

T&E Expense Management and the Social Enterprise

With expenses related to travel and entertainment (T&E) encompassing 8% to 12% of the average organization's total budget, it is critical for companies across the globe to leverage technology to lower costs and increase adoption of T&E policies. This Analyst Insight deep-dives into these technologies, including the notion of "the social enterprise," driven by cloud computing and mobile applications, as well as the benefits organizations receive from integrating their T&E expense management solutions with Customer Relationship Management (CRM) solutions.

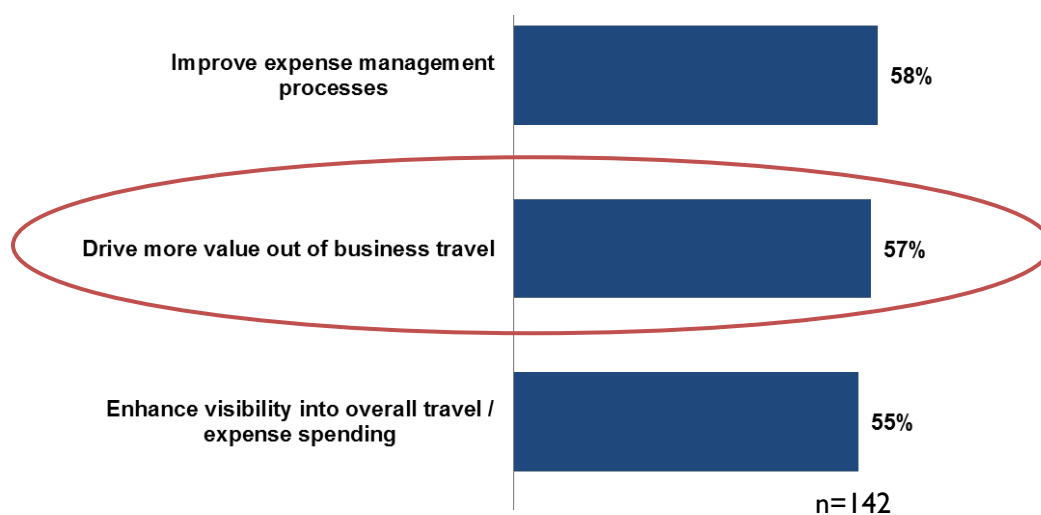
Analyst Insight

Aberdeen's Insights provide the analyst's perspective on the research as drawn from an aggregated view of research surveys, interviews, and data analysis

The Social Enterprise

Corporate business travel has been a significant component of the typical organization for the better part of a century, allowing key stakeholders to connect with clients and customers and build long-lasting relationships. Within this arena, typical priorities over the past decade have focused on the reduction of costs or the improvement of policy compliance. Aberdeen's 2012 research has found that while the enhancement of processes within this function remains a top priority, the modern organization is now also looking to drive *more value* out of business travel (Figure 2).

Figure 1: Current Priorities for T&E Expense Management



Source: Aberdeen Group, February 2012

The notion of driving more value from business travel plays directly into the foundation of what is now called the “social enterprise.” Leading-edge developments such as cloud-based technology and mobile applications are actively providing business travelers (and their organizations) with a series of tools to generate information, extract intelligence and execute robust decisions from the office or from the road. The collaborative environment cultivated by these offerings enables organizations to be more “social.”

The Cloud and Mobile Applications

Cloud-based (and on-demand) travel and expense management technology and mobile applications / portals have enabled the modern business traveler to manage the vast majority of typical travel processes (such as booking travel, creating / submitting expenses, and having real-time access to critical travel content) without touching a single sheet of paper or bundling a series of crumpled receipts.

Cloud-based technology solutions (or hybrid mixes of cloud and on-premise deployments) are expected to be utilized by 73% of organizations within the next two years, no doubt a factor linked directly to the accessibility and convenience aspects of the cloud. Mobile applications, which have increased in usage by over 73% over the last few years, can help business travelers recoup over four (4) hours per month in productivity and enable these employees to stay connected to fellow traveling peers while they're on the road (further supporting the notion of the social enterprise).

While mobility and the cloud are critical aspects in discussing the social enterprise, there is yet another aspect to this story that has helped organizations drive value, efficiencies and visibility into key components of modern T&E expense management: integration.

