

BEST PRACTICES
EXECUTIVE SUMMARY

Commercial Card Integration with Expense Reporting Applications

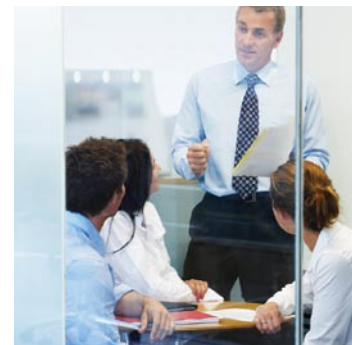
Helping you integrate your commercial card program with enterprise technologies.

In the last five years, large and mid-sized companies have widely adopted Expense Reporting technologies to automate their travel and entertainment expense reporting and reimbursement processes. Companies also have become increasingly interested in how to integrate the commercial card with these technologies. To help companies optimize these processes, Visa commissioned Deloitte Consulting to: 1) study companies that have successfully integrated these technologies and 2) develop recommended practices and expected benefits.

Deloitte interviewed a number of large and mid-sized companies from industries such as manufacturing, consumer business, financial services, and professional services. Company participants included the Travel Manager, Procurement Manager, Accounts Payable (A/P) Manager, Purchasing Card Administrator, and Information Technology (IT) Manager familiar with the integration process.

Expense Reporting technologies currently available in the marketplace, including Concur, Geac, Gelco, Outtask, and Ariba, were the focus of the study.

Based on learnings from the interviews and other secondary research, Visa and Deloitte developed recommended practices and detailed descriptions of processes for successfully integrating commercial cards with Expense Reporting applications. For additional information about the card integration process and benefits and to obtain a copy of the *Commercial Card Integration with Expense Reporting Applications Best Practices*, please contact your Visa Commercial Solutions issuer.



On average, companies in the study spent between **\$8 million** and **\$33 million** annually in travel related expenses and paid between **63 percent** and **95 percent** of these expenses with the commercial card.

Expense Reporting Market Trends and Integration Process Overview

The adoption of Expense Reporting systems continues to grow

Companies began the implementation of Expense Reporting solutions in the 1990s. Today approximately 40 percent of large companies and 10-25 percent of small and mid-sized companies have Expense Reporting solutions in place.¹ About 63 percent of CFOs are planning to implement web-based Expense Reporting solutions within the next two years.² As the market grows, Expense Reporting providers are offering a wider range of options for customers.

- **Hosted Solution:** Companies are outsourcing travel and entertainment functions to major providers to avoid software licensing and management costs.
- **In-House Web Solution:** Enhanced Web enablement capabilities make Expense Reporting timelier and speed up reimbursement for employees who are traveling.
- **Digital Receipt Filing:** While it is estimated that only 15 percent of companies currently use digital receipt filing, it is gaining wider acceptance.³
- **Reconciliation of All Indirect Spend:** These expense management solutions automate the expense reporting, reconciliation, and approval of all indirect spend.

Expense Reporting providers include Concur Technologies, Geac (which recently purchased Extensity), Gelco, Outtask, and Necho. E-Procurement and ERP vendors such as Ariba, SAP, and Oracle also offer Expense Reporting modules.

The integrated Expense Reporting process varies among companies in the study

Commercial card integration with Expense Reporting systems entails integrating the card utility and data with the applications used for reconciliation, payment, and reporting of travel and other business-related purchases. The card integration process can be divided into six distinct steps: Integration Planning, Issuer Statement Submission, Expense Report Creation, Receipt Submission, Approval(s), and Payment. (See the diagram below.)

Study findings show that there are a number of approaches for integrating a commercial card program. Two primary factors drive these differences: solution selection (hosted or inhouse) and card liability (company or individual pay). Additionally, the Expense Reporting integration process can differ in the following areas:

- Level of payment data required (Level II vs. Level III)
- Timing of employee expense submission
- Approval process requirements
- Timing of payment to bank and employee (monthly, bi-weekly, simultaneous, etc.)
- Source of payment (Expense Reporting provider vs. company)

These differences are detailed in the *Best Practices* with examples that demonstrate various approaches and recommended practices.



¹ PayStream Advisors, June 2005

² CFO Research Services, 2003

³ Corp. Travel, Expense Management Disconnect Persists, BTNonline.com. 12/6/04

Commercial Card Integration Benefits

Companies in the study chose to integrate their commercial card with Expense Reporting systems for a variety of business benefits such as cost savings, streamlined processes, enhanced data management, and increased controls. The companies realized annual savings from integration ranging from \$900,000 to \$4.5 million.⁴ Savings primarily resulted from a more efficient expense reporting process for employees and Accounts Payable.

