that use an expense management solution choose a homegrown solution—built internally for their own organization.
TEM solutions that take care of the basic expense reporting process at a cost point suitable for small companies are most appropriate for this segment. There are an increasing number of providers on the market that let organizations to start with basic features and allow for more advanced upgrades as the business grows, which enables SMEs to begin automating relatively easily.

As many SMEs have less than one-quarter of employees with travel as a core job function, features such as booking and post-trip analysis often take a back seat to the basic necessities of expense management software, namely expense reporting and approval. Additionally, companies of this size are typically focused on expanding their businesses domestically rather than internationally, which makes duty of care/travel risk management and global features less critical.

**Mid-Market**

**Adopters’ TEM Values**

Mid-market organizations are most interested in automating expense report creation and submission, as well as expense capture and receipt imaging, see Figure 28. They are also much more interested in travel booking functionality than SMEs. The larger the organization, the more likely it is looking to automate more of its TEM activity and select a tool that connects or offers functionality for both booking and expense management.

**FIGURE 28**

<table>
<thead>
<tr>
<th>Solution Features Valued by the Mid-Market</th>
<th>Value (% of Mid-Market)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense report creation and submission</td>
<td>83%</td>
</tr>
<tr>
<td>Expense capture/receipt imaging</td>
<td>81%</td>
</tr>
<tr>
<td>Expense report approval workflow</td>
<td>74%</td>
</tr>
<tr>
<td>Travel booking</td>
<td>62%</td>
</tr>
<tr>
<td>Credit card integration</td>
<td>43%</td>
</tr>
<tr>
<td>Reconciliation and reimbursement</td>
<td>40%</td>
</tr>
<tr>
<td>Native mobile application</td>
<td>25%</td>
</tr>
<tr>
<td>Global features (currency conversion, foreign partners, language support)</td>
<td>19%</td>
</tr>
<tr>
<td>Pre-trip approval workflow</td>
<td>9%</td>
</tr>
</tbody>
</table>

Mid-Market Organizations Find Expense Report Creation and Submission Most Valuable

“Which of these features do you find most valuable?”
The most important factor for mid-market organizations when choosing an automated solution is ease of use and available functionality, see Figure 29. Mid-market companies also prioritize pricing, which reflects the fact that scaling companies may still have stretched budgets, but are more likely to be concerned with their competitive standing than SMEs. This shows the steady shift from tactical to more strategic concerns as organization size grows.

**FIGURE 29**

<table>
<thead>
<tr>
<th>Mid-Market Solution Separators</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of use/functionality (more features)</td>
<td>38%</td>
</tr>
<tr>
<td>Pricing</td>
<td>22%</td>
</tr>
<tr>
<td>Our solution is highly used in our industry/by our competitors</td>
<td>17%</td>
</tr>
<tr>
<td>We didn’t consider more than one solution</td>
<td>15%</td>
</tr>
<tr>
<td>Superior UI</td>
<td>6%</td>
</tr>
<tr>
<td>It integrates easily with our ERP</td>
<td>2%</td>
</tr>
</tbody>
</table>

*Mid-Market Enterprises Value Ease of Use and Functionality in Solutions*  
“What separated your eventual TEM solution from the other ones you considered?”

**What They Should Look For**

Levvel Research has found that in this segment, automation of all back-office processes dramatically increases in importance. TEM providers that can offer additional modules or features for AP automation—or at least an invoice imaging capability—in addition to their expense reporting solution stand out in the mid-market. Because mid-market companies have larger travelling workforces than companies in the SME space, some of the advanced features that were not a priority for SMEs begin to grain traction, including duty of care/travel risk management and global features.

With more travel and higher travel spend, mid-market organizations are more likely to be interested in functionality like post-trip analysis. These tools help
them to identify and curtail wasteful expenditure and prevent employees from violating travel policy. Solutions with a booking capability are still not a priority for the mid-market, with over 75 percent of companies using either a fully manual booking process or outsourcing to a travel management company.

**Enterprise**

**Adopters’ TEM Values**

Enterprises are most interested in basic functions of TEM software—i.e., expense capture and receipt imaging, expense report approval workflow, and automating expense report creation and submission, see Figure 30. They are also heavily interested in credit card integration and travel booking, which are characteristics of more holistic TEM solutions.