CRM Integration: A Best-in-Class Approach

Top-performing enterprises in the [*T&E Expense Management*](#) research study were noted for their superior performance across a series of key metrics under the expense management umbrella. Best-in-Class enterprises have driven:

- 60% lower expense-processing costs than all other organizations
- A 43% higher rate of business travel spend under management
- A 31% higher rate of corporate policy compliance

The Best-in-Class T&E expense management program includes a multitude of attributes that have helped them streamline key expense management processes and drive superior performance across the scope of key metrics detailed above. In addition to driving increased compliance and lower costs, Best-in-Class companies are nearly 46% more likely than others to integrate CRM with expense management systems. With the majority of business travelers residing on the sales team, there is strategic value in linking a system that sales reps use so often with the enterprise's travel and expense management program (Figure 2).

Best-in-Class Criteria

The following aspects were used to determine Best-in-Class organizations in Aberdeen's 2012 *T&E Expense Management* benchmark report, with top-performers achieving impressive results in:

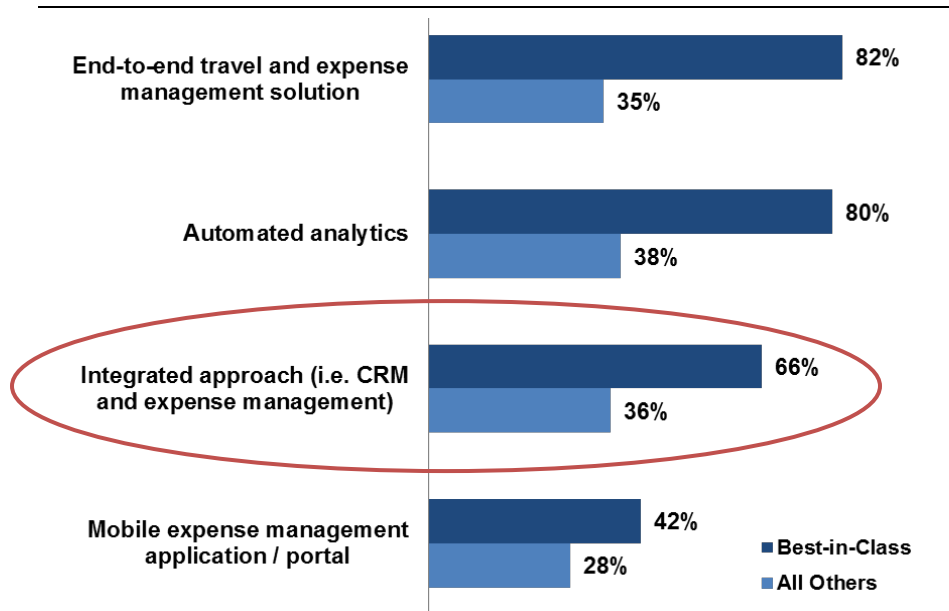
- ✓ Compliance to corporate travel policies and guidelines
- ✓ Expense-processing costs
- ✓ Business travel spend under management

Best-in-Class: Top 20% of aggregate performance scorers

Industry Average: Middle 50% of aggregate performance scorers

Laggard: Bottom 30% of aggregate performance scorers

Figure 2: Best-in-Class Technology Attributes for Expense Management



Source: Aberdeen Group, February 2012

The [T&E Expense Management](#) research study included an underlying theme of “next-generation” strategies for improving travel and expense management. The idea of CRM and expense management integration supports this concept and provides a foundation for the social enterprise by allowing sales executives to link sales projects / client outreach trips with travel expenses (for maximum visibility, explained in the next section) and easily collaborate with other reps.

CRM and Expense Management Integration: How Does It Work?

The notion of integration is often driven out of necessity to improve or enhance efficiencies within the organization. CRM and T&E expense management integration presents a simple platform that can help an enterprise improve compliance, drive visibility and encourage collaboration within a social atmosphere.

