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Empower Organizations to Digitally Transform Their Expense, Travel, and Invoicing Processes

Business Value Highlights

650%
three-year ROI

5 months
to payback

$672,000
in savings on business travel per organization

78%
less time to book a business trip

60%
less time to complete an expense report

30%
more efficient accounts payable staff

62%
more employees following organization's travel and expense policy

EXECUTIVE SUMMARY

Organizations across the globe are undertaking digital transformation (DX) journeys to maximize employee productivity, reduce operating expenses, and improve business performance. One of the primary steps taken by organizations on this DX journey is making investments in cloud enterprise applications to automate their business processes. In particular, expense, travel, and invoice management applications are an obvious investment choice to quickly transform business processes by increasing compliance and bringing a large amount of organization spend under management.

This white paper analyzes the costs and benefits associated with SAP Concur solutions for expense, travel, and invoice management, including the impact on professionals in the finance, procurement, and legal departments. IDC interviewed multiple organizations using SAP Concur for their business travel, expense reporting, and/or invoicing needs. Interviewees told IDC they realize significant business value from SAP Concur, especially increased employee productivity and business travel savings. IDC determined that these SAP Concur customers achieved benefits of $1.96 million per organization per year ($97,447 per 100 SAP Concur users) with an ROI of 650% by:

- Freeing up time for users who book business travel and file expense reports

- Increasing the productivity of back-office and support staff who need to process business travel, expense reports, and invoices

- Helping organizations save on business travel through easier implementation and compliance with organization travel policies

SITUATION OVERVIEW

Driving Business Agility

Organizations are looking at a variety of cloud-based technology solutions to lower their capital expense profile, increase employee productivity, lower costs for managing operational functions, and drive new capabilities that have a direct impact on business performance. Cloud technology has leveled the competitive landscape, enabling smaller organizations to compete with larger enterprises without having to build, deploy, and maintain costly on-premises technology systems. The lower up-front costs of cloud also allow executives to test-drive a wide variety of software packages and find the one that fits their specific company needs.

IDC views cloud technology as a critical business priority rather than just another organizational technology because the business environment is much more competitive than it was five years ago. Many businesses are leveraging cloud technology as a tool to transform their business to perform better in the digital economy. Furthermore, cloud-based technology has altered the charters for senior executive roles, particularly the chief financial officer (CFO).

Today's Chief Financial Officer

Today's CFO faces many challenges. Investors' expectations (and CEOs' demands) have never been higher. Managing a diverse workforce has never been more challenging because the cost of inefficient financial operations, along with employee turnover and lost productivity, is greater than ever in this hypercompetitive environment that rewards sustained agility. These challenges are added to the historical CFO mandates around controlling operational costs and reporting financial results that are in line with an ever-growing set of industry compliance regulations.

With these issues in mind, forward-thinking CFOs are already engaging with IT solutions that are business ready, capable of providing greater business performance visibility, and user-friendly. The expense, travel, and invoice management applications market has become much more mature in recent years, with numerous software vendors providing point solutions hosted in the cloud. Taking advantage of these applications, as an integrated spend management suite in the cloud, goes a long way toward helping the CFO tackle business challenges.

Expense, Travel, and Invoice Management Overview

Travel and expense (T&E) management applications are often lumped together but are both individually important areas for businesses to manage employee spend. While these applications "live" with finance and travel managers, potentially every employee in an organization utilizes travel and expense tools at one time or another. Invoice management applications are another area of spend that often lives with finance and is a large part of the T&E process.

Expense management applications are used to log business expenses including flights, hotels, ground transportation, and any other expenses related to conducting business. As an organization grows, the need for a dedicated expense management application increases, especially for financial efficiency and compliance. Further problems arise when organizations start to reconcile expenses from other countries or regions or require expense reconciliation that can feed into compliance documentation.
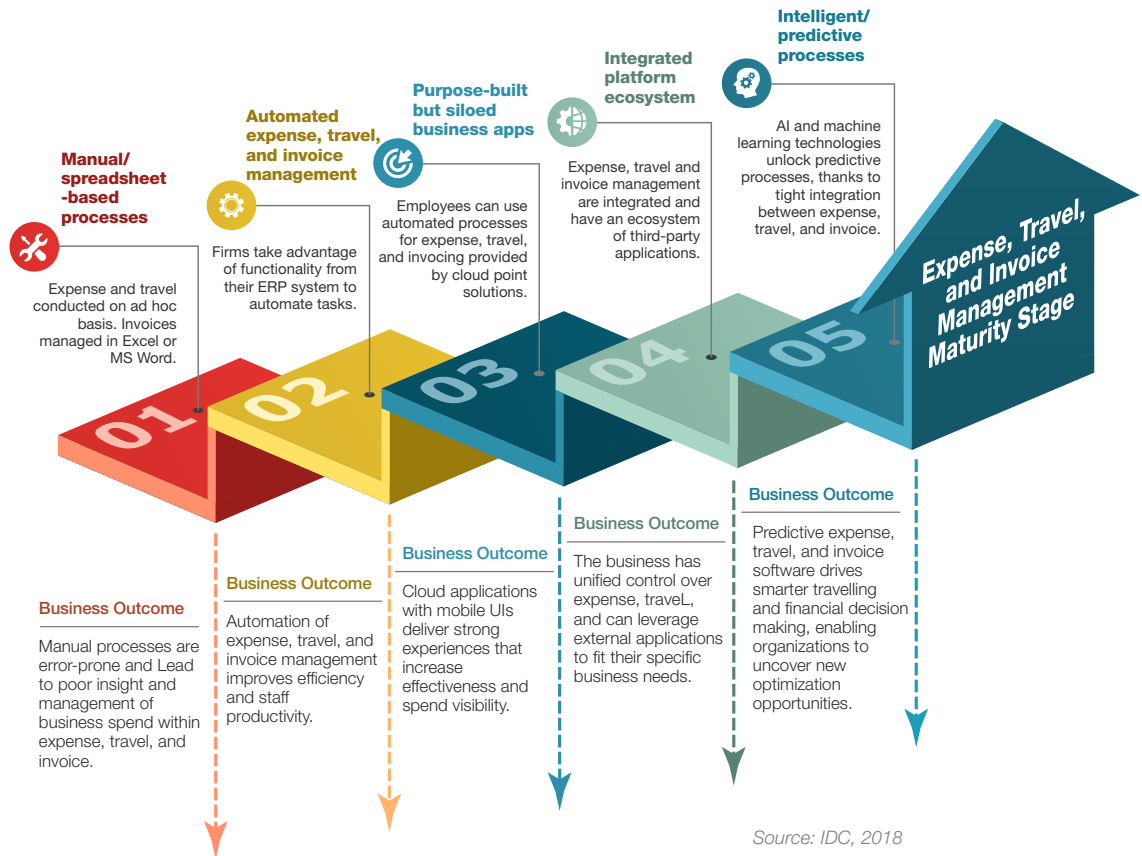
Travel expenses are often one of the largest expenses for an organization. However, many organizations approach travel management with an expense-first mentality. In these situations, an expense management point solution allows employees to book travel externally and pulls in information from a travel management company (TMC) or from emails. This can lead to noncompliance, fraud, and employee frustration, especially for large organizations with employees across the globe.

