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**Dave Terry** • Jun. 19, 2017



Forty-six percent of respondents to a recent survey said they still submit their expenses manually – stuffing their pockets, wallets and briefcases with wrinkled receipts. These bunched up pieces of paper then get stapled to printed spreadsheets that must be typed up, listing every detail of every item, and then mailed to accounting departments. In an era where the majority of business functions have

been automated, expenses are one of the few areas that still involve an excessive

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The need for all details to be manually entered on spreadsheets, mailed, then verified, approved and entered onto the corporate general ledger makes for a highly labor- and time-intensive process. In addition, the need for paperwork to be manually filed and shipped is very time-consuming, which in turn, slows down reimbursement times.

- **Submitting Expenses While on the Road**

By definition, most corporate expenses are incurred while on the road, be they meals, hotels or car rentals. Instead of keeping all of these receipts until returning to the office, an expense management solution allows travelers to simply take a photo of a receipt and send it directly to the system. From there, the receipt can automatically be read using optical character recognition (OCR), and the expense transaction data is entered into the system for the user. The best expense solutions work just as easily on mobile phones and tablets as they do on a laptop, so expenses can be submitted for reimbursement before the traveler even walks through their front door.

- **Lowering the Chances of Human Error**

With the manual entry of expense and GL code data onto a spreadsheet, approvers need to verify that receipts tally with submitted amounts, and finance teams must re-key all of the data into an accounting solution. This presents many opportunities for human errors to occur at any stage of the expense reimbursement process. The lack of an audit trail often makes the source of the problem impossible to trace.

With the use of sophisticated OCR combined with rules-based interpretation technology or direct integration of electronic data such as credit card transactions, systems now are capable of extracting virtually all transaction data from a receipt. An expense line item can now go from receipt to submission to approval and reimbursement without almost no information having to be entered manually. With

capabilities such as drag-and-drop report creation and one-click approvals,

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discounts: if you know how much your company spends on lodging each year, you can use this data to negotiate volume discounts with hotel chains if they become your preferred partner. With discounts that can be more than 20% under standard rates, the savings can soon rack up.

- **Limited Enforcement of Compliance**

While some areas of travel policy (such as cost of a lunch) are easy to track and enforce, there are many others, such as travel day per diems or class-of-flight restrictions, which can be challenging and time-consuming to verify when entered onto a spreadsheet. Company-specific regulations, such as booking flights less than 14 days in advance, can also prove tough to enforce, and often may be overlooked by stressed administrative staff. These can result in companies losing tens or hundreds of thousands of dollars per year in poorly-enforced travel compliance costs.

- **Easier to Prevent Expense Fraud**

Employees submitting over-inflated or outright fraudulent expenses is now a \$2.8 billion problem in the U.S. alone. To effectively combat fraud, organizations using spreadsheets to manage expenses would need to manually verify that every single expense is legitimate before approving it. Has this month-old receipt been submitted before, or did the submitter just discover it in their laptop bag? How can we find out accuracy of mileage driven between two cities that an employee cites? This is, of course, completely impractical. Expense solutions enable these types of submissions to become fully automated (in this case, duplicate receipt tracking, or integrating with Google Maps to trace out a journey, instead of relying on an employee's own estimate can easily be performed).

Of course, these are just a few of the many reasons why and how companies can benefit from automating their expense management processes. Nearly any business

traveler will agree that submitting post-trip expenses with receipts and spreadsheets

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