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MANUAL VERSUS AUTOMATED

Asia's Journey to Optimized Travel and Expense Management



Asia's Journey to Optimized Travel and Expenses Management
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EXECUTIVE SUMMARY

One of the key findings of this study, which was commissioned by travel & expense specialist Concur, is that users of fully automated travel and expense (T&E) solutions are more likely to say they are satisfied with their company's T&E process compared with their counterparts that are still making do with manual and semi-automated procedures.

At the same time, however, the research also finds that the majority of companies in Asia continue to use non-automated processes for T&E. Only 18% of the more than 360 CFOs and other finance executives surveyed across the region describe the existing travel and expense process in their company as fully automated.

This is one conundrum that is explored in this research report. If full automation results in higher satisfaction with the visibility, compliance, reporting, mobility, business intelligence and real-time control of T&E spend, why is it that companies in Asia are not replacing spreadsheets with real-time systems that are accessible through mobile devices and that allow timely slicing and dicing of spend data?

The range of reasons includes inertia, cost and worries about interconnectivity with back-office infrastructure. Cultural issues may also be at work. For example, the visibility made possible by automation may not necessarily sit well with executives who believe they deserve to spend according to what they think is appropriate, not according to the policy directives enforced by an automated T&E system.

This all works to the advantage of the relatively few companies in Asia that have already taken the plunge and fully automated their T&E system. The research findings indicate that they are already reaping cost savings and enjoying a competitive edge over peers that still use manual processes in terms of visibility, real-time control, analytics and other metrics.

Given these benefits, will the deployment of fully automated T&E systems in Asia accelerate, especially as more affordable solutions, such as cloud-based subscription products, gain traction? The findings of this research suggest that the answer is yes. The majority of respondents (52%) in companies that still use manual or semi-automated T&E say it is likely that their firm will pursue full automation in the future. This is especially true in China (61%) and India (59%).

We hope this research can help companies gain clarity around T&E automation and other travel & expense issues, particularly the 48% of enterprises that say they are not likely to fully automate or are on the fence on whether they will do so or not. They may find themselves at a competitive disadvantage going forward.

We believe that the prudent CFO should study and continuously consider ways of improving the T&E process, including adoption of full automation.

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KEY TAKEAWAYS

From April to July this year, *CFO Innovation* surveyed 363 executives responsible for travel and expense policies and processes at enterprises in ASEAN, China and India. The group is largely comprised of CFOs and Finance Directors, as well as other C-level executives and business owners. Here are the key findings¹ :

The sophistication of T&E spend management systems is still relatively low in Asia. Half of respondents (50%) describe their system as manual² , with another 32% saying it is a combination of manual and automated (i.e., semi-automated). Only 18% describe the T&E system as fully automated³ .

The ASEAN region, which includes Singapore, is the most advanced in terms of full automation (22%), compared with China (17%) and India (13%). India has the highest proportion of companies that have semi-automated processes (41%), followed by China (33%) and ASEAN (26%).

Satisfaction levels are significantly higher among users of a fully automated system, compared with those that use other systems. Some 79% of those that are fully automated report satisfaction in compliance of T&E transactions with policies and regulations. In contrast, a lower 59% of users of non-automated systems are satisfied on compliance.

The same trend is evident on the ability of the T&E system to provide visibility, enable comprehensive and timely reporting, ensure duty of care, grant mobility, provide business intelligence and exert real-time control. Significantly more users of fully automated T&E systems express satisfaction on these metrics compared with their non-automated counterparts.

Companies with fully automated T&E systems report reductions in cost of processing and savings on T&E spend items. Nearly half of these respondents (49%) put the cost reduction at less than 10%, with 23% quantifying the reduction at 10% to 30%.

Additionally, 45% say their fully automated system yielded savings in T&E spend items of less than 10%, with a fifth more (22%) reaping savings of between 10% to 30%.

There is relatively strong interest in automation. The majority of companies using manual or semi-automated processes today plan to implement full automation in the future (52%). This is most evident in China (61%) and India (59%).

¹ At the 95% confidence level, the margin of error for this survey is 5%.

² A manual T&E system is characterized by paper forms routed manually for approval and data inputted into spreadsheets.

³ A fully automated system is characterized by request forms completed, submitted and approved electronically and data automatically recorded and aggregated for analysis.