Invoice management is directly linked to an organization's fiscal health because it involves money owed by a company to its creditors/vendors. Often, organizations that start with a manual invoicing process continue to support this method — even as company size and complexity grow — often to the point where workarounds, such as using spreadsheets or templates for invoices and physical reconciliation, are no longer efficient. Early invoice management systems were focused on accounts payable (AP) automation, essentially back-office processes designed to eliminate paper — applying matching rules with OCR and supporting the accounts payable department. Manual intervention has been an absolute necessity to review out-of-policy exceptions and to determine whether the invoice is "okay to pay." Advanced invoice systems offer a large amount of flexibility and capture a deep level of detail for any industry or company size segment.

Expense, Travel, and Invoice Management Maturity Stages

IDC has identified five stages of maturity for expense, travel, and invoice management (see Figure 1). Each maturity stage represents a step in a business' digital transformation, from paper- or spreadsheet-based processes to digital automation. Higher levels of maturity generally correlate to the life-cycle stage of a given company. As organizations grow, their needs change, requiring specific expense, travel, and invoice management solutions that at first provide a valuable level of automation. However, as a company becomes diversified, adding additional product lines, sales staff, and geographic operational territories, the business complexity increases to the point where mobile-based solutions are table stakes and the need for analytics to drive a consistent level of cost management–led agility means working with a technology partner like SAP Concur. Having a partner that is driving innovation in the expense, travel, and invoice space enables organizations to focus on what matters most — their own business initiatives.

FIGURE 1   Expense, Travel, and Invoice Management Maturity Stages

Manual/ spreadsheet -based processes
Expense and travel conducted on ad hoc basis. Invoices managed in Excel or MS Word.

Automated expense, travel, and invoice management
Firms take advantage of functionality from their ERP system to automate tasks.

Purpose-built but siloed business apps
Employees can use automated processes for expense, travel, and invocing provided by cloud point solutions.

Integrated platform ecosystem
Expense, travel and invoice management are integrated and have an ecosystem of third-party applications.

Intelligent/ predictive processes
AI and machine learning technologies unlock predictive processes, thanks to tight integration between expense, travel, and invoice.

Expense, Travel, and Invoice Management Maturity Stage

Business Outcome
Manual processes are error-prone and Lead to poor insight and management of business spend within expense, travel, and invoice.

Business Outcome
Automation of expense, travel, and invoice management improves efficiency and staff productivity.

Business Outcome
Cloud applications with mobile UIs deliver strong experiences that increase effectiveness and spend visibility.

Business Outcome
The business has unified control over expense, traveL, and can leverage external applications to fit their specific business needs.

Business Outcome
Predictive expense, travel, and invoice software drives smarter travelling and financial decision making, enabling organizations to uncover new optimization opportunities.

Source: IDC, 2018

Stage 1: Manual/Spreadsheet-Based Processes

Many firms are at this stage of maturity as they begin operations. Small sales and finance teams partner with an office manager to develop an expense report template in either Microsoft Word or spreadsheets, which is viewed as a straightforward way to account for overall employee spend and travel expenses. Users can easily access these widely adopted applications, and back-office staff can keep both paper records and electronic records. As a firm grows larger and it sees more expense reports and invoices, this option quickly outlives its viability. Additional back-office staff are needed to manually reconcile paper- or spreadsheet-based expense reports and manage incoming finances ad hoc. This can easily result in errors on the part of the user when importing data from reports into an accounting system. Often, when a company views IT as a cost to be managed rather than a way to drive productivity or business value, it will continue to work from these common applications and build entire inefficient processes around itself to maintain the perception of reduced costs. What is not apparent are the opportunity costs of using human capital to manage what can be automated expense, travel, and invoice processes and the ways of identifying new business opportunities that only more advanced, predictive capabilities can generate.

