Effective T&E Compliance Without Business Disruption:

How Life Science Industry Experts Are Finding the Balance

Ask anyone who runs a Travel and Expense (T&E) program for a global pharma, biotech, or medical device company to name their biggest challenge and you'll likely hear the following:

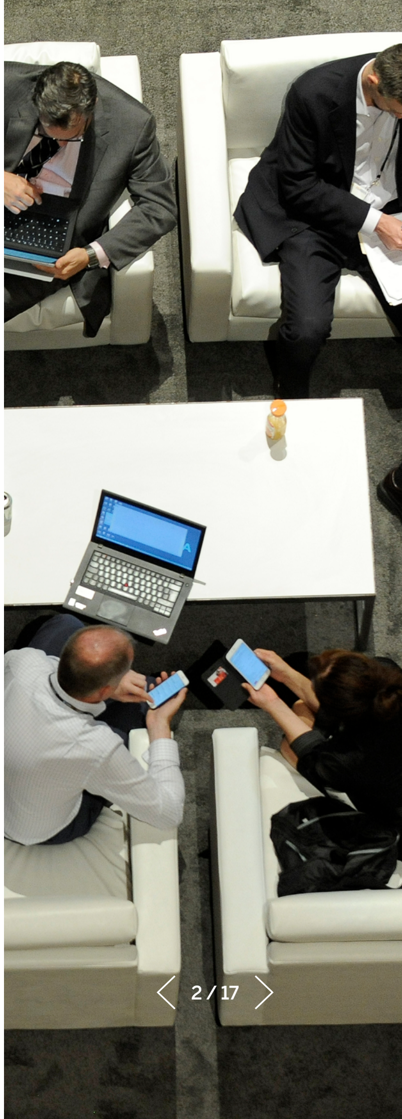
> *Finding a way to create policies that are effective enough to ensure compliance, without making them so restrictive that they don't work for the business.*

While the Physician Payment Sunshine Act, Open Payments, France's Bertrand Act and other similar regulations ensure transparency, **they also make expense management far more complex for life science organizations**. Whether it's a breakfast meeting, a lunch-and-learn or an $11 tradeshow giveaway, every meal, item and health care provider (HCP) and health care organization (HCO) participant has to be documented – a tedious process for field reps and a T&E management nightmare. With similar regulations expected from other countries, the challenge will only become greater in the years ahead.

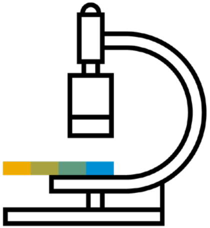
A disparate global business model compounds this challenge. Affiliates in different countries use their own T&E tools, configured to their preferred way of doing things. So, if you're on different systems, there's no easy way to get one, comprehensive, global view of what's actually happening – much less optimize the expense process.

So, what's the answer? How can T&E organizations in the life sciences sector enforce policy and manage compliance on a global scale – without all the pain? How can they optimize processes to make their travelers' lives, and their own lives, easier?

We consulted the experts to find out.



About This Paper's Contributors



In this paper, members of the SAP Concur Life Sciences Leadership Council (LSLC) share their advice on how they've successfully centralized, streamlined and, as much as possible, simplified global T&E management at their organizations.

These individuals represent a diverse range of prominent companies in the life sciences industry – from smaller organizations operating in a handful of countries to massive corporations in more than 70 countries worldwide.

Throughout the year, this group acts as an unbiased, strategic voice for SAP Concur's life sciences customer community, providing feedback, thought leadership, and partnership with SAP Concur, so we may better support our clients in this industry. They also are committed to sharing their insight and best practices with their industry peers through vehicles like this paper, so everyone can benefit from their lessons learned along the way.

Standardize to Simplify:

From Many to One

It is difficult to manage anything with as many moving parts as a decentralized, global T&E environment. Different tools, audit procedures, expense types and processes make it impossible to see a realistic big picture. If you can't collect data and analyze trends, you can't set up a cycle of continuous improvement and optimization, much less accurately monitor policy adherence.

The key is standardization – effectively eliminating in-country siloes and systematically moving every region to the same T&E management platform. But, that's just the starting point.

The way you set up that tool and adjust your overall T&E policy and processes are critical to compliance, user satisfaction and the overall success of your efforts.

Here's what our experts advise:

Spend Time on Crafting your Global Design
Organizations that are consolidating global T&E into a single tool often want to quickly shift what each regional area was doing before moving onto the new system, then make tweaks after go-live.

This approach will never deliver the desired results, and may cause more problems than it solves.

