On the quest to drive true strategic value, integrating key systems is a critical way to achieve this goal. Aberdeen Group’s research has found that by integrating travel and expense management with traditional ERP systems, organizations have experienced a wide variety of cost, compliance, and, most importantly, visibility benefits across their organizations.
Expense Management Top Challenges

The Travel and Entertainment Expense Management research study detailed a series of “pillars” that top-performing organizations rely upon to drive strategic value from the T&E expense management function. These pillars (analytics, mobility, cloud-based software, etc.) propel expense management into a new, strategic realm. As detailed in Figure 1 (below), modern companies still face a variety of pressures and challenges around T&E expense management.

Figure I: Top T&E Expense Management Pressures

One notion that can be derived from Figure 1 is that the top four pressures and challenges are all improvement measures for the average organization. With a minimal gap in percentage points separating each tier, Figure 1 proves that an item such as visibility (41%) is just as crucial as the improvement of all T&E expense management processes (37%). As we will learn in this report, the union of Enterprise Resource Planning (ERP) and

Demographics of the Respondents:

The report findings were gathered via survey results from 126 respondents who were professionals from several types of organizations, with various levels of professional experience:

- **Position within the Organization:**
  - 39% Manager Level
  - 16% Director Level
  - 15% Executive Level

- **Annual Reported Revenue:**
  - Over 50% of the respondents’ companies have revenues from $50 million to over $5 billion

- **Headquarters:**
  - 61% North America
  - 24% Europe
  - 12% Asia/Pacific
expense management systems is one that has helped companies alleviate these core pressure areas.

Integration: A Best-in-Class Cornerstone

Aberdeen utilizes its Best-in-Class Maturity Framework to segregate all end-user survey respondents into three unique buckets based on performance against a series of key metrics and indicators. This Framework allows Aberdeen’s readers to formulate a proper plan for development and improvement based on their own performance, as compared to that of the Best-in-Class maturity sector. Top-performing enterprises in the T&E Expense Management research study were noted for their superior performance across a series of key metrics.

Best-in-Class organizations have leveraged a multitude of attributes to enhance their T&E expense management programs. Among these attributes, the chief integrations are shown in Figure 2 below, as compared to all other organizations.

Figure 2: Best-in-Class Companies Rely on Integration

Aberdeen Methodology

The Aberdeen Maturity Framework is comprised of three groups of survey respondents. Classified by their self-reported performance across several key metrics, each respondent falls into one of three categories:

- **Best-in-Class**: Top 20% of respondents based on performance
- **Industry Average**: Middle 50% of respondents based on performance
- **Laggard**: Bottom 30% of respondents based on performance

There is also sometimes a fourth category:

- **All Others**: Industry Average and Laggard combined
These top-performing organizations actively integrate their travel and expense management systems with other key solutions within their organizations. In addition to integrating travel and expense management with more “classic” systems, such as payroll and corporate cards, these top performers also integrate ERP software with their travel and expense management solutions. As we will learn in the next section, this type of integration, while being a Best-in-Class enabler, has helped organizations experience a multitude of critical benefits.

The Role of Integration: Benefits and Capabilities

ERP solutions are typically considered “systems of record” within the average organization. The majority of spending, expenses, and other key financial items, are often tracked, measured, and monitored via an ERP suite or software solution. Enterprises often rely upon these systems to track and monitor contracts with suppliers and manage business spending. However, one supreme notion inherent in any ERP system is its link to true corporate intelligence.

As stated earlier, the improvement of visibility into T&E spending and processes is a prime concern and pressure for the majority of companies across the globe. The idea of integrating existing T&E expense management systems with the global ERP suite only makes sense. In an age in which “big data” reigns as a target for the average executive, it is important to leverage any outlet that can help extract and analyze key information in relation to specific corporate functions.
Figure 3: The Performance Benefits of ERP Integration

Companies currently leveraging integration between their travel and expense management and ERP systems have experienced the following benefits as compared to organizations without this type of integration:

- Quicker overall reimbursement time
- Higher rate of compliance to corporate policies concerning travel and expenses
- Higher rate of spend under management
- Higher overall percentage of travel on or below budget

While the above points are all significant upticks in the hand of ERP integration, this form of integration has also helped organizations complete a difficult and complex task – to manage spending on perhaps the largest indirect spend area while simultaneously enforcing business travel policies.