Many of the interviewed organizations using SAP Concur migrated from spreadsheet- or paper-based processes. One interviewed organization described the challenges of its previous approach as follows: *"We were previously routing invoices through a paper process, a very manual process. It was across many locations, handling their own accounts payable."*

Stage 2: Automated Expense, Travel, and Invoice Management

Many companies reach this stage of maturity when they realize the limits of using spreadsheet and paper to account for expenses and invoices and start to use applications included with their ERP or finance applications. The value of these applications centers around automated travel booking, expense logging, and invoice management. Moreover, it is much easier to reconcile with back-end accounting systems. While these more automated processes solve a basic problem, they still do not address the user experience, which is an especially important issue in larger midmarket and enterprise firms. These types of processes will still require human capital to manage and will result in lost accounting efficiency. This stage can be considered an early step in the digital transformation journey, where the benefits of automation are clear, but the organization has only begun to scratch the surface in terms of value.

To highlight the time savings of SAP Concur solutions, one interviewed organization explained the improvements it experienced over manual processes, stating: *"It takes about half the time to do an individual invoice."*

" *It takes about half the time to do an individual invoice.* "

Stage 3: Purpose-Built But Siloed Business Apps

This stage of maturity enables workers to more effectively book travel, account for expenses, and manage invoices on mobile devices outside of using a traditional desktop application. Tasks can be completed in real time with a specific set of mobile applications. These purpose-built mobile applications can satisfy a wide variety of expense, travel, and invoice management functions. For instance, apps that allow for receipt image capture, when linked to a cloud-based application, can automatically populate an electronic expense record. Purpose-built mobile and cloud-based apps are options that immediately increase spending clarity across the organization.

While cloud-based expense, travel, and invoice management represents an important milestone in digital transformation, organizations that are operating across countries and regions or that have specific industry compliance–related reporting mandates find that they need a platform ecosystem partner that can offer them capabilities beyond a point product. IDC finds that many organizations are stuck at this point, where they reap the benefits of purpose-built applications in the cloud but still fall short of having fully integrated expense, travel, and invoice management.

One organization explained the benefit as follows: *"Essentially, employees are using it on the go; say in a departure lounge, take copy of receipt and processing expenses in real time if they want to."*

Stage 4: Integrated Platform Ecosystem

This stage of maturity fits with organizations operating across geographies and within compliance-intensive industries like healthcare and financial services. It also fits with organizations that have a large mobile workforce that often books travel outside of corporate booking systems and their travel management companies. A platform ecosystem allows these organizations to enforce the corporate travel and expense policies, resulting in more spend under management. Furthermore, a platform ecosystem can provide financial leaders and employees a value-added ecosystem of third-party application developers that can develop and deploy apps that integrate directly into core expense, travel, and invoice applications. This ecosystem is especially important to satisfy specific business needs and regulatory requirements.

A clear example of how a platform ecosystem provides value is when employees travel to countries and regions that have value-added tax (VAT). These expenses often need to be reclaimed by the company, and point solutions simply cannot account for the level of changing granularity on a country-by-country basis. Compliance-intensive industries require the reporting of specific expenses related to sales and marketing, and SAP Concur partners

" The point of this is all of it coming together. You get a holistic view. All of your approvals done in the same system — expense, travel, and invoice. "

can offer specific integrated applications that can easily accrue and report out these expenses. Most of all, SAP Concur travel partners, which include major airlines and hotel chains, can account for direct bookings that can be linked back to a corporate travel profile for a given employee. This stage represents the point at which businesses have truly crossed the gap of digital transformation and is where businesses see growing marginal returns on their investments.

Organizations using SAP Concur see benefits of moving to a platform ecosystem where expense, travel, and invoice are managed in the same place and the business can take advantage of SAP Concur's App Center that has over 180 third-party extensions. An interviewee explained: *"The point of this is all of it coming together. You get a holistic view. All of your approvals done in the same system — expense, travel, and invoice."*

Stage 5: Intelligent/Predictive Processes

This stage of maturity takes the platform ecosystem approach a step further. By utilizing AI and machine learning capabilities, expense, travel, and invoice management systems can provide predictive services that mitigate unplanned or needless expenses and forecast future invoices before they happen. This is a big shift when compared with most businesses today, which are not able to analyze their spend until months after the fact.

Expense, travel, and invoice management become more than reporting functions; predictive processes drive smarter, policy–based decisions making by employees. For instance, Concur Drive uses an employee's mobile phone and car to track when the employee's vehicle is in motion to capture distance from their mobile device, which is much more accurate than self-reported mileage. Employees can submit mileage logs into expense line items in Concur Expense with one click. Similarly, the SAP Concur product, Budget, allows budget owners to see spend as it happens/happened and forecast future spend, giving them more control and flexibility when setting budgets. When submitting expense reports, Concur Detect automatically checks 100% of organizations' expense reports before reimbursement happens, which helps uncover fraud and compliance issues in real time.

These types of automated/intelligent functions will soon become the norm in expense, travel, and invoice management and can be delivered only as part of a larger ecosystem. While the automation of business processes as described in stage 2 will make the process faster and more efficient, only data derived from predictive software can identify new business opportunities and empower smarter employee decisions. For instance, the SAP Concur product Consultative Intelligence blends the in-depth knowledge of a business internal

team with the perspective of an outside expert, providing a custom role-based dashboard to unlock insights that help businesses reduce complexity, see spending clearly, and make better decisions.