**FIGURE 30**

<table>
<thead>
<tr>
<th>Solution Features Valued by Enterprises</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense capture/receipt imaging</td>
<td>76%</td>
</tr>
<tr>
<td>Expense report approval workflow</td>
<td>74%</td>
</tr>
<tr>
<td>Expense report creation and submission</td>
<td>71%</td>
</tr>
<tr>
<td>Credit card integration</td>
<td>58%</td>
</tr>
<tr>
<td>Travel booking</td>
<td>55%</td>
</tr>
<tr>
<td>Reconciliation and reimbursement</td>
<td>29%</td>
</tr>
<tr>
<td>Native mobile application</td>
<td>26%</td>
</tr>
<tr>
<td>Global features (currency conversion, foreign partners, language support)</td>
<td>24%</td>
</tr>
<tr>
<td>Pre-trip approval workflow</td>
<td>16%</td>
</tr>
</tbody>
</table>

*Levvel Research, 2018*

**Enterprises Also Find Basic TEM Functions Most Valuable**

*“Which of these features do you find most valuable?”*
When it comes to TEM differentiators, enterprises are most interested in a solution that allows them to keep up with their competitors, see Figure 31. This is in line with the more strategic and competitive goals that large organizations are able to support once they have financial and operational stability. In addition to solutions’ ease of use, functionality, and pricing, enterprises are also concerned with solutions’ compatibility with existing ERPs. Larger, more established organizations are more likely to have several systems in place that are challenging to overhaul and replace, and thus more likely to consider TEM options that integrate best with current processes.

What They Should Look For

Enterprise-level organizations take a very holistic approach to TEM automation. They want to automate the entire process, so as to gain complete control over their costs, and they want leading, robust solutions. Maverick spend, if left unchecked, can be a serious issue for larger organizations, so more capabilities to give visibility into T&E activity, identify out-of-policy spend, and provide actionable insights are highly valued.
In the enterprise segment, features that were once helpful but extraneous are now irresponsible and unlawful to not have. With a greater need for specialized features and the desire to stay on top of cutting-edge technologies, enterprises look at which solutions their competitors are using. The solution must also be able to integrate with a wide variety of ERPs. Enterprises target providers that support credit card integration, offer streamlined expense reimbursement, and automated complex approval workflows.

Over half of enterprises use a cloud-based booking tool, illustrating the demand for booking functionality, and the value of TEM solutions that offer booking natively or through a partner. Many enterprises are multinational organizations, so duty of care becomes a vital feature for companies responsible for tracking their employees’ locations and potential exposure to risks.

**Solutions by Industry**

- **Road Warrior Industries**: Business/Professional Services, Consulting, Biotechnology, Pharmaceutical/Chemical/Life Science

  - **Defining Characteristic**: Companies with the highest number of employees with travel as a core job function.

  While travel booking is a non-essential functionality for the majority of organizations, it is a necessity for Road Warrior industries. Solutions should not only book air or train transportation for employees; they should also manage every other part of the employee’s travel experience. This includes helping to arrange for rental cars and hotel stays, as well as integrating with ride-sharing services such as Uber and Lyft. Duty of care is also a priority. These industries also see great utility in mobility and global features such as currency conversion.

- **Big Spender Industries**: Finance/Banking/Insurance, Biotechnology, Pharmaceutical/Chemical/Life Sciences, Engineering/Architecture/Construction, Media/Printing/Publishing

  - **Defining Characteristic**: Companies with the highest expense report volume.

  Big Spenders have a high volume of expense reports. Many of them have over 10,000 expense reports per month. As a result, it is crucial that the expense reporting and approval, reconciliation, and expense reimbursement functions
are robust. Ideally, expenses are imported automatically through personal and commercial credit card integration. Big Spenders’ solutions should also have tax compliance and auditing features.

With a high quantity of reports, it can be easy to lose track of reports requiring approvals or to miss maverick spend. This makes customizable routing and policy triggers a priority. The reporting process should be able to easily withstand approvers going on vacation or workforce realignment. Approvals and report creation should also be possible anywhere with any device via the use of mobile applications.

Ideally, solutions will also provide advanced analyses of expenses and provide actionable insights. Because of the high volume of expenses, Big Spenders have more opportunity to save with organization-wide cost-cutting measures and spend consolidation among suppliers to ensure lowest level of expenditure.

- **Throwback Industries:** Manufacturing, Education, Non-Profit, Retail, Aerospace/Aviation/Automotive, Accounting

- **Defining Characteristic:** Companies with low expense report volume and few traveling employees.