Instead of racing to the implementation finish line, spend adequate time upfront developing a global design that maps to your T&E policy, but also has buy-in from local or regional affiliates worldwide to account for their specific regional nuances and needs.

Standardize to Simplify:

From Many to One

Spend Time on Crafting your Global Design (cont.)
Work closely with your general accounting organization to build a global chart of accounts that identifies a defined standard for expense types and what cost standard should be linked to these expense types. Then, consult with different affiliate leaders to come to a consensus on how to handle anything that falls outside of those rules.

Consider setting up a global steering committee, comprised of business unit leaders, as well as representatives from compliance, legal, ethics and IT, to work on the design development. This process ensures that the design meets the needs of each region – something that is far less likely if the design is created in a vacuum.

This approach also helps build advocates worldwide, something that's essential to effective change management.

And while it may feel like a significant upfront investment, being strategic about a global design will save a tremendous amount of time, energy, and money that would be otherwise spent downstream to fix any problems not addressed initially.

Standardize to Simplify:

From Many to One

Benchmark Against Organizations with Similar T&E Profiles
When you move from a dispersed T&E management model to one global policy template, benchmarking can be very helpful in developing processes, setting expectations and realistic performance metrics. Just make sure you don't simply benchmark against industry verticals. Instead, choose companies that mirror yours in terms of size, number of travelers and the same complexities from a global perspective.

In other words, if you're a large organization with a presence in 75 countries, and 100 products that fall under regulatory compliance, you don't want to benchmark against an organization with five products and a total staff of 2,200.

> "You need to write your T&E policy so you satisfy compliance but you also have to satisfy your business needs – and that's tough to do."

Standardize to Simplify:
From Many to One

Create a Universal T&E Language
It’s difficult to enforce a global policy when every region uses unique, regional terminology. The consensus: standardize as much as you can – starting with the areas with the largest amount of disparity.

For example, one of our experts recounted how his company once had 23 different meal expense types among its geographic regions.

Now, the company has three: travel meals, staff meals and third-party meals, all with the same definition and term, regardless of country.

It also makes sense for organizations to standardize HCP/HCO expense types, particularly as more global markets are escalating transparency requirements for companies in the life sciences sector.

> “If you’re not standardized, continuous improvement is much more difficult.”

Standardize to Simplify:

From Many to One

Create a Universal T&E Language (cont.)
Our experts advise that you also limit the overall number of expense types. While the optimal number will vary between organizations, aim for 50 or 55, instead of totals in the hundreds. And, set up the fields for the expenses in the same configuration, wherever possible, for every country.

Once everything looks and feels the same, organizations can then start to make universal improvements that positively impact efficiency, ease of use or policy adherence on a global scale.

If your organization has employees who relocate between regions, this set-up reduces the learning curve as well. Everything looks and works the same way organization wide.

Think Global, Act Local:

Be Flexible Enough to Make Some Regional Adjustments

It's important to note that, try as you might, you will not be able to standardize each and every nuance of the T&E process. The best results come from focusing on the big things, standardizing what you can, but also having some flexibility when local needs deviate from the established standard.

Don't Sweat the Small Stuff

For example, line item receipt capture simplifies the expense review process, so, it's a common setup structure in the U.S. However, while this approach is fairly typical here, in Europe, attaching receipts at the header level is the norm. For employees in that part of the world, a line item mandate would be perceived as cumbersome and add time to the process.

In situations like this, our experts advise taking a moment to step back and weigh the impact on the travelers versus the benefit to your organization. In this example, the company standardized the policy by saying, "Everybody has to attach receipts," but left whether this was done at the header level or line item level up to the regions to decide.

If your organization operates in locales where costs for things like meals at restaurants vary widely, you might choose to standardize meal types, but allow the regions to set their own breakfast, lunch and dinner expenditure thresholds.

Also, be cognizant of cultural norms that may justify additional expense types in some countries.

For example, if an employee in the U.S. travels abroad on business and requires vaccines, the company typically has a facility or insurance program that takes care of those inoculations at no out-of-pocket cost. However, in other countries, like Mexico, the traveler has to go to the doctor and pay out-of-pocket for the same vaccine, which is never covered by the health insurance offered in that country. As a result, that affiliate requires an additional expense type to cover that cost.

The challenge is keeping your policy and procedures consistent, but doing so without being so restrictive that it will trigger non-compliance. Standardize, but still offer the flexibility to recognize and accommodate the inevitable grey areas.

Think Global, Act Local:

Be Flexible Enough to Make Some Regional Adjustments

Create a Well-Defined Process for Exceptions
In the world of T&E policy, there will always be exceptions. So, make sure you're ready with a well-defined process for documenting and managing those exceptions, based on their complexity and impact.