As one organization explained, *"We are able to troubleshoot issues. We can break the entire workflow process down step by step to see where things are breaking down. We can send special reports for data and special information that groups ask for on a regular basis — tax team or project management team, for example."*

THE BUSINESS VALUE OF SAP CONCUR

Study Demographics

IDC interviewed seven organizations for this study by asking participants a variety of quantitative and qualitative questions about the impact of deploying the SAP Concur solution on their IT and line-of-business operations and costs. Table 1 characterizes the demographics of these organizations.

As shown in Table 1, the average employee size was 1,906 who were supporting an average revenue base of $1.55 billion. The companies surveyed were located in the United Kingdom (2), the United States, Germany, Australia, China, and New Zealand. In addition, a broad mix of vertical industries were surveyed, including the financial services (3), communication and media (2), government, and professional services sectors.

TABLE 1 Demographics of Interviewed Organizations

	Average	Median
Number of employees	1,906	1,050
Number of total employees using information systems for job	1,848	1,500
Revenue per year	$1.55 billion	$466 million
Countries	United Kingdom (2), United States, Germany, Australia, China, and New Zealand	
Industries	Financial services (3), communication and media (2), government, and professional services	

n=7 Source: IDC, 2018

Study Participants' Use of SAP Concur

In today's business environments, cloud-based automation of key tasks is an essential aspect of digital transformation. Organizations are deploying a variety of cloud-based solutions to increase employee productivity, lower operational costs, and offer new capabilities that optimize and support business performance. The move to cloud-based DX functionality includes new capabilities for expense reporting, business travel booking and reporting, and invoicing.

Travel represents one of the largest expenses for any organization. Companies have found that the manual expense reporting process is no longer efficient. Still in use in many instances, manual processes can result in errors when importing data from reports into a larger accounting system. Automating these processes has been found to free up employee time and provide companies more control over compliance and costs. Accordingly, many interviewed organizations using SAP Concur have migrated from paper-based systems.

The companies that IDC interviewed stressed the need for having these DX capabilities to make their line-of-business operations more efficient. Interviewed organizations told IDC that SAP Concur helped them achieve this and cited a number of reasons for choosing it over alternative approaches:

- **Easier to roll out, SAP Concur's reputation:** *"We could have used an electronic routing solution with our previous vendor, but it required additional licenses for everyone that would use the software. That solution would not have been as easy to roll out enterprise-wide as SAP Concur. In our research, we found out that SAP Concur was a leader in expense and travel."*

- **Integration with SAP:** *"We had used SAP in the past. As an organization, we were going through a very large SAP build and wanted to upgrade activities around expense reporting. We looked at other solutions and decided the best way forward was SAP Concur"*

- **Good relationship with SAP:** *"We went with Concur based on recommendations from other users. The other factor was a board-level agreement with SAP that included a joint road map on how to work with SAP in the future."*

To develop a full picture of usage patterns within the companies surveyed, IDC gathered data on how study participants were deploying the SAP Concur platform. Table 2 provides a snapshot of this usage; there were a substantial number of SAP Concur users of all three product categories across all companies. Table 2 also provides additional metrics on the four major SAP Concur products that were the focus of the study.

TABLE 2 SAP Concur User Base

	Average	Median
Product areas		
Expense reporting	590	230
Business travel booking and reporting	986	180
Invoicing	432	0
Specific products		
Concur Mobile	323	200
ExpenseIt	248	50
TripIt	266	10
Concur Invoice	4	0

n = 7   Source: IDC, 2018

To drill down a little further on SAP Concur usage among surveyed organizations, IDC developed additional profile metrics (see Table 3). A noteworthy fact is that the majority of organizations are using ExpenseIt and TripIt, while other products are still ramping up among the user base.

TABLE 3 SAP Concur Features Usage

	Average (%)
User support desk	43
Service administration (expert advice/best practices)	29
Consultative intelligence	43
Audit support	29
Travel request (preapproval)	14
ExpenseIt	71
TripIt/TripLink	57

Source: IDC, 2018

Business Value of SAP Concur

After interviewing and compiling detailed usage information on seven SAP Concur customers, IDC has determined that these organizations were realizing significant business value. Organizations frequently mentioned that SAP Concur was helpful in allowing their business users book travel and file expense reports quickly, and that those reports and other invoices were easier to process and manage. Interviewees described how SAP Concur helped improve user productivity:

- **Can do more with less:** *"Ease of access to SAP Concur and its mobile application resonates with us as does the lack of support required for upgrades. We are under-resourced, so this is a big thing. With the ecosystem it has in place, in terms of having a lot of partners and apps, it is best in class."*

- **Ease of use and integration with SAP:** *"The biggest benefit for us is the ease of use along with SAP integration and visibility into expense report spending. If we adjust anything on an expense report, it is also changed in SAP, which is the benefit of integration. I find SAP Concur very user-friendly, particularly with the mobile apps. In addition, its willingness to customize processes and reports to suit our requirements is very beneficial. There is no haggling with the company over requests."*

IDC has quantified the financial benefits of these organizations using SAP Concur to be worth $1.96 million per organization per year ($97,447 per 100 SAP Concur users) on the basis of:

- **Business user productivity benefits:** Business users can book business trips or file an expense report through SAP Concur's website or mobile application, which saves time over trying to do either task manually. IDC calculates these organizations are realizing annual productivity gains of $715,604 per organization ($35,647 per 100 SAP Concur users).

