Travel & Expense 2024

4 trends and predictions from industry experts.

SAP Concur

Where are we going?

There is no crystal ball in business. But there are brilliant people – people with enough experience in enough places, who've gone through enough economic ups and downs to know what to expect and how to navigate the unexpected. These are people at the helm of sophisticated, intelligent travel and expense (T&E) technologies, and that gives them the clearest possible foresight as to what lies ahead.

On the next few pages, you'll hear what they have to say about opening up to AI, cutting costs, using data to predict trends, and finally making progress on your stakeholders' eternal request: Doing more with less.

Read on to see what they're predicting, why it matters, and how you can be ready.

Prediction #1:

Technology (and a hint of budget flexibility) will boost confidence.

" *Organizations should take a realistic approach to planning for 2024, build in some flexibility to course correct as needed, and lean into the benefits of emerging technologies. Embracing AI, automation, and data analysis will help finance teams bring more strategy to the organizational table and find a greater sense of confidence amid the uncertainty.*"

— Tom Lavin, Chief Controlling Officer, Marketing & Solutions at SAP

There's that word again, "uncertainty." And yes, the economy is uncertain. (Has there ever been a time when it was a sure thing?) But whether it's flying high or falling apart – more likely somewhere in the middle – there is one thing you can count on: The companies that are able to confidently move forward are using intelligent tools.

90% of senior finance leaders agree their key task is to **prepare for the unexpected**.[1]

Nearly 62% of CFOs **see AI as an essential tool** in managing the unexpected.[1]

56% of CFOs see the **growing complexity of forecasting/budgeting** as a challenge to their business.[1]

55% of CFOs are **investing in data analytics and reporting tools** to tackle forecasting challenges.[1]

[1] Source: CFO Insights Report: A New Role in Managing Uncertainty, SAP Concur, 2023 October

In the next year, you'll continue to see AI automation and analytics help business leaders adapt to change, improve risk management, and make forecasting faster and more accurate. For example:

" *Instead of manually analyzing the data to make informed guesses, someone in finance, travel, or operations could simply delegate that work to a computer. Using generative AI, the computer could then provide data-backed recommendations – factoring in patterns that a human may never even notice – like the ideal time to book a business trip or the optimal date for a team meeting to minimize travel costs, ensuring the company is using resources in the best way possible."*

– Tim Lebel, Vice President and Head of Spend Products, SAP Concur

You'll also start to see more predictive analytics tools being used to analyze data and derive insights – insights that inform and improve business operations not just in spend management, but across the company.

However, there is the data problem to consider, and that is, frankly, having too much. Is all that data accurate? Is it accessible? Is it overwhelming? AI can help you get just what you need, but the challenge still comes down to accuracy. Case in point: Even if you've upgraded your analytics infrastructure, it only delivers value if you're feeding it robust and accurate information.

According to Katie Evans, Research Director, Worldwide Small and Medium Business Research at IDC, "Businesses of all sizes can use generative AI to help fill data gaps and get work done faster. But they're concerned about the quality of their data – and they should be, because generative AI is a data guzzler."

The takeaway

Technologies that include artificial intelligence and improve the quality and usability of your data will be critical in adapting to change. The T&E solutions you choose will make or break your ability to confidently evolve and compete. Here's how. >
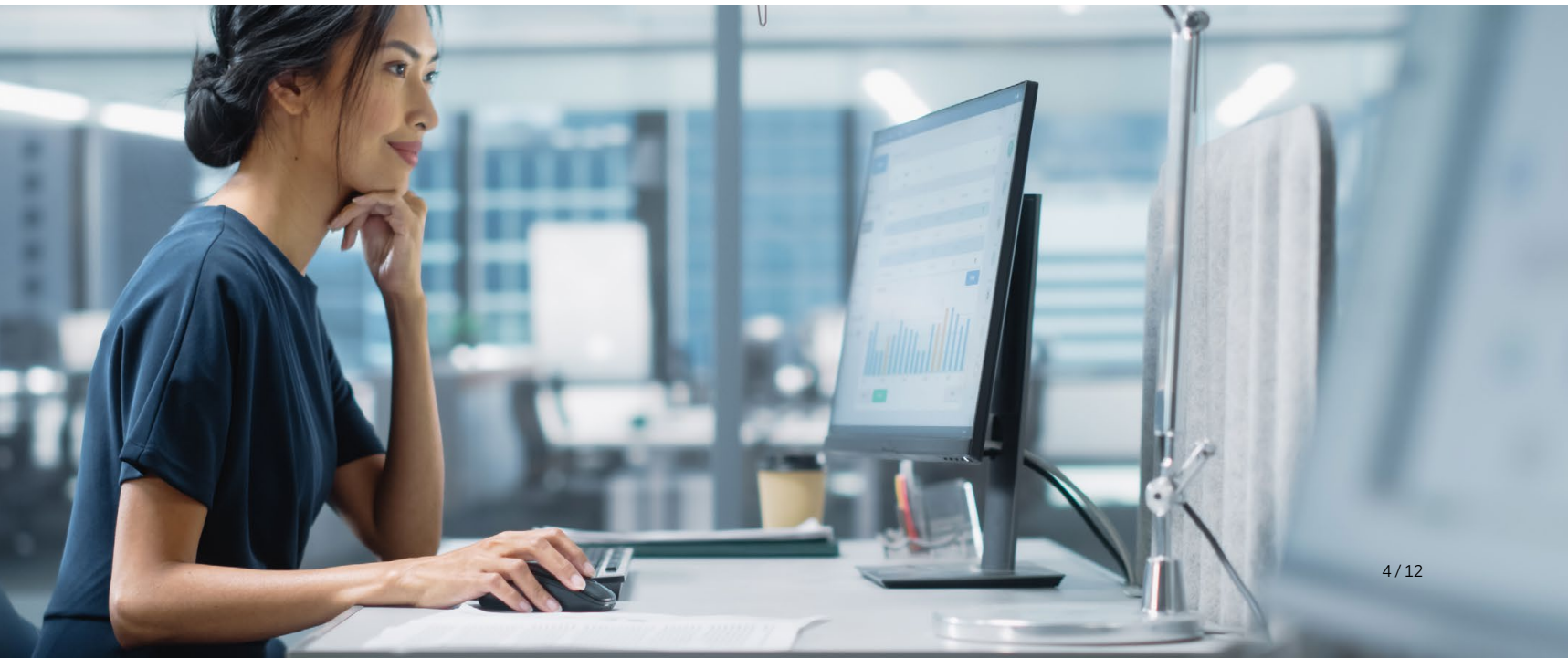
Prediction #2:

More payments will be virtual.

> *Instead of using a company credit card, employees will be able to use virtual payments for all business expenses, including travel. In turn, we'll start to see two types of transactions emerge: trusted and exceptions. Most transactions will use trusted payment methods, and AI will quickly validate them as compliant, enabling near-immediate reimbursement. Exceptions will trigger AI-driven, automated audits to ensure compliance. In both cases, payments will be issued faster with more ease."*

— Christopher Juneau, Head of SAP Concur Market Strategy

Every purchase is a risk. Think about it: Any time something is paid out of pocket or put on a corporate card, or when an invoice gets sent to AP, there's some risk. Why? Because when money has already been spent, finance has already lost the two most important aspects of spending: insight and control.

By their very nature, virtual cards/virtual payments address those issues. They require preapproval and include detailed controls – so someone on your team can't buy a new laptop without getting the go-ahead, and a traveling team of contractors can't spend more than your preset limits on, say, hotel rooms. You have control over when virtual payments can be used, where they can be used, and how much can be spent.

So why, when this technology is virtually decades old, are virtual payments a trend right now? Why did 45% of financial leaders cite virtual cards as one of the key ways employee travel and expenses have changed in the last year?[2]

According to Andrew Jamison, CEO and co-founder of spend management platform, <u>Extend</u>:

- Tight economic times inspire innovation, so cost-controlling technology gets adopted faster.

- The pandemic accelerated acceptance of touchless and other digital payments both at point-of-sale and for invoice-based payments, so virtual options are becoming more of the norm.

- Digital wallets and other technologies have improved the ease and usability of virtual cards and payments.

As Jamison explains, finance leaders are finally adopting this useful virtual tool, and they're getting greater control over costs, more visibility into spending, and increased efficiency as a result. They're freeing their team to focus on exceptions instead of examining every charge, and because all of the reconciliation work is done automatically, they're shaving untold hours off end-of-month reconciling.

The takeaway:

When you want to make it easier for people to buy what they need for work – and that process actually gives you more control over what they're spending – virtual payments are the obvious choice. Just look for a solution that allows you to embed payments and onboarding directly into your systems, so you can streamline the entire process. <u>Here's how. ></u>

Prediction #3:

Cost-cutting measures will create business travel tension.

> **❝** *As organizations hammer out their business travel plans and policies for 2024, another year of budgetary caution will become a source of rising tension with employees. Although budgets may increase, doing more with less in response to inflation will remain the organizational mantra of 2024.*”
>
> – Amy Padgett, Vice President, Travel Marketing Strategy

Sixty-four percent of T&E leaders say their company is **under pressure to manage costs** and make more of their resources.[3]

And it's no surprise that cost cutting causes tension – but when 92% of business travelers say **the future of their careers depends on successful business travel** in the next 12 months, it's clear that travel can get personal.[4]

Doing more with less means more scrutiny when determining which trips are necessary. And if they get to go, travelers may struggle to get comfortable with less comfortable travel options, simply because spending is tighter. And this affects more than careers and sales success:

- Technological advancements are occurring at warp speed, so human qualities like empathy and creativity – which are deepened by face-to-face interaction – become more and more vital. Just like the travel that supports these human connections.