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Ensuring compliance is a strong priority in T&E spend across the region. A strong majority (86%) of companies in ASEAN, China and India have a process in place to ensure T&E compliance with local regulations and corporate policies.

A third of all respondents (34%) believe they are 100% compliant with local regulations and corporate policies. The majority (54%) concede, however, that less than 10% of transactions could be in non-compliance.

Sixty two percent of respondents who say that less than 10% of transactions could be in non-compliance nevertheless express satisfaction with the ability of their T&E system to ensure compliance.

Asia's companies are failing to make full use of business intelligence and analytics. The majority of companies are not able to capture T&E information around tax refunds from employee travel (63%), savings related to early settlement of T&E bills (56%) and volume discounts and supplier rebates (53%).

They are more successful in using analytics to detect red flags on potential fraud (47%) and violation of anti-bribery laws (43%).

The use of mobile technology in T&E is still developing. Some 61% of the executives surveyed say that they do not have T&E mobile capability. The remaining 39% have made T&E accessible on mobile devices, but not everyone is enabling the full range of T&E activities.

Of those companies that that do have mobile capability, 30% have provision for approval of travel and expense applications through mobile devices such as smart phones. Fewer (16%) have introduced the ability to scan and upload receipts for reimbursement.

Only 9% of these respondents have introduced apps allowing employees to read T&E reports and dashboards via mobile devices.

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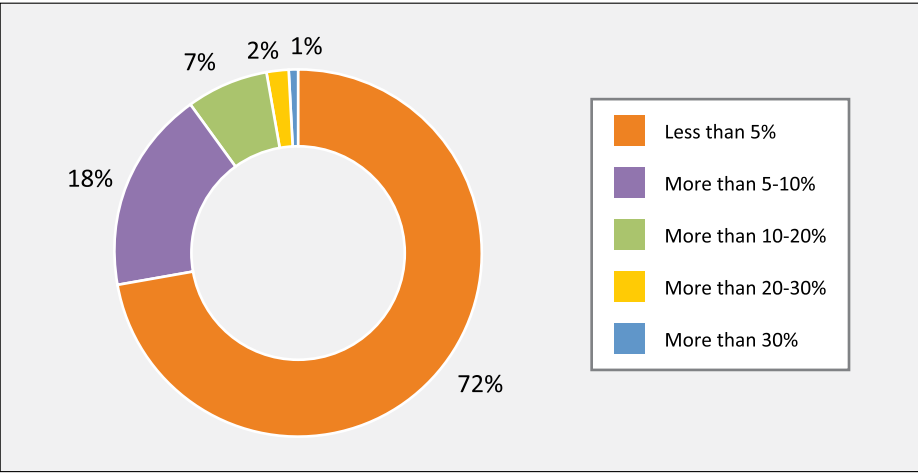
FINDINGS

Everyone is familiar with the tale of the treasure hunter that looks far and wide for the trove, but it somehow eludes him that the path can actually begin in his own backyard.

That story should be a healthy reminder to finance executives across Asia when it comes to travel and expense (T&E) management. T&E is a crucial area of cost and thus a rich source of potential savings, but because it is such a routine spend, CFOs tend to take T&E for granted.

Significant T&E spend

What is your budget for travel & expenses as a percentage of revenue?



N = 363 respondents

The annual budget for T&E spend in Asia can be significant. Seven out of ten executives surveyed say T&E spend in the current fiscal year will equal about 5% of revenue. Another 18% say the budget is more than 5% to 10% of annual sales. This means that an enterprise with US\$1 billion in revenue could be spending US\$50 million to US\$100 million on T&E alone.

This finding is consistent with global studies, although they tend to measure T&E costs as a proportion of total spending. An Aberdeen Group global survey in 2014⁴ revealed that businesses planned to spend up to 10% of their annual expense budget on costs related to business travel. Aberdeen called this a factor that has “not changed dramatically” over the past few years.