Throwbacks include companies that do not believe that automating expense reporting is right for their organization. They reason that because they do not have a high percentage of employees traveling or submitting expenses, there will not be a return on investment. However, Levvel Research emphasizes that this assumption is inaccurate. Companies with manual expense reporting processes are highly vulnerable to maverick spend and expense reporting fraud. With limited visibility into spend activity, companies may not detect undesirable activity until it is too late.
Other Segments

Levvel Research has recognized several other categories organizations can use to characterize their company and find the TEM solution that best matches their needs.

Focus on an ERP

Many organizations build several of their back-office automated systems around their existing ERP. Different ERPs have different technical integration requirements, which sometimes makes it challenging for companies to find ERP-focused TEM solutions. Because of this, Levvel Research has observed a trend of increased adoption of independent, cloud-based software that is compatible with many different ERPs, and a slight decrease in TEM solutions that prioritize full integration with a single ERP. However, some companies still gravitate towards the latter, as these organizations lean heavily on one specific ERP for their back-office requirements. Fortunately, those providers with a narrow ERP focus have begun shifting their product strategy from trying to mirror the ERP environment itself to replicating that UI and features of more nimble, ERP-agnostic solutions—without sacrificing their ERP-niche specialty. A buying organization should explore both ERP-niche and ERP-agnostic software options to determine which model is best for its technical environment.

Global Needs

When it comes to the type of travel common in an organization's workforce, some companies have high travel spend and very complex travel polices due to their large global presence or a widely-dispersed customer base. Their networks may even be concentrated in different regions (e.g., North America, APAC, etc.), which often warrants a different set of travel-related protocols. Companies should consider TEM solutions with robust global capabilities that can support various currencies, languages, and compliance requirements.
Auditing Requirements

Many companies are concerned about high levels of maverick or fraudulent spend, but few have the right processes or tools in place to control this spend. Data shows that most of these companies select reports at random for auditing checks, and only 15 percent actually use their TEM solution to audit expense reports, see Figure 32. While some of this is an education and strategy problem, adopting TEM software, or better utilizing existing tools, can greatly improve a company’s ability to audit expense reports and reduce maverick spend. Many TEM solutions can flag suspicious reports automatically, and some solutions offer advanced auditing functionality with machine learning algorithms to help identify unwanted spend in real time.

**FIGURE 32**

<table>
<thead>
<tr>
<th>Organizations’ Auditing Methods</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>We audit reports at random</td>
<td>55%</td>
</tr>
<tr>
<td>When there are policy violations</td>
<td>44%</td>
</tr>
<tr>
<td>When expense reports are above a certain dollar threshold</td>
<td>38%</td>
</tr>
<tr>
<td>We audit based on certain expense types</td>
<td>35%</td>
</tr>
<tr>
<td>Our TEM solution selects which reports to audit</td>
<td>15%</td>
</tr>
</tbody>
</table>

Levvel Research, 2018

**Most Organizations Audit Expense Reports at Random**

“How do you select which reports to audit? (Select all that apply)”
Conclusion

Travel and expense activity is one of the most bothersome problems in the back office, as the required tasks are often time-consuming and a drain on company resources. However, it is one of the most straightforward challenges to fix. Today, there are countless travel and expense management tools on the market that can optimize travel booking and expense reporting processes. In order to adopt the best solution for their organization, decisionmakers should understand their T&E needs and characteristics, which may depend on size, industry, amount of travel, or other differentiators. Implementing the right automation solution requires strategic planning and careful consideration of an organization’s goals. Below is a leading provider of TEM solutions and their software offerings.
Certify
Certify, Inc. is one of the world’s largest independent providers of spend management software. The Certify, Inc. Family of Brands includes the SaaS platforms Certify, Nexonia, Tallie, Abacus, and Captio. With several innovative spend management features such as real-time expense reporting, integrated travel booking, time tracking, and accounts payable automation, Certify, Inc. has helped more than 10,000 organizations in over 90 countries automate and efficiently manage corporate T&E. The Certify Expense and Certify Travel solutions give organizations worldwide the ability to book travel and complete expense reports quickly, easily, and cost-effectively on mobile devices and the web.

<table>
<thead>
<tr>
<th>Founded</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headquarters</td>
<td>Portland, ME, US</td>
</tr>
<tr>
<td>Other Locations</td>
<td>San Diego, San Francisco, Dallas, New York; Toronto, Montreal; London, United Kingdom; Barcelona, Madrid, and Tortosa, Spain</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>300+</td>
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Solution Overview
The Certify platform is a comprehensive solution with global reach, available in 64 languages and more than 140 currencies. Certify offers real-time currency conversions using daily closing currency conversion rates from SIX Financial, the Swiss financial data vendor that covers the world’s major exchanges. It also provides help desk support via phone in 11 international locations.