- **Back-office staff productivity benefits:** Because business travel, expense reports, and invoicing can be booked and filed by end users more easily, back-office staff can more efficiently process trips and reports and pay out vendors quicker. At the same time, SAP Concur's integrated platform gives auditing staff faster access to the financial data they need to do their jobs. Overall, IDC projects these efficiencies to be worth $649,400 per organization ($32,349 per 100 SAP Concur users).

- **Business trip cost reductions:** Organizations can insert their T&E policies into SAP Concur, thus ensuring that more users follow them and therefore avoid overspending. Study participants also have better visibility into spending by specific vendors, which opens up an opportunity for these organizations to negotiate better pricing with airline, hotel, and rental car partners. IDC calculated that these savings are worth $591,239 per organization per year ($29,452 per 100 SAP Concur users).

> " *Ease of access to SAP Concur and its mobile application resonates with us as does the lack of support required for upgrades. We are under-resourced, so this is a big thing. With the ecosystem it has in place, in terms of having a lot of partners and apps, it is best in class.* "

IDC has quantified the financial benefits of these organizations using SAP Concur to be worth $1.96 million per organization per year ($97,447 per 100 SAP Concur users).

Business User Productivity Gains

The SAP Concur customers interviewed by IDC have significant numbers of employees who travel regularly for business. Customers described substantial reductions in the amount of time their employees devote to completing expense reports, business travel booking and planning, and invoicing. In terms of expense reporting, they reported ease-of-use benefits such as automatically categorizing and mapping expenses based on receipt images and easier policy compliance.

Several customers stressed ease of use and the value of mobile applications: *"Employees are able to use SAP Concur more easily because there is more visibility. In addition, they can use mobile apps on the road, which is a feature they like. We don't have to chase people for information as much as before. The mobile apps make a big difference. People can do their reporting on the road."*

Table 4 shows how SAP Concur customer employees are saving substantial time in processing expense reports by streamlining the process and making it more user-friendly compared with legacy solutions demanding employee time that could be spent more productively on other tasks. Using cloud-based SAP Concur, these organizations saw a 60% improvement in the time required to complete expense reports, while staff time costs improved 67%.

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TABLE 4   SAP Concur Expense Report KPIs

	Before SAP Concur	With SAP Concur	Difference	Benefit (%)
Time to complete expense reports (hours)	2.40	0.96	1.44	60
FTE impact	15.1	5.0	10.1	67
Staff time costs for expense reporting	$1,059,712	$349,752	$709,960	67

Source: IDC, 2018

> " *In general, it is cost efficient to use the sales service functionality compared with using a travel agency and paying a high booking fee. Being able to set all the compliance rules in terms of what can or cannot be booked at a high level is beneficial to our company.* "

Business travel booking and planning is another key area for productivity gains. Surveyed organizations reported that SAP Concur saves time via increased flexibility when arranging trips and by making the approval and compliance aspects of booking travel easier for employees. Study participants reported that SAP Concur allowed business users to book their flights, hotels, and rental cars in a simpler, more streamlined way.

In this context, cost savings was another frequently cited benefit. As one study participant noted: "In general, it is cost efficient to use the sales service functionality compared with using a travel agency and paying a high booking fee. Being able to set all the compliance rules in terms of what can or cannot be booked at a high level is beneficial to our company."

Table 5 shows the key performance indicators (KPIs) for the SAP Concur business travel planning solution. The time to book trips, measured in hours, showed a significant level of improvement (78%). In addition, staff time costs for expense reporting showed a 63% reduction.

TABLE 5 SAP Concur Business Travel KPIs

	Before SAP Concur	With SAP Concur	Difference	Change (%)
Time to book trips (hours)	1.69	0.37	1.32	78
FTE impact	2.3	0.9	1.5	63
Staff time costs for expense reporting	$163,498	$59,930	$103,569	63

Source: IDC, 2018

Business Trip Cost Reduction

SAP Concur customers spoke with IDC about the benefits of business trip cost reduction that were realized after deployment. Interviewed organizations noted that they are achieving cost savings as a result of better travel and expense management. SAP Concur customers also reported that they have achieved better employee adherence to travel- and expense-related policies.

Regarding the latter benefit, one study participant commented: *"SAP Concur has helped my organization set up standard travel and expense work rules. This reduces the redundancy of writing and checking workflows within the finance department. It saves time and effort."* On the ability to better control travel spend, another said: *"It is a controlled process with SAP Concur. For example, there are hotel and air travel rates that are allowed. SAP Concur automatically calculates the per diem to be sure they are always correct. It contributes to the process everything that you would expect a tool to contribute in terms of taking out ambiguity."*

Figure 2 shows quantified benefits for company travel and expense reporting. A noteworthy fact is that after the SAP Concur deployment, policy compliance increased to a level of 94%. This represented a significant level of improvement (62%).