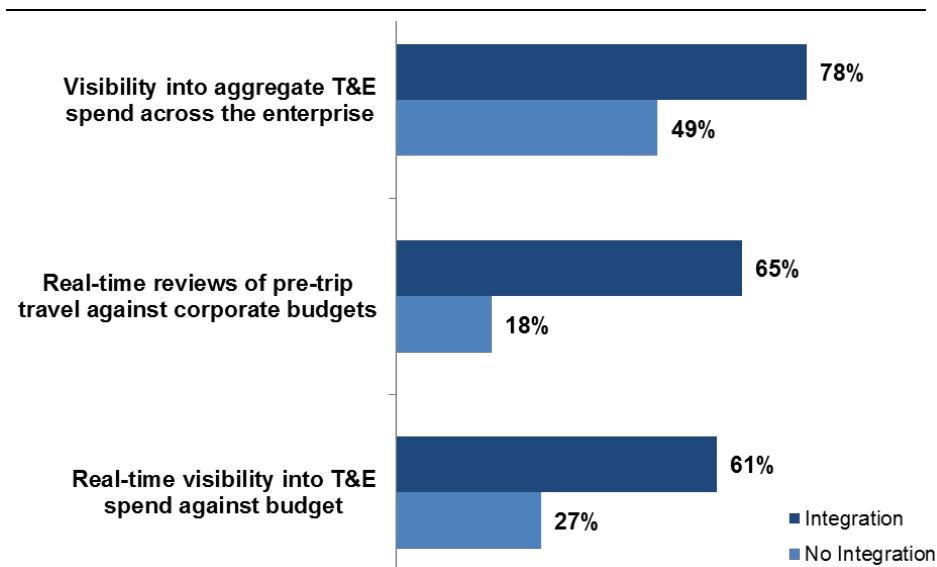
The T&E category encompasses a generous portion of a company’s total budget, and within many organizations, it is the sales staff that’s driving the bulk of business travel expenses. A connection or link between CRM and expense management offers traveling sales executives the ability to easily create and submit expense reports directly in their CRM solution that can then be reviewed and approved by managers or directors. This integration also helps executives understand the costs associated with specific service projects and sales opportunities.

The integration between these two systems also reinforces the concept of the social enterprise. Business travel and the sales function are inherently “social” activities that require significant collaboration and mobile capabilities, and the idea of integrating CRM and T&E expense management helps maximize efficiencies while also encouraging collaboration through social and mobile means.

The Benefits of CRM and T&E Expense Management Integration

It is often said that visibility is a major cornerstone of the Best-in-Class organization, not only in regards to T&E expense management, but also other internal functions. Aberdeen research has found that companies actively integrating CRM and expense management systems are more likely to hold visibility into key aspects of T&E expense management (Figure 3).

Figure 3: The Visibility Benefits of Integration



Source: Aberdeen Group, February 2012

Having visibility into aggregate travel spending is crucial for any financial executive because it gives them a total picture of the cost effects of business travel and the various suppliers / vendors tied to their category across the entire organization. However, the true value of CRM and expense management integration in regards to “the visibility factor” is its support of real-time information.

Organizations currently integrating their CRM and expense management systems are more likely to have real-time visibility into both pre-trip travel against corporate budgets and total T&E spending against corporate budgets. These two aspects play crucial roles in the knowledge of how business travel impacts the closing of deals and building better relationships with clients. In addition, the integration of these systems can help organizations gain insight into costs associated with sales opportunities and service engagements.

Aberdeen research has also linked upticks in key performance areas to the integration between CRM and expense management systems:

- Organizations taking an integrated approach have experienced 56% lower expense-processing costs than those companies who have not taken this approach, and;
- Organizations with integrated CRM and expense management systems have achieved a 38% higher rate of business travel spend under management. Aberdeen utilizes this metric to indicate an organization's control over business travel spending, as a higher rate of business travel spend under management translates into an organization being able to include information related to T&E spending in accurate financial forecasting, budgeting and planning.

Key Takeaways

The notion of the social enterprise and cloud, mobile and integrated technologies can assist all organizations in driving more strategic value from their management of T&E-related expenses. This Analyst Insight includes the following key takeaways:

- Becoming a social enterprise requires adoption of new technologies (i.e. cloud / hybrid deployment, mobile applications, integration, etc.) to cultivate a collaborative environment within T&E expense management
- CRM and expense management integration is directly linked to increased visibility and real-time access into intelligence regarding business travel and its ramifications on both customer / client relationships and the corporate budget, and;
- The notion of the social enterprise will become a prevalent idea as travel and expense management continues its evolution for years to come.

Related Research

[T&E Expense Management: The Best-in-Class Pillars of Next-Generation Expense Management](#); February 2012
[Expense Management for Professional Services](#); December 2011

[The Mid-Market Expense Management Program](#); September 2011
[Mobile Technology: Filling the Gap in Modern Expense Management](#); April 2011

Author: Christopher J. Dwyer, Senior Research Analyst, Global Supply Management (chris.dwyer@aberdeen.com)

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