⁴ Travel and Expense Management Guide for 2014, Aberdeen Group, March 2014

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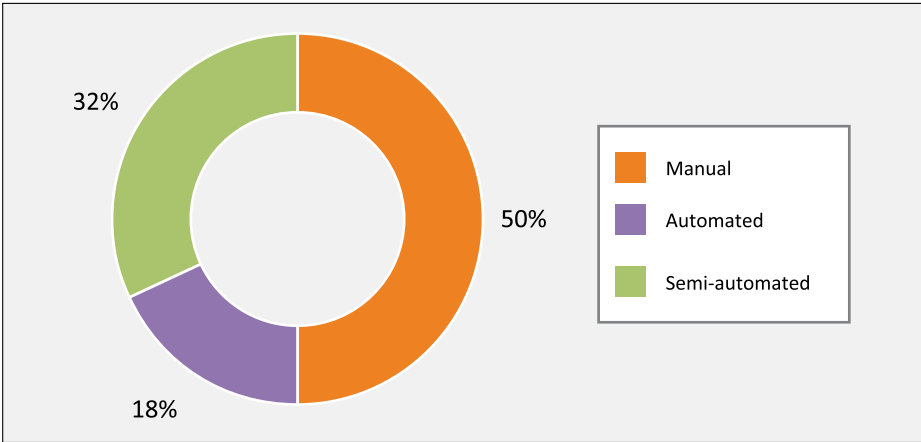
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Low level of sophistication of T&E systems

How would you describe the existing travel and expense process in your company?

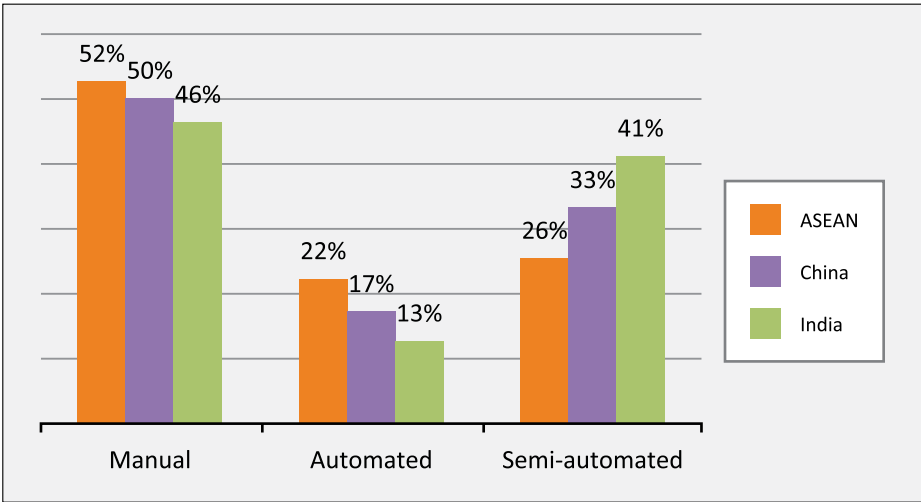


N = 363 respondents

There is a low degree of investment in automation that facilitates T&E spend management.

Across Asia, only 18% of the executives surveyed describe their T&E process as fully automated. Half of respondents say it is still manual, meaning it is paper-based and characterized by the use of spreadsheets. About a third (32%) say their system is semi-automated.

What is the degree of T&E sophistication by region?



N = ASEAN (145 respondents); China (140 respondents); India (78 respondents). Totals may not add up to 100% because of rounding

The ASEAN region, which includes Singapore, is the most advanced in terms of full automation (22%), compared with China (17%) and India (13%).

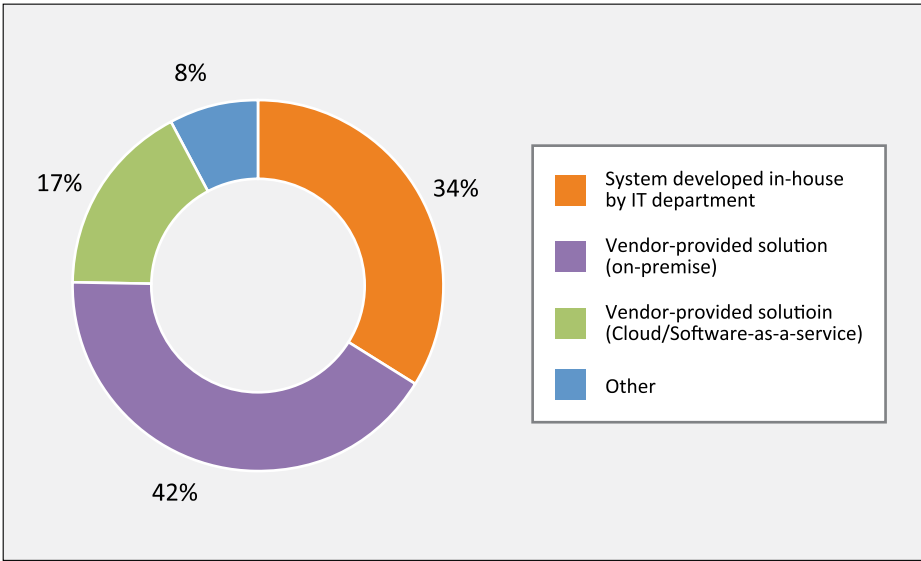
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What types of automation solutions are used?