" It is a controlled process with SAP Concur. For example, there are hotel and air travel rates that are allowed. SAP Concur automatically calculates the per diem to be sure they are always correct. It contributes to the process everything that you would expect a tool to contribute in terms of taking out ambiguity. "

FIGURE 3 Company Travel and Expense Reporting Impact
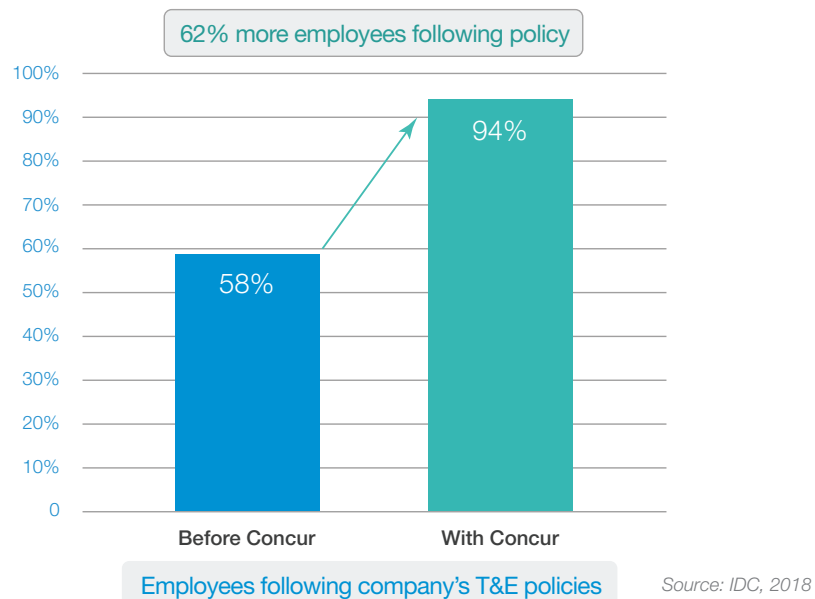
Source: IDC, 2018

SAP Concur customers reported that a greater number of employees were following up-to-date travel policy and that the frequency of lost receipts had decreased. These types of improvements not only resulted in cost savings but also minimized the amount of employee time spent looking for receipts and trying to determine the correct level of policy compliance. Study participants made several observations on these benefits:

- **More employees following company expense and travel policies:** *"The biggest change for expense reporting and travel management with SAP Concur is cash within 90 days. Most of our expenses are cash reimbursement and have to be submitted within 90 days. Previously, we had no way of tracking to enforce that. An employee might get a 'nice' accounts payable person to pass that through even if overdue. We now have an audit rule that passes tardy submissions to our CFO for approval, and we've gone from 70% to almost all employees following our expense and travel policies."*

- **Ensuring compliance with business travel policies:** *"Having the visibility to match up receipts to reporting makes a difference. With our previous solution, people could hide receipts because it wasn't line for line. You had to search through receipts. With SAP Concur, it is matched up immediately."*

Table 6 provides additional detail on how the SAP Concur deployment improved employee adherence to business policy. For example, prior to deployment, 52% of employees were compliant with travel policy. After deployment, that number rose to 89% — representing a significant level of improvement (73%).

❝…*Most of our expenses are cash reimbursement and have to be submitted within 90 days. Previously, we had no way of tracking to enforce that. An employee might get a 'nice' accounts payable person to pass that through even if overdue. We now have an audit rule that passes tardy submissions to our CFO for approval, and we've gone from 70% to almost all employees following our expense and travel policies.* **❞**

TABLE 6 SAP Concur Business Policy Impact

	Before SAP Concur	With SAP Concur	Difference	Benefit
Employees following up-to-date travel policy	73%	98%	26%	35%
Employees compliant with travel policy	52%	89%	38%	73%
Employees compliant with expense reporting	41%	96%	55%	133%
Lost receipts	11%	4%	8%	67%

Source: IDC, 2018

The various benefits reported by SAP Concur customers in the areas of user productivity, support staff productivity, and travel management all contributed to operational savings for business travel. This was attributed to a variety of improvements such as better compliance with organization policies and better vendor visibility, allowing organizations to negotiate better deals with airplane, hotel, and rental car vendors and suppliers. Cumulatively, these cost savings, as shown in Figure 3, amounted to $672,100 on a per-organization per-year basis.

FIGURE 3 Business Travel Cost Impact
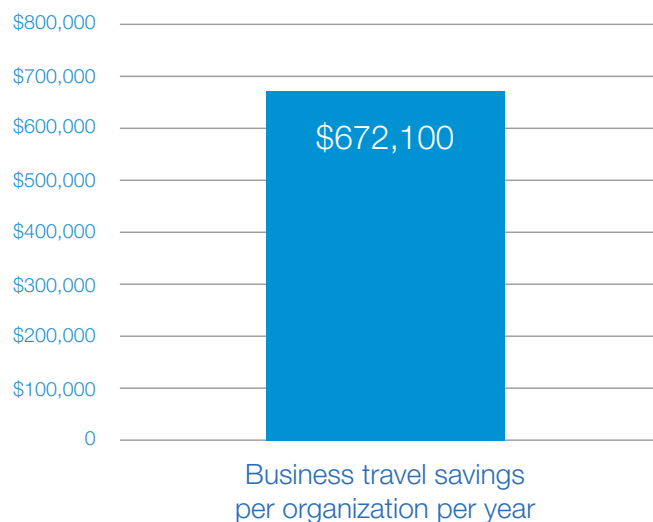
Source: IDC, 2018

Business travel savings
per organization per year

Support Staff Productivity Benefits

Surveyed customers also spoke with IDC about SAP Concur's capabilities for processes associated with invoicing, purchase orders, and receivables. SAP Concur Invoice integrates with ERP or accounting systems and connects with solutions from other vendors working across the procure-to-pay life cycle. It is designed to speed up processing with web- and mobile-based applications to streamline AP processes.

