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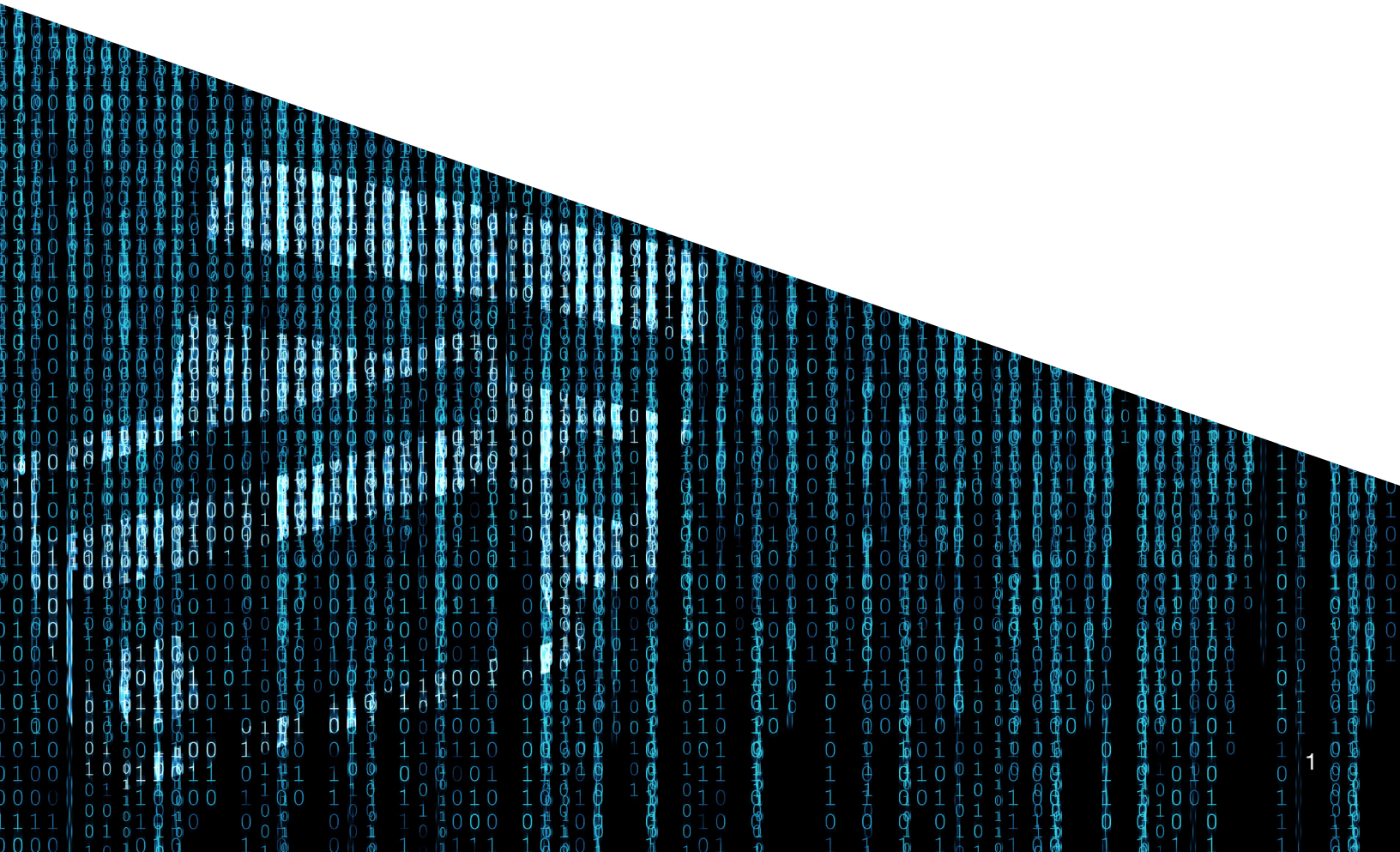
Expense management automation: risk vs. reward

The transition to remote work and a sharp drop in business travel due to the pandemic has deeply impacted overall travel and entertainment (T&E) spend for many organization. In addition, organizations could be facing steep budget cuts, putting pressure on finance departments to monitor spend, find cost-cutting opportunities, and tightly manage expenses.