- Business travel is becoming a privilege and is seen as increasingly political. **Sixty-two percent of travelers, for example, feel they haven't always had an equal opportunity** to travel as others in their company.[4] This includes:

  - 31% of LGBTQ+ business travelers who feel they don't have equal opportunity for travel because of their sexual orientation.[4]

  - 29% of Gen Z business travelers who feel they're missing the opportunity because of their age.[4]

  - 23% of women who feel it's because of their gender.[4]

- The most common travel belt-tightening step small to midsize businesses have taken is requiring employees to stay in lower-cost accommodations and/or less safe areas. Meanwhile, 91% of travelers are willing to decline an assigned business trip for reasons like health and safety concerns.[4]

Ask yourself: What happens to morale when employees feel disconnected and overlooked? What are you missing if you ignore expectations for travel flexibility and safety? How can you expect to retain talent when that talent doesn't feel heard?

The takeaway:

When you're forced yet again to do more with less, you have to allocate costs efficiently. But your policies still need to reflect employee expectations, provide equal access to travel, and live up to your duty of care commitment. Here's how. >

Prediction #4:

Sustainability and NDC will become travel program standards.

> Acceleration of NDC among airlines, GDS, TMCs, and OBTs will push the industry into a when, not if, mentality. NDC, combined with reduced supplier payments to TMCs may create growing pains and put pressure on existing industry economic arrangements. TMCs will continue to look for more efficiencies and alternate sources of revenue, which may also lead to continued consolidation. At the same time, larger corporate initiatives like improving sustainability and diversity, equity, and inclusion (DEI) will keep carrying over to company travel programs, putting new, higher-purpose responsibilities on travel managers."
>
> — Charlie Sultan, President, Concur Travel

NDC, or new distribution capability, is an XML-based data transmission standard that transforms the way airline products are retailed to leisure and business travelers. This allows airlines to deliver richer content to travel agencies, global distribution systems (GDSs), and travel management companies (TMCs) via APIs. So what does that mean? Personalization. Think of different travel rates and benefits for specific passengers, companies, or roles.

And while that may be very useful, it doesn't come without concerns:

- Travel leaders still need to apply policies, maintain visibility into spending, support duty of care, get their negotiated rates, and deliver GDPR compliance.

- Getting the new content into the new format can be problematic because it's not just the airline and travel manager who need to nail things down; it's also the GDS, online booking tool (OBT), and the rest of the ecosystem.

- Each airline, OBT, and TMC has its own approach, so travel managers will have to figure out how they're going to get the content and how it will work with their own booking tools.

- With NDC's impact on the entire travel ecosystem, everyone from GDSs to TMCs will have to re-evaluate their value.

Going forward, we'll shift from access to activation – how do travel programs put this content to work? And that begs a few more questions: Once an NDC booking is made, how is it serviced? How do TMCs and travel teams access the information to help travelers in need? Can we combine NDC and non-NDC content into one itinerary?

> *For me, the next steps with NDC are about seeing how the personalization, attribute-based shopping, and other benefits come to life. The hope is we can get to the benefit of bundles and doing more exciting things with the content that comes through this new channel. It's also about seeing the impact on the entire travel ecosystem – with everyone from GDSs to TMCs and online booking tools having to rethink their value."*

– Katie Virtue, Principal, Supplier Consulting, Festive Road

Sustainability is on a similar track – with organizations and industries at different maturities – but a few things are very clear.

Travelers want sustainable travel:

89% will take extra steps to **reduce the environmental impact of their business travel** over the next 12 months.[4]

Businesses are seeing the value:

86% of business leaders see sustainability as an investment that **protects the organization from disruption**.[5]

83% say their sustainability program activities **directly created both short- and long-term value** for their organization.[5]

Four out of five leaders see sustainability as helping their organization to **optimize and reduce costs**.[5]

In the next year, Virtue, from [Festive Road](#), expects to see businesses in Europe and other markets incorporating sustainability efforts earlier in the travel process. For example, their booking tool may offer sustainability tips during booking, like taking a train instead of flying, or extending a trip to maximize value. They'll also be working through operational and reporting requirements to maintain compliance as regulations continue to change.

In the U.S. and other markets where sustainability is on a slower track, Virtue predicts you'll find the term popping up more in RFPs as companies demand greener offerings from suppliers. There will be a greater shift from awareness to action, making sustainability a more tangible part of travel programs and policies. And there will be new ways for employees to learn about – and act on – reducing the impact of business travel.

And no matter where you are in the world, you can expect a continued and growing focus on diversity, equity, and inclusion (DEI) initiatives under the sustainability umbrella.

The takeaway:

Business travel will become more personalized and more sustainable, but getting there won't necessarily be a smooth ride. You'll have more to manage as new content sources – as well as additional sustainability and DEI efforts – fall under your purview, but you can access insights that will help you get ready. [Here's how. >](#)

These might be predictions, but they're based on evidence.

No one knows for sure what's next, but no one knows better where T&E is headed than the experts cited here – and all the others who contributed. They see what's hitting their desks each day, how it's trending, how it's evolving, and how you can be ready.

If you'd like to dig a little deeper, check out Four Ways to Future-Proof Your Business, an examination of key finance issues – from mastering costs and compliance to boosting productivity and morale.