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How the new wave of expense management solutions have the power to transform your bottom line.

Foreword

The world of expense management is fascinating. It is also a relatively new industry built on the back of the powerful smartphones most of us carry around in our pockets. Go back a mere 5 years and a business like ours could not exist.

What many people fail to realise though, is that the very act of digitizing your receipt (by taking a picture of it) unlocks a fascinating number of options. The days of cumbersome manual expense management processes are consigned to history. A 'mobile first' expense management process based on a digital receipt can empower companies to unlock data that will help inform better decision making. Shuffling expense reports around can become a thing of the past, as expenses are managed in real time via a desktop, transforming the way companies operate.

At Xpenditure, we are passionate about using technology to save our users time at every step of the expense management journey. Innovation is in our DNA, and we continue to strive to deliver a fantastic experience for our users - a concept that is alien to those persisting with legacy systems and paper based approaches.

This short paper is designed to outline some of the areas we feel will benefit from innovation in the years to come, further increasing the importance of expense management in companies like yours. By giving you a window on this world we believe we will awaken you to the opportunities that can be unlocked.

We hope you find it of interest.

Boris Bogert
CEO and Co-Founder
Xpenditure

Summary

In summary, while the nascent expense management industry is growing rapidly, the direction it is headed in is rich in opportunity, particularly in its ability to drive transformative change in larger companies.

While the key benefit of SaaS solutions like those offered by Xpenditure remain wedded to productivity gains (as a result of more efficient processes) the next stage for the industry will be one of behavioural gains. These will be based on leveraging the power of expense management solutions to effect major changes be they in the way people submit expenses, or via making changes based on insights unlocked from reviewing the data. And it is through these behavioural changes that increased value can be unlocked. Afterall, if you have 100's of staff incurring expenses regularly and you can incentivise and reward them to consume more efficiently, the effect on the bottom line will be significant.

About Xpenditure

Xpenditure is a leading expense management solution that helps you save time managing your expenses. With customers in over 160 countries worldwide, Xpenditure has reinvented the entire expense management process by focusing on digitizing receipts and on eliminating the need for expense reports.

Xpenditure is based in Mechelen (outside Brussels) in Belgium, and has offices in Amsterdam, London, New York and Sao Paolo.

Xpenditure – Claim Back Your Time

The Context

The expense management industry is a relatively immature one. However, it is one destined for significant growth as increasing numbers of companies ditch legacy systems, and outdated approaches to managing expenses.

For most, expense management is a complete pain, synonymous with other chores like preparing your annual tax submission. What is less well known however, is the hidden cost of persisting with old expense management processes. It is significant. As employee numbers grow, the cost to submit, process and report on expenses compounds. Add in the costs associated with errors and other manual elements of the process, is it any wonder that the sector is ripe for disruption?

A new wave of Software-as-a-Service (SaaS) solutions like those offered by the likes of Xpenditure has the potential to transform how expenses are managed in companies. Digitizing the receipt represents the mere tipping point though. The power that is unlocked as a result is the key.

For those in finance, having real time access to expense data provides much greater visibility over the company's finance when compared with the 'old school' processes where expenses were batch processed once a quarter.

Interrogating data at an aggregate level also helps to get a much greater sense as to the expense profile of employees at the company level.

There is no doubting the power of leading expense management solutions in their ability to eliminate time consuming manual processes. But where will the innovation come in the short term and how will it help transform the bottom line?

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The Future

The argument for embracing modern SaaS expense management solutions are compelling. The time saving elements at all stages of the process represent a significant boon for all time pressed managers alone. The enhanced visibility, and seamless integration with third party applications represent additional benefits.

However, it is the way that these solutions have the potential to make fundamental changes to employee behaviours that represent some of the biggest opportunities for larger companies to extract value impacting the bottom line. So what are some of these changes?

1. Smooth Activity

Most employees act rationally when it comes to managing their expenses. They leave it to the last minute; be that the end of the month, quarter or year. As a result, the pressure on the finance teams is significant, yet often hidden from the very employees they serve. It does not have to be like this.

Applications like Xpenditure's are easy to use, and completely remove the need to hoard expenses and instead process them in real time. The process to submit an expense is easy and takes a few seconds (simply take a photo of the receipt with the app) so the primary motivation to batch process is gone. The days of the end of month rush can be consigned to history.

Need to break old habits?

Why not reward those who submit expenses as they accrue in real time? Introducing a competitive element, with a tangible reward should have the desired effect. For most, though the cost of processing expenses using an application is enough in itself to change the way employees submit expenses for ever.

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2. Incentivise Good Behaviour

Most expense policies cap spend amounts for certain spend categories e.g. overnight stays at hotels may be capped at £200 / night. Again the rational behaviour for many is to stay in a nice hotel as close to the cap as is possible.

What if the focus shifted to rewarding those who had the biggest gap between the cap and their spend? Perhaps they could stay with friends and spend £100 treating them to dinner instead saving the company the £100 difference. Rewarding employees for good behaviour turns the expense management dynamic completely on it's head.

Again these are the sorts of behaviour changes that can be incentivised when you have access to reports and data via an expense management dashboard.

3. Get Greater Visibility on Spend

For most finance managers the sheer time spent managing expenses leaves little time for anything else. However, SaaS expense management solutions typically offer a range of reporting functionality which provide real time updates on company wide expenses.

With less time being spent on administration (or managing those administering), it is now possible to use the real time data to help with cash planning, or to assess major spend categories with a view to reducing the spend amount. Even on the individual level, it will be possible to understand what a typical category spend should average, and the focus can shift to those outliers.

4. Software as a Full Service

Now that the receipt has been digitized, additional opportunities are opened up. Perhaps the entire process could be outsourced, after all, it is a non core business, and one that could be managed more efficiently by a dedicated provider.

The advances in API development means that most leading expense management providers integrate with accounting software providers, as well as banks. The net effect of this emerging ecosystem is that the cost of outsourcing is transformed (especially given that manual processes are largely removed).

The days of having a third party manage the process (while you retain full visibility via a dashboard) are close. And the ability of these providers to reimburse employees directly means that your expense management operation could be reduced to a single monthly invoice.

5. Leveraging the Power of E-Receipts

As we move towards a paperless society, the impact on expense management processes will be major. Those persisting with paper based approaches will struggle to keep up. The world where hipsters pay for their morning coffee with their Apple Watch before jumping into an Uber which charges them directly is far removed from the old way of managing paper based receipts.

Increased integration between various applications means that e-receipts sent to an email account can be pushed automatically to expense management solutions again saving the user time.

The beauty of modern SaaS expense management solutions, is that they are built for this world, and the teams building these platforms are often early adopters that are ahead of the curve.

The Authors

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CEO and CO-Founder**

Boris was involved in commercialization of the first Internet solutions in Belgium in the early 90's. His passion has always been making high tech products accessible to the wider market (particularly B2B). In recent years, Boris has managed a number of leading internet startups before co-founding Xpenditure.

**Alan Gleeson,
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Alan has a passion for marketing SaaS applications having worked with a number of high growth tech companies in recent years. He started his career in finance, after joining Barclays on their graduate leadership programme. After 6 years at Barclays, he joined Palo Alto Software as their Managing Director in Europe. Alan has an MSc from University College, Cork, Ireland and an MBA from University of Oxford.

Contact

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