One of our experts from a larger organization with more than 37,000 travelers has a clear process and workflow for various types of exceptions, with the more complex of these going as high as the CFO level. It's important to note that this company does not publish this exception process/workflow on its website or in its policy. The concern is, once published, those exceptions will become the norm.

Another contributor, from a smaller biotech firm, was successful with a very different approach.

After audits indicated that questionable exceptions seemed to be escalating, this company made a very visible and well-communicated exception management change. Instead of requiring a vice president's approval for a policy override, exceptions now required a senior vice president's approval. That one, seemingly small adjustment has made a big impact. Not only has it significantly reduced its volume of rejected reports, but it has driven behavioral change. The staff is now less likely to try to pass through an expense that should be a personal expense or falls well beyond policy guidelines because those exceptions are passed on to a higher level of management.

Every company has to determine which exception strategy works for its structure, size and culture. Just make sure you have a well-defined process for handling different types of exceptions, track the incidence and type of exceptions through reporting, and be willing to adjust procedures as needs dictate.

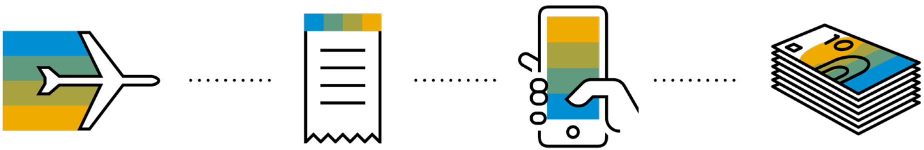
Streamline Your Processes:

Do What You Can to Make the T&E Process Easier for Your Users

It's a universal truth: No one ever gets up in the morning and says, "I can't wait to do my expense report today!" Your users are field representatives, researchers and executives focused on doing their jobs – talking to doctors, finding the next breakthrough, accomplishing your corporate goals.

Anything you can do to streamline the T&E process, and get employees back to their real jobs more quickly, the better.

Set Up Audit Rules to Prompt Users
The more users who complete their expense reports correctly the first time, the better – in terms of efficiency and decreased risk. Set up audit rules that prompt users as they complete their expense reports. These prompts should remind the employee of specific documentation or receipt requirements, and also prevent them from making errors, like using the wrong cost center for a particular expense type.



"You want to get your employees done with their expense reports and back to their real jobs as quickly as possible."

Streamline Your Processes:

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Look for Opportunities to Automate
Many times, the functionality you need to streamline processes and reduce errors are as close as your expense tool. The more you can automate, or utilize technology to mitigate problems, the better your outcomes and user experience will be.

For example, one of our experts received a lot of complaints from company field reps about documentation for travel meals, and physician lunch-and-learns. The problem was not that they had to list the attendees, but that they also had to add themselves as an attendee every time – even for travel meals that they consumed alone.

By simply adjusting the expense tool to automatically enter the name of the individual creating the report on all meals and events, he was able to solve the problem – and save users a lot of time and frustration.

In another organization, the approving manager was charged with verifying that the right receipts and documentation were included with any expense that fell under the Sunshine Act or other regulatory guidelines. Not only was this an unproductive use of the managers' time, but few actually took the time to conduct a thorough review.

To solve the problem, the organization implemented a solution that automatically views and "rates" the receipts attached to each expense report. The high-risk receipts (i.e., a physician event) are funneled to the finance team for a closer look. The low-risk receipts (i.e., travel booked on a corporate card) pass directly into the workflow without review.

Instead of requiring users to manually type in the names of their HCPs/HCOs attending educational events, one of our experts implemented an application that enables field representatives to search for participants who attended meetings from a pre-established roster, and link them to the event, resulting in hours saved for the users.

Another organization is in the process of rolling out a new system function that not only pulls e-receipts for hotel, airfare and car rental, but it also automatically itemizes the traveler's hotel bill.

By setting up your T&E tools in alignment with your policy and automating as much of the process that you can, you'll reduce liability, increase productivity and make life easier for both users and the back office.

Communicate and Educate:

Employee Training is Key to Compliance

Although no one looks forward to completing an expense report, most everyone wants to do it correctly. If they're not in compliance, it's more likely to be out of ignorance than intent.

They've either never read, have forgotten, or never had a manager who enforced the policy. So, expense reports funnel in without the right documentation, attendee names, or other information, creating more work for the finance department and often, putting the organization at regulatory risk.