SAP Concur customers spoke about these and other capabilities, as described previously. Addressing the benefit of automating expense processes, one study participant said: *"We wanted to simplify and streamline the expense process. We were dealing with a lot of paper receipts, and there was no formal approval process. We looked at a few vendors but decided that the best fit was SAP Concur on the basis of user experience and being an SAP company."* Addressing compliance with paying vendors, another said: *"We were centralizing the workflow and the data into one place at the time we deployed SAP Concur, and SAP Concur was part of that transformation. When we first began the transition, we had stacks of invoices. People were trying to manage the process, figure out who signed or what was this scribble on the invoice. Making it all electronic was probably the biggest benefit for our invoicing efforts."*

Table 7 addresses post-deployment impacts for staff involved in the invoicing process. For example, staff time costs for invoice processing showed a 9% level of improvement.

> **"** *We wanted to simplify and streamline the expense process. We were dealing with a lot of paper receipts, and there was no formal approval process. We looked at a few vendors but decided that the best fit was SAP Concur on the basis of user experience and being an SAP company.* **"**

TABLE 7 Invoicing Staff Impact

	Before SAP Concur	With SAP Concur	Difference	Benefit (%)
FTEs	16.5	15	1.5	9
Hours per 100 users per year	7,182.9	6,529.9	653.0	9
Staff time cost for invoice staffing per year	$1,155,000	$1,050,000	$105,000	9

Source: IDC, 2018

Table 8 provides level of improvement metrics for expense report staff productivity. These include the amount of time that support staff were involved in reviewing, approving, and reimbursing expense reports and other related activities. The SAP Concur product reduced the hours spent per year on these processes by 19%. In addition, staff time cost for expense report processing was reduced on an annual basis by $113,517.

TABLE 8 Expense Report Staff Productivity Impact

	Before SAP Concur	With SAP Concur	Difference	Benefit (%)
FTEs	8.6	7.0	1.6	19
Hours per 100 users per year	2,749.6	2,232.4	517.2	19
Staff time cost for expense report staffing per year	$603,517	$490,000	$113,517	19

Source: IDC, 2018

Table 9 provides level of improvement metrics for business travel staff productivity. The SAP Concur product reduced the hours spent per year on these processes by 4%. In addition, staff time cost for expense report processing was reduced on an annual basis by $24,827.

TABLE 9 Business Travel Staff Productivity Impact

	Before SAP Concur	With SAP Concur	Difference	Benefit (%)
FTEs	8.0	7.6	0.4	4
Hours per 100 users per year	1,516.5	1,448.9	67.6	4
Staff time cost for business travel staffing per year	$556,827	$532,000	$24,827	4

Source: IDC, 2018

> *SAP Concur reporting is especially useful to gauge the performance of our accounts payable team … and identify any breakdown in process such as bills paid late.*

Table 10 provides level of improvement metrics for accounts payable staff productivity. These include the amount of time that support staff were involved in paying vendors and other related activities. Study participants spoke about the benefit of better financial visibility: *"SAP Concur reporting is especially useful to gauge the performance of our accounts payable team … and identify any breakdown in process such as bills paid late."*

As shown in Table 10, SAP Concur reduced the number of weeks spent per year for paying vendors by 33%. In addition, staff time cost for expense report processing was reduced on an annual basis by $165,000, representing a 30% level of improvement.

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TABLE 10 Accounts Payable Staff Productivity Impact

	Before SAP Concur	With SAP Concur	Difference	Benefit (%)
Weeks to pay vendors	3.6	2.4	1.2	33
FTEs	7.9	5.5	2.4	30
Hours per 100 users per year	735.8	515.1	220.7	30
Staff time cost for accounts payable per year	$550,000	$385,000	$165,000	30

Source: IDC, 2018

Table 11 provides level of improvement metrics for auditing staff productivity. Study participants spoke about how SAP Concur provided benefits to auditing teams: *"We can send special reports for data that groups ask for on a regular basis. Our internal auditing and general ledger teams can help themselves to whatever information they need when performing audits. Otherwise, we would have to pull a bunch of invoices out and save a bunch of files. It is just a lot easier and more efficient without all those manual tasks. It is one of the best parts of the solution."*

As shown in Table 11, SAP Concur reduced the number of hours spent per year on routine auditing processes by 28%. In addition, staff time cost for those same processes was reduced on an annual basis by $119,922, also representing a 28% level of improvement.

TABLE 11 Audit Staff Productivity Impact

	Before SAP Concur	With SAP Concur	Difference	Benefit (%)
FTEs	6.0	4.3	1.7	28
Hours per 100 users per year	566.2	405.8	160	28
Staff time cost for auditing per year	$423,256	$303,333	$119,922	28

Source: IDC, 2018

ROI Analysis

Table 12 presents IDC's analysis of the benefits and costs related to interviewed organizations' use of SAP Concur for their business travel, expense reporting, and invoicing needs. IDC calculates that these organizations will realize discounted average benefits of $4.62 million over three years ($230,360 per 100 SAP Concur users). After making a discounted investment of $617,000 ($30,713 per 100 SAP Concur users), IDC projects that SAP Concur customers will realize a 650% three-year ROI and a breakeven point for their investment in 5 months.

TABLE 12 ROI Analysis

	Per Organization	Per 100 SAP Concur Users
Benefit (discounted)	$4.62 million	$230,360
Investment (discounted)	$617,000	$30,713
Net present value (NPV)	$4.01 million	$199,647
Return on investment (ROI)	650%	650%
Payback period	5 months	5 months
Discount rate	12%	12%

Source: IDC, 2018

CHALLENGES AND OPPORTUNITIES

The total addressable market for expense, travel, and invoice management applications has rapidly expanded in recent years as organizations across the globe have made investments in these areas of their business. As a result, the expense, travel, and invoicing landscape has seen an influx of new market participants leading to rapidly changing competitive dynamics. SAP Concur has many new challenges and opportunities to consider.

Challenges

For starters, rapid growth in the expense, travel, and invoice management market has prompted the formation of many start-ups providing point solutions in the cloud. Since SAP Concur put cloud travel and expense on the map, this means that it will face more competition than in the past. Many of these expense, travel, and invoice application vendors

specialize in offering consumer-grade user experiences, simple functionality, and constant updates that are marketed as substitutions for a comprehensive platform approach such as SAP Concur. Finally, while SAP Concur has experienced a lot of benefits since being acquired by SAP, it faces brand identity challenges as part of SAP's massive software product portfolio.

Opportunities

One of the largest opportunities for SAP Concur is further integration with SAP's core ERP systems such as S/4HANA. Doing so will lead to seamless expense, travel, and invoice business processes for joint customers — a value proposition point solution that vendors are not able to achieve. SAP Concur's applications have been developed with user experience as a top priority, which can bring agility and speed to SAP customers. Although SAP has seen traction outside of the United States, the company still has a large market opportunity in areas such as Western Europe and Asia/Pacific. Finally, SAP Concur has access to a wealth of expense, travel, and invoice; procurement; ERP; and HR data. By pairing this data with AI and machine learning capabilities from SAP Leonardo, SAP Concur can provide business users with a truly intelligent personalized experience.

CONCLUSION

The expense, travel, and invoice management applications market is growing at a rapid pace as organizations worldwide realize the benefits of investing in applications hosted in the public cloud. Outdated expense management systems lead to more operational inefficiencies and less visibility into the overall business spend. Further, older, less capable expense management systems increase the need for both constant maintenance and support, while increasing the difficulty of handling complexity as a business scales.

Organizations utilizing SAP Concur experience immediate benefits by bringing expenses under management, making sure employees' travel is compliant and automating the invoice payments. This IDC white paper shows that customers are seeing real bottom-line benefits from their deployment of SAP Concur. However, the true business value of an integrated expense, travel, and invoice management system is so much more. By moving to stages 4 and 5 of maturity (refer back to Figure 1), SAP Concur customers find additional value by:

- Gaining better visibility into the effectiveness of their business results, thanks to all of the applications being on a single platform

- Making smarter business decisions by forecasting results

IDC's research shows the benefit now for organizations using SAP Concur as an expense, travel, and invoice management platform from both a cost perspective and a business perspective. IDC believes SAP Concur customers will see even more value as more aspects of the business process are embedded into the SAP Concur platform, such as payments.

- Having employees spend less time doing tasks related to expense, travel, and invoice and instead reallocate employee resources in more strategic areas of their businesses that lead to improvements in their bottom lines

- Leveraging AI functionality to further streamline business processes such as expense report creation and invoice processing

IDC's research shows the benefit now for organizations using SAP Concur as an expense, travel, and invoice management platform from both a cost perspective and a business perspective. IDC believes SAP Concur customers will see even more value as more aspects of the business process are embedded into the SAP Concur platform, such as payments. SAP Concur customers' three-year ROI of 650% shown in this white paper is only the beginning, thanks to a multiplier effect.

APPENDIX: METHODOLOGY

IDC's standard ROI methodology was utilized for this project. This methodology is based on gathering data from current users of SAP Concur as the foundation for the model. Based on interviews with organizations using SAP Concur, IDC performed a three-step process to calculate the ROI and payback period:

1. **Gathered quantitative benefit information during the interviews using a before-and-after assessment of the impact of SAP Concur.** In this study, the benefits included staff time savings and productivity benefits and operational cost reductions.

2. **Created a complete investment (three-year total cost analysis) profile based on the interviews.** Investments go beyond the initial and annual costs of using SAP Concur and can include additional costs related to migrations, planning, consulting, and staff or user training.

3. **Calculated the ROI and payback period.** IDC conducted a depreciated cash flow analysis of the benefits and investments for the organizations' use of SAP Concur over a three-year period. ROI is the ratio of the net present value (NPV) and the discounted investment. The payback period is the point at which cumulative benefits equal the initial investment.

IDC bases the payback period and ROI calculations on a number of assumptions, which are summarized as follows:

- Time values are multiplied by burdened salary (salary + 28% for benefits and overhead) to quantify efficiency and productivity savings. For purposes of this analysis, based on the geographic locations of the interviewed organizations, IDC has used assumptions of an average fully loaded salary of $100,000 per year for IT staff members and an average fully loaded salary of $70,000 per year for non-IT staff members. IDC assumes that employees work 1,880 hours per year (47 weeks x 40 hours).

- The net present value of the three-year savings is calculated by subtracting the amount that would have been realized by investing the original sum in an instrument yielding a 12% return to allow for the missed opportunity cost. This accounts for both the assumed cost of money and the assumed rate of return.

- Further, because IT solutions require a deployment period, the full benefits of the solution are not available during deployment. To capture this reality, IDC prorates the benefits on a monthly basis and then subtracts the deployment time from the first-year savings.

Note: All numbers in this document may not be exact due to rounding.

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