PROCESS IMPROVEMENTS AND COST SAVINGS

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| Lower expense report processing costs (employees) | <ul style="list-style-type: none"> The overall processing time for expense reports decreases as it becomes easier and faster for employees to create, submit, and approve expense reports, resulting in cost savings. |
| Lower expense report processing costs (A/P) | <ul style="list-style-type: none"> Electronically available expense reports decrease manual processes such as data entry in Accounts Payable, resulting in a reduction of FTEs. |
| Increased savings from supplier negotiations | <ul style="list-style-type: none"> Companies that pre-populate employee expense reports with commercial card data find that their employees have a larger incentive to purchase via the card. Employees appreciate the reduced manual entry of data on card purchases. Aggregating T&E spend on the card program provides a comprehensive view of travel spend for supplier negotiations. |

ENHANCED DATA MANAGEMENT AND INCREASED CONTROLS

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| Greater control and compliance with policies | <ul style="list-style-type: none"> Card integration allows management to run detailed compliance reports to confirm commercial card use is within preferred supplier and spend policies. |
| Detailed data for spend analysis and decision-making | <ul style="list-style-type: none"> By integrating commercial card data into an Expense Reporting system, companies have access to detailed data for various analyses. Detailed Level III data can be used to improve negotiations with suppliers by doing a spend analysis. Companies can also use the T&E spend information to ensure they are meeting spend targets by supplier in accordance with supplier contracts. |
| Improved data collection process and audit | <ul style="list-style-type: none"> Automatic, paperless process results in less time auditing paper-based, hard-to-read expense reports. |

INCREASED EMPLOYEE SATISFACTION

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| Reduced manual entry of data | <ul style="list-style-type: none"> Many companies have stringent guidelines on the level of detail required in expense reports. Integrating card data into the Expense Reporting system by pre-populating the detail makes this process less cumbersome for employees. |
| Faster reimbursement | <ul style="list-style-type: none"> An automated Expense Reporting process, pre-populated with commercial card data, enables faster expense report completion. The automated workflow enables faster approvals. The more efficient submission and approval process results in faster reimbursement of employees' expenses. |

One company in the study realized a **60 percent reduction in expense reporting processing costs** after implementing a T&E solution. Another company experienced a **66 percent reduction in FTEs** in the A/P department.

A company cited that expenses were **approved two to four days faster** due to the integration.

One A/P administrator noted, "After integrating the card data with our system, we are able to **identify unreasonable meal expenses much more easily.**"

One company noted a **50 percent reduction in auditing** efforts due to the improved data collection process.

A **post-integration survey** conducted by one of the companies in the study cited an **85 percent positive response** from users.

The **companies' costs** for an Expense Reporting system and integrating their commercial card programs **ranked from \$500,000 to \$2 million.**

⁴ Based on savings of \$16 to create an automated expense report (versus paper-based) plus savings of \$36 to review and reimburse an automated report (versus paper-based) per Aberdeen Group.

Commercial Card Integration with Expense Reporting Applications Best Practices Contents

The *Commercial Card Integration with Expense Reporting Applications Best Practices* covers a wide range of topics:

- **Procure-to-Pay Market Trends**—Describes current trends in the Expense Reporting marketplace
- **Why Integrate?**—Discusses the value proposition of commercial card integration by providing examples of benefits
- **When to Integrate?**—Provides a guideline for the optimal timing of integration
- **How to Integrate?**—Discusses the process associated with each step of integration by focusing on process variations, data requirements, and system selection and configurations
- **Ongoing Integration Management Activities**—Addresses policies and procedures management, audit and control, and reporting requirements
- **Integration Case Studies**—Provides selected company examples including their pre and post-integration environment, realized benefits, incurred costs, and lessons learned
- **Company and Issuer Checklists**—Describes the roles of both the company and the issuer during the commercial card integration process
- **Recommended Integration Practices**—Summarizes the recommended integration practices discussed throughout the Practical Guide

To obtain a copy of the *Commercial Card Integration with Expense Reporting Applications Best Practices*, or if you have additional questions, please contact your Visa Commercial Solutions issuer.

Survey results, research, and best practice recommendations are intended for informational purposes only and should not be relied upon for marketing, legal, technical, tax, financial, or other advice. The actual costs, savings, and benefits of commercial card integration may vary based upon your specific business needs and program requirements. Visa is not responsible for your use of the survey results, research, best practice recommendations, or other information, including errors of any kind, or any assumptions or conclusions you might draw from their use.