Business Travel under Management Defined

Business travel spend under management is defined as the percentage of planned travel spend that is actively managed and accounted for in corporate budgeting, planning, or forecasting.
With a cloud-based link between travel and expense management and an ERP suite, organizations benefit from the easy import of card statements and employee expenses, which, in turn, provides accurate and real-time data to executives in need of formidable spend intelligence.

Capabilities Enabled by ERP Integration

Aberdeen research has found that companies currently leveraging an automated union between their expense management and ERP systems have an array of capabilities that enhance existing processes and improve overall T&E expense management. Figure 4 highlights these crucial capabilities.

**Figure 4: Capabilities Enabled by ERP Integration**

[Bar chart showing percentages of companies with and without ERP integration for various capabilities.]

The capabilities detailed in Figure 4 have helped organizations with ERP integration enhance their T&E expense management programs. Items such as documented processes for submission of expense reports, a capability in 21% more companies with integration than those without, can help employees pinpoint the
proper gateway for expenses, cutting down on times for entering expenses and pushing them through the system. Regular audits, in place in 20% more companies with integration, assist with identifying non-compliant travel and expenses, a factor that typically wreaks havoc on standard organizations.

The other capabilities detailed in Figure 4 revolve around the notion of visibility. Real-time visibility into T&E spending against budget, a capability enabled in 28% more ERP-integrated companies, is perhaps the most critical item in the Best-in-Class arsenal. With this information in tow, executives can alter travel plans, or cut specific trips altogether, to get the organization on a better track with corporate budgets. An automated link between expense management and back-end systems, further supported by expense management and ERP integration, will improve analytical capabilities and provide executives with true intelligence regarding travel spending across the greater organization.

Key Takeaways

This report highlighted the benefits and capabilities of integration between ERP and travel and expense management systems. The Best-in-Class have proven that this integration not only drives down costs associated with the expense management function, but also improves rates of corporate policy compliance and business travel spend under management.

The following are several key takeaways:

➤ Integration between travel and expense management and Enterprise Resource Planning (ERP) systems is one of several key Best-in-Class differentiators.

Best-in-Class Ranking

Respondents to the 2014 Travel & Entertainment (T&E) Survey were ranked on the following criteria:

• Expense report approved for reimbursement (days):
  Best-in-Class – 2.86
  Industry Average – 4.98
  Laggard – 10.38

• Compliance rate to corporate T&E policies:
  Best-in-Class – 91%
  Industry Average – 71%
  Laggard – 36%

• Travel spend under budget:
  Best-in-Class – 89%
  Industry Average – 53%
  Laggard – 15%
This type of integration can result in reduced expense-processing costs, improvements in corporate policy compliance, quicker expense approval times, and enhanced business travel spend control.

ERP and expense management integration enables a series of capabilities related to visibility into travel spending and T&E expenses.

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research

- **The Value of ERP and Expense Management Integration**: March 2013
- **Travel and Entertainment Expense Visibility – To Be or Not To Be**: May 2013
- **End-to-End Visibility into T&E Expense Management**: April 2013
- **T&E Expense Management: The Best-in-Class Pillars of Next-Generation Expense Management**: February 2012

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**About Aberdeen Group**

Aberdeen Group conducts research focused on helping business leaders across sixteen different B2B technology disciplines improve their performance.

Our process is simple – we conduct thousands of surveys every year to identify top performing organizations and uncover what makes them different. We share these insights back with the market in the form of in-depth research reports and content assets to help our readers build business plans capable of driving better results with the right set of tools to help them get there.

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