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***By A.G. Lambert, chief product strategy officer at SAP Concur.***

Many businesses are preparing for working conditions to return to normal sometime soon—but the definition of “normal” continues to change dramatically. The realities of the business world in light of the pandemic make previously predictable operations, like controlling everyday expenses, more complex going forward, particularly for companies that don't have the right tools in place.

Organizations of all sizes should be able to manage employee-initiated discretionary

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working models, where employees continue to spend a significant portion of their time working from home. Many businesses will follow their lead, and the hybrid model is expected to become part of the new normal. With the increase in flexible working locations comes a need for hybrid spend solutions as well – not all employee spending will be through corporate procurement channels and on-line booking tools. “Hybrid” will mean more than just working from home, and employee spend management must embrace increasing amounts of spend originated by employees directly.

As a result, companies will need long-term, scalable solutions that let employees comply with spend requirements and report expenses whether they're in the office, working at home, or back on the road—and they are highly likely to be on the road a lot more than last year. One key indicator that business travel is growing is the increase in online searches for midweek travel, [up 165 percent](#) during the first half of 2021 compared to 2020. According to Hilton CEO Christopher Nassetta, business travel is already [back to 75 percent](#) of 2019 levels.

Employee spend management begins with enabling employees to spend in company-compliant ways.

From a technology perspective, a system that can provide the anytime, anywhere reporting capabilities for this new normal has two requirements: It must capture spend from any source, and it must be mobile-friendly. Comprehensive data capture removes any barriers to managing costs and paying suppliers based on channel – it shouldn't matter where spend originates, it should be easy to get all data about the spending to determine if compliant or not. A mobile app is key because smartphones are becoming the device of choice for more and more workers—especially those who have embraced a work from anywhere approach during the pandemic. When these two requirements are met, employees can submit their expenses easily while compliance teams can track expenses quickly and accurately.

## Clarity: Addressing the “Other” Expense Elephant in the Room

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grew enormously in 2020 as employees sought reimbursement for internet access, mobile devices, at-home office supplies, and equipment like printers and ink. According to SAP Concur data, the proportion of “other” expenses **increased by 58 percent** from 2019 to 2020. The tendency was to approve these expenses without question, because companies were focused on doing whatever it took to stay up and running. Some may have bent the rules about which expenses were truly business-related, but there was little way to tell. Sometimes there were simply no rules for remote working expenses at all.

That time has passed. Companies now need to step back, assess the new needs of remote and on-site workers, and determine what the rules will be for the new, hybrid normal. In many cases, state laws concerning employee reimbursement may play a role, and companies may need to adjust if those laws have changed. New expense categories will likely be necessary so that executive leaders can get a clear idea of exactly how money is being spent, and what that means for budget decisions through the back half of this year and into 2022.

Some decisions will be straightforward. Others may be tricky, particularly when they involve “mixed use” devices such as mobile phones, which involve both business and personal usage. Also, when employees work a certain percentage of time at home, say two days per week, does that mean they can claim reimbursement for only 40 percent of the cost of a home printer?

Whatever decisions are made, they must be clearly communicated to employees. Employees need to know their responsibilities. Equally important, they should understand the “why” behind new procedures, as this is one of the best ways to achieve buy-in and maintain trust amid so many variables impacting the workplace. Organizations need to provide guidance, oversight, and control over spend and settlement processes.

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time. To cite one example, there are systems that automatically populate expense reports with e-receipts, not just for travel expenses, but for other spending such as on office supplies and “miscellaneous” expenses. The goal should be to settle employee purchases as efficiently as possible, without the need to photograph paper receipts and separately put each item on an expense report. By shrinking and evaporating expense reports, we may even one day eliminate them entirely.

For compliance teams, automation means less manual work and more thorough auditing. Artificial intelligence (AI) systems under the control of auditors can review all expense reports for anomalies or mistakes quickly and accurately, saving time and finding problems that humans alone cannot.

The SAP Concur-commissioned survey found that nearly 75 percent of executives believe that solutions enabling near real-time visibility into spending allow their businesses to proactively track budgets and manage expenses, aided by AI and machine learning. Increasing automation with digital tools and advanced technology like AI can instantly evaluate 100 percent of a company's expenses and identify anomalies, providing real-time feedback to employees. This can free up manual auditors and simultaneously increase compliance while also increasing employee productivity and satisfaction.

### **Flexibility, Clarity, and Automation**

Expense management has always been complex, and the post-pandemic business environment will exacerbate challenges if they are not proactively addressed.

Business leadership, including finance and compliance leaders, will need systems that are flexible enough to handle employees that hop from one location to another. These systems must be clearly aligned with new work-at-home expense categories, and automated to bring down administrative hours to a minimum.

With the right tools and processes, compliance can be more successful—and simpler

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