N = 65 respondents in companies that use full automation

Respondents who described their T&E process as fully automated were asked what solution they have deployed. The majority say they tapped third-party vendors, which provided either an on-premise solution (42%) or a cloud-based/Software-as-a-Service solution (17%).

A third of the executives surveyed (34%) say their IT department devised an in-house automated system for T&E.

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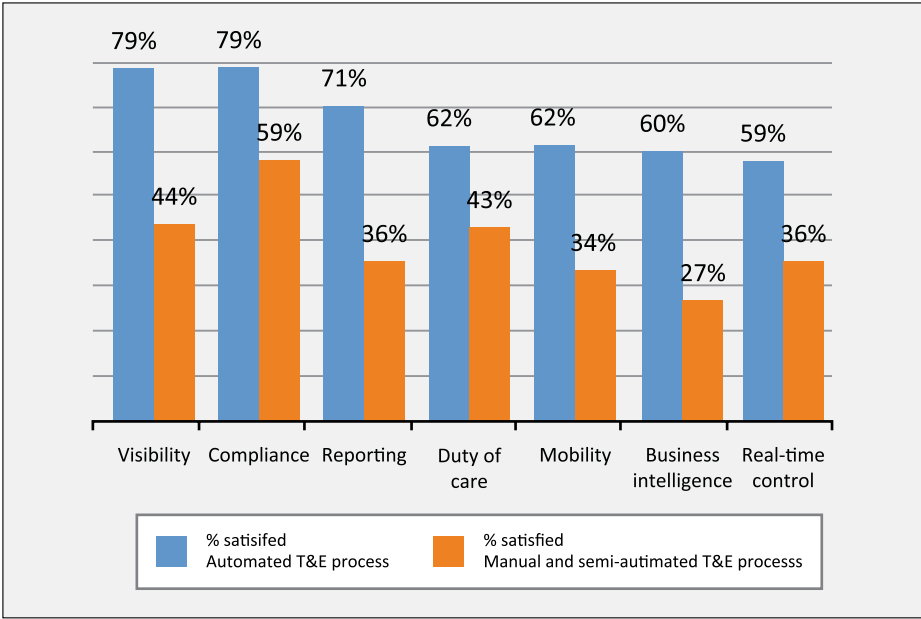
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Automation more satisfactory than manual

What is the level of satisfaction with T&E?



N = 65 (automated); 298 (manual and mix of manual and automated)

Comparing level of satisfaction according to type of T&E process, we find that far more respondents in companies that are fully automated are happier with their T&E system across all metrics, compared with users of manual and semi-automated processes who are satisfied with their existing process.

Companies that manage T&E using a fully automated process are more likely to say they are satisfied with the system's ability to ensure compliance with policies and regulations (79%) than are users of a non-automated process (59%).

Users of automated systems are also more likely to express satisfaction with regards to:

- visibility of transactions (79% vs. 44%)
- reporting of T&E expenses in a comprehensive and timely manner (71% vs. 36%)
- duty of care – the ability to protect business travelers from harm (62% vs. 43%)
- ability to access the T&E system on mobile devices (62% vs. 34%)
- ability to generate vide business intelligence and insights (60% vs. 27%)
- ability to confer real-time control (59% vs. 36%)

We find no statistical difference in level of satisfaction between users of a manual T&E system and users of semi-automated processes.