And, with business travel forecasted to rise in 2021, there is even more pressure to manage business expenses efficiently and strategically. Organizations must figure out the best way to gain efficiencies and improve their bottom line. For most, it comes down to the numbers - and the perceived risk vs. reward.



According to research completed by CFO Dive, "Use of digital technologies will become more widespread. An impressive **two-thirds** (62 percent) anticipate at least half of all internal operations will become fully digital in 2021, and 46 percent expect at least half of AP and payment processes will go digital."[1]

The (perceived) costs of change

Though the pandemic has accelerated payments automation for many organizations, there are still those decision makers that believe technology costs outweigh the value.

Top of mind are concerns about the immediate costs. It's not easy to quantify the future value of large investments in system integration and automation.

In addition, there could be unforeseen integration complications that incur additional expenses to fix. Plus, there are data risks — there's no guarantee that the new system will be as secure as promised.

Finally, there may be an underlying belief that payment automation could eliminate jobs. In organizations that put employees first, the last thing they want to do is gain efficiencies at the expense of highly-valued employees.

The advantages of expense management automation

Automating the expense management process – from online travel booking and expense capture, to expense report creation, submission, approval and reimbursement – can help organizations dramatically simplify expense reporting and capture all employee spend in one place.

Automation reduces (or eliminates) paperwork and streamlines workflows. Through automation, organizations can easily capture invoices and other documents, and extract relevant data from a multitude of sources, creating a systematized process. Time spent on repetitive tasks like manual receipt reconciliation and invoice processing decreases significantly.

Finally, automation has the potential to transform the payment management process and add value. By providing greater insight into an organization's business expenses, including T&E, automation can uncover spending patterns, identify possible payment fraud, improve expense policy adherence, support smarter financial decisions and help optimize cash management.

How to multiply the value of expense management automation

Corporate credit cards, rewards programs and virtual credit cards enhance the value of expense management automation in a variety of ways. Strategic combinations can target specific business goals such as improving policy adherence, curtailing business expenses, or simplifying the expense report submission and reimbursement process.

Corporate cards

Corporate credit card programs provide the data and spend visibility needed to control costs, increase efficiency, pay suppliers faster and streamline operations. Corporate credit cards also reduce the risk of payment and expense report fraud.

Organizations can promptly recognize patterns of fraudulent behavior and non-adherence to travel and expense policies that may otherwise be difficult to quickly identify.

Organizations can also generate additional revenue from cash back rebates when using a corporate credit card for T&E expenses. The more T&E spend captured on a corporate card, the larger the potential rebate.

Reward programs

The best corporate credit cards include a rewards program component. Points accrued through these programs can be pooled and used to offset future T&E expenses or employees can keep the points they earn as a benefit. Regardless of how points are used, rewards are an important consideration when evaluating the value a corporate card program provides your business.

Virtual credit cards

Virtual accounts can further automate T&E expenses and extend corporate card program value. Virtual credit cards automate reconciliation by providing complete transaction detail in an electronic format.

Employees without a corporate credit card create manual expense management challenges that virtual accounts can solve. In addition, the risk of fraud or misuse can be reduced by deactivating the cards of infrequent users and paying with virtual accounts instead.

Like corporate credit card programs, virtual credit cards create rebate opportunity — a potential revenue source.

> Virtual payments are becoming a more integral form of payment. Virtual payments are expected to reach $414 billion by 2024 and surpass purchasing cards volume in 2023.[2]

Top 3 benefits of virtual accounts[3]

Better reconciliation

Reduced fraud/misuse

Increased spend control

Why now is the time for automation

There's never been a better time to consider automating expense management. Recent demand has led to an increase in new payment technologies that are easy to use and integrate with existing systems seamlessly. In most cases, solution providers do the heavy lifting with regard to implementation. Because of their expertise, executing a solution takes only a couple of months and often requires minimal assistance from IT – and the ROI is often greater than the implementation costs.

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[1]CFO Dive. "Technology market growth strong despite pandemic, new AvidXchange research finds." December 2020.
[2]Mercator Advisory Group, August 2020.
[3]2016 RPMG Corporate Travel Card Benchmark Survey.

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