Travel and Expense Management
Certify simplifies expense management by automatically creating reports for employees, streamlining manager approvals, and making reimbursement and reporting easy for finance teams. Its cloud-based, integrated travel booking and expense management platform enhances mobility and includes quality customer support.
Administrators can specify a company-wide schedule for the completion of automatic expense reports through Certify ReportExecutive™. The technology aggregates expenses and receipts from each user’s Certify Wallet on a designated day and merges them into a new expense report using the Auto Expense Report feature; users are then notified by email to review the expense report and submit it for approval. Users and managers can view and edit draft reports using the Certify desktop or mobile apps and view any inquiries tied to an expense report. After approval, Certify’s ACH feature with permission-based access reimburses employees from a company’s chosen bank account in virtually any country or currency.

Compliance is embedded into Certify’s platform. All out-of-policy expenses are flagged for manager review, including potential duplicate expenses, missing receipts, and other exceptions. Expense workflows and routing can be either locked or flexible. Locked workflows offer mid-market and enterprise organizations the opportunity to set defined approval paths with approval limits and rules for special cases. Flexible workflows allow users to select their approver for the report, which is ideal for smaller businesses.

Certify facilitates auditing via the dashboard reporting suite, which identifies spending patterns, preferred vendors, average spend (i.e., by employee, department, or across the company), and reviews policy violations with a host of reports. This feature offers valuable insight into spend management and reporting for travel and expense review, financial oversight, auditing, and data integration. Custom outputs are also available to match a company’s reporting needs.

To ensure long-term data protection, Certify does not purge its system—thus allowing users to access their receipt, expense, and report data for as long as they are with Certify. While this content is stored in the cloud, Certify Receipt Backup provides on-site storage of all expense reports and receipt images that pass through the platform. Certify regularly conducts VeriSign Extended Validation SSL and Malware Scanning, and it is PCI/DSS Level 1 and SOC II, Type 2 compliant. It also completes quarterly PCI compliance certifications with ControlScan and is in a SSAE 16 Certified data center through Rackspace.
Certify’s cloud-based system provides a standard data interchange service for easy sharing among HR management systems, payroll platforms, banking and payment systems, corporate credit cards, and CRM platforms. It offers integration with QuickBooks Pro and QuickBooks Enterprise, Sage, SAP, PeopleSoft, NetSuite, Oracle, and many other ERP platforms, enabling users to link data seamlessly across platforms. The expert integration team at Certify ensures that data is shared accurately, securely, and effortlessly within one solution.

In addition to this quantitative data, qualitative data can be extracted via Certify’s unique SpendSmart™ engine. The application enables users to quickly rate and comment on a product or service while completing an expense report. This data can be analyzed alongside the quantitative data to help organizations understand their employees’ preferences.

Certify Travel is a travel booking solution targeted toward business travelers and travel managers that can integrate with other TCMs. Organizations can configure travel policies to control the travel options displayed to end users. Features such as determining lowest logical fares guide employees to cost savings, while pre-trip notifications give managers 24-hour notice when travel is booked, allowing them to decline or edit the travel information in real time. Approvers see all policy violations, with a range of actions available as part of the approval process.

Certify Mobile includes patent-pending OCR data extraction technology, Certify ReceiptParse™, which automatically populates the expense data from a receipt. Data is then sent to the user’s Certify Wallet, where it can be reviewed and added to an expense report. Certify Mobile Instant Policy Check enforces compliance at the point of purchase, instantly verifying currency type and expense category amount against company policy. Travelers without smartphones can also submit receipts and expenses via email, scan, upload, fax, webcam, and even text message—all of which use ReceiptParse™.

Other features include the ability to manually enter expense details for cash expenses when there is no receipt, such as for tips or taxi rides. The solution automatically calculates mileage expenses using MapIt!, Certify’s mobile mileage feature. Users who are dining out as a business expense can add meal attendees or stored attendees from prior transactions. If internet access is impacted at any time, Certify Mobile works offline, automatically syncing expense receipt data the next time the user is connected to the internet.
Implementation and Pricing

Typical full-service implementations take between four and six weeks and include all the services needed to configure Certify, test the product, train users, launch the solution, and support users. After implementation, Certify provides complimentary user training customized for every new user via webinars, on-site training, and live user support. Depending on the size and needs of the client’s organization, the software pricing structure is based on either a per-user or a per-transaction basis.
About Levvel Research

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