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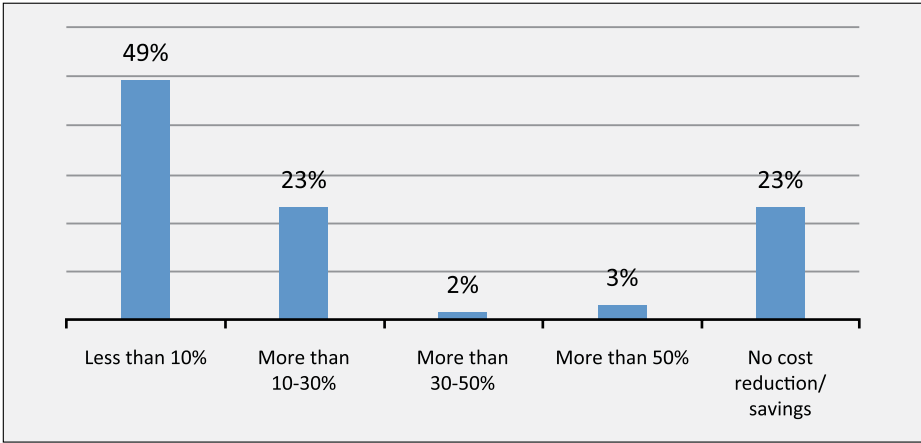
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⁵ CFO Innovation roundtable discussion on Best-Practice Strategies Around Travel, Entertainment and Other Expenses, 24 June 2015, Hong Kong.

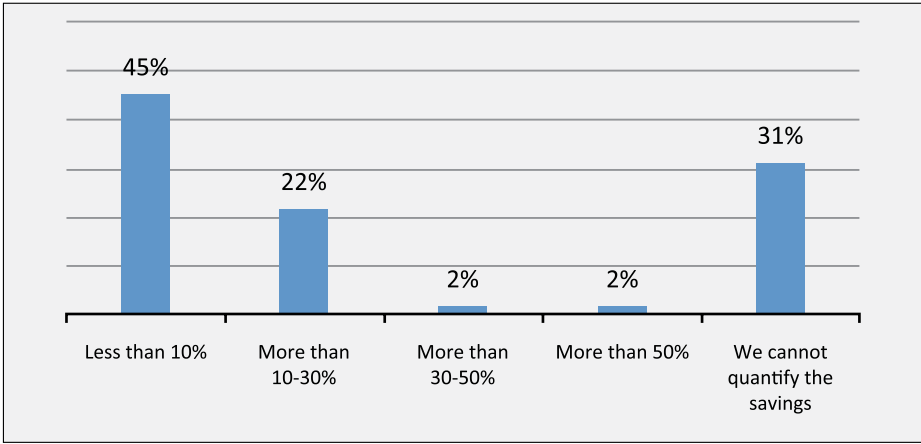
How much savings are related to the reduced cost of processing from automation?



N = 65 respondents with fully automated T&E system

Moreover, the respondents with fully automated systems report significant savings garnered from reduced cost of processing. While 23% say they have yet to see savings from streamlined processes, 49% estimate the savings at less than 10%, with another 23% saying it is more than 30% to 50%.

How much savings are related to strategic management of line item spend?



N = 65 respondents with fully automated T&E system. Total does not add up to 100% because of rounding.

Beyond these straightforward gains, they are also able to achieve savings from strategic management of spend that automated systems confer, due to visibility of data and control actions based on data analytics. A third of them say they cannot quantify the savings at this time, but 45% put this type of savings at less than 10%, while a fifth (22%) estimate the savings at more than 10% to 30%.

The benefits are illustrated by the experience of John Sanders, Director, Asia Pacific Finance Center, for US defense and aerospace manufacturer Lockheed Martin. ⁵ “We went from a paper to electronic process and now I have people ask questions, such as ‘did you stay in the right hotel?’” he says. “Also, you can get metrics out of the system

very quickly. If you’re going from a paper-based system to an electronic one, you’re going to save a lot.”

“An automated system drives compliance,” he adds. As a government contractor, Lockheed Martin must be particularly sensitive to instances of suspected bribery and corruption. The visibility offered by an automated system can empower the finance team in overseeing compliance. Automation also allows embedding information about government employees and representatives, expense limits and other requirements, which alert users and approvers about a transaction’s potential compliance reporting.

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