The best way to increase policy compliance is to get to employees before they form bad habits. Here's what our experts advise:

Make Sure T&E is Part of the Employee Onboarding Process

If your company has a formal onboarding process for new hires, rally to make sure T&E has representation on the agenda. Having the opportunity to sit down with someone, in person, to not only explain your policies and procedures, but why adherence is so important, makes a far greater impact than a faceless email after the fact.

Use that opportunity to talk through the basics:

- How to complete an expense report
- Documentation required for compliance
- Approvals required
- Timelines for submission
- How to apply for a corporate credit card
- When to use the credit card and when to go through procurement
- The most common mistakes employees make with T&E, and how to avoid them

Answer questions, and reinforce the conversation with leave behinds that provide quick "at a glance" reminders of what you discussed, as well as a copy of your T&E policy. Make sure they know how to contact you, as well as members of your staff, if they have questions down the road.

If your organization doesn't have a formal onboarding process, or if your department can't get on the agenda, put a mechanism in place to secure a monthly list of new hires and job titles. Then you can set up your own meetings or teleconferences, particularly with those individuals in sales and marketing, who are most likely to impact compliance.

Communicate and Educate:

Employee Training is Key to Compliance

Set Up Mandatory Online T&E Training

Reinforcement is vital to learning. The more the information is repeated and practiced, the more it becomes ingrained in the brain.

For that reason, our experts recommended adding a T&E course on your company's learning management system, and make sure all new employees complete that training. Also offer quick online refresher courses your staff can take prior to travel or first physician event to ensure that they capture the right information before submitting their expense report.

You don't have to regurgitate the entire training. Just focus on the high points – or the areas where employees tend to err.

Keep the Lines of Communication Open

No one likes to have change sprung upon them. So, make sure you have a well-orchestrated communications plan when new enhancements, updated processes or new technology is on the horizon.

In addition to thinking through what you say, it's also critical to have a solid process for disseminating information that works with your company's size, culture and configuration. While email blasts and website posts might work for smaller organizations, these could get lost in large, globally expansive companies.

Communicate and Educate:

Employee Training is Key to Compliance

Keep the Lines of Communication Open (cont.)
One strategy that works for larger organizations is to disseminate information through sales operations groups, regional managers, or country controllers – known entities across the organization. Not only does having "the boss' name" on the email or other correspondence make it more likely to be read, but looping in individual members of the management team gets them involved in the change management process.

The more advocates you have in the field, the better, particularly if the change requires additional training.

Write Your Messaging from the Users' Perspective
If you're communicating a change, make sure you emphasize what's in it for the end user. If you're reinforcing a process or policy that's being circumvented or done incorrectly, tell them the impact, and how you're going to help them cut down on the opportunity for unintended errors, which ultimately reduces the company's risk.

Also consider crafting unique messaging for each of your stakeholder groups. This more targeted approach enables you to tailor the language and channel used to distribute the communication to the audience and how they best consume information.

> "If people can link a face to policy adherence, and start building a relationship with T&E from day one, they're more likely to make the effort to do things the right way down the line."

Analyze and Optimize:

Never Stop Improving

Our experts agree that, in the world of effective global T&E management, there is no end point. Finance leaders should always look at their operations as a work in progress. Once the foundational elements of a coherent, consistent, global policy and process are established, then they can focus on optimization. The goal is to set up an environment of continuous improvement.

To accomplish this goal, it is imperative to:

- Stay on top of what users need
- Stay one step ahead of regulatory changes
- Work with your technology partner to understand their roadmap, so you know the enhancements coming down the line

Our experts also recommend making time to network with your industry peers who face similar challenges to find out how they're dealing with those issues. Their insights, successes and lessons learned could save you a lot of time and experimentation.

Finally, use your data and reporting to not only identify need, but to build a business case to justify any new technology. This additional step ensures that you prioritize technology spend around areas where it can have the greatest impact on employee satisfaction, end user experience and financial stewardship.

"You always want to continue to improve your program, and to keep it as efficient and streamlined as possible."

Finding the Balance:
The Right T&E Partner Can Help

Managing T&E for a global life sciences company will never be easy. But, the right technology partner can help to eliminate the pain.

At SAP Concur, we are dedicated to offering reliable, feature-rich travel and expense systems and services that meet the unique needs of pharma, biotech and medical device companies. Our customizable, scalable solutions feature built-in tools to drive compliance while streamlining the overall user experience.

Most importantly, we, too, have a commitment to continual improvement. That's why we created the Life Sciences Leadership Council to share their perspective and needs. That's why we invest time and research into enhancing our products and developing new offerings that help our customers better deal with the real-world challenges they face every day.

That's why SAP Concur is the choice of some of the top life sciences companies in the industry. They know we're committed to their success.

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