



The Benefits of Moving to Automated Expense Management

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During the recession, many Los Angeles and Southern California business owners and entrepreneurs focused like a laser on expense management in an effort to boost their bottom line. With the economy now growing again — and sales and revenue along with it at many companies — it's inevitable that expenses will increase as well as companies try to keep up with growing demand for their products and services.

This will place expense management on the front burner for the finance staff once again. Unfortunately, many finance departments are still using outdated and inefficient manual expense reporting systems and processes. Not only are these systems more expensive, but they don't enable companies to take advantage of the many benefits offered by 21st century automated expense management systems.

A Top Financial Priority

In a study conducted by the Aberdeen Group, 38 percent of executives at top companies said that reducing the cost of processing expense reports was one of their top financial priorities. This is not surprising when you consider the fact that it costs an average of \$41.12 to process a single expense report using manual processes. Also, employee compliance in submitting expense reports manually is as low as 50 percent.

Now, compare these figures to automated expense management and reporting. With an automated system, the average cost to process a single expense report drops to just \$7.17, while employee compliance in submitting automated expense reports jumps to 87 percent.

The 2013 Trends in Expense Management survey conducted by Certify asked executives at top companies what were their biggest pain points when it comes to manual expense management. The top three responses were:

1. Employees losing paper receipts and/or submitting expense reports without receipts.
2. The time it takes to reconcile, review and approve expense reports.
3. The failure of employees to submit expense reports on time.

The solution to eliminating these pain points, reducing expense report processing costs, and increasing employee expense report submission compliance is to switch to a centralized and automated expense management and reporting system that integrates with powerful analytics and oversight tools. Such a system will remove ambiguity from expense reporting and management, making it easier to more clearly define corporate travel policies and draw the line between expenses that are appropriate and those that aren't. The result is greater insight into your overall corporate expenses and a much smoother and more efficient expense management and reporting process — for both your company and your employees.

Benefits of Automated Expense Management and Reporting

There are many benefits to switching to an automated expense management and reporting system, including these:

Lower expense report processing costs — The average cost of processing an expense report drops from \$41.12 to \$7.17 when an automated expense management system is used.

Higher rates of employee compliance with expense report submission — The rate of employee compliance in submitting expense reports increases from 50 percent to 87 percent when an automated expense management system is used.

Faster expense reimbursements — An automated system removes human review from expense report processing. This speeds up reimbursements to between one and five days, instead of the two to three weeks that reimbursements can take with manual expense report processing.

A better understanding of corporate expenses — Real-time reports will show how corporate expenses are allocated across your organization. This will allow you to plan better for predictable and anticipated expenses and negotiate better deals with suppliers. You can also compare expenses across the organization and reduce them to match company targets.

There are a number of automated expense management and reporting systems on the market today to choose from. These include mobile-friendly solutions and systems that store expense information in the cloud so it can be easily accessed from anywhere at any time.

Concluding Thoughts

With the economy growing once again and sales and revenue along with it, it's inevitable that expenses will increase as companies try to keep up with growing demand for their products and services. This will place expense management on the front burner once again. Unfortunately, many finance departments are still using outdated and inefficient manual expense reporting systems and processes. Switching to an automated expense management and reporting system will reduce expense report processing costs and increase employee expense report submission compliance. An outsourced CFO services provider can help you choose the right automated expense management system for your business.

About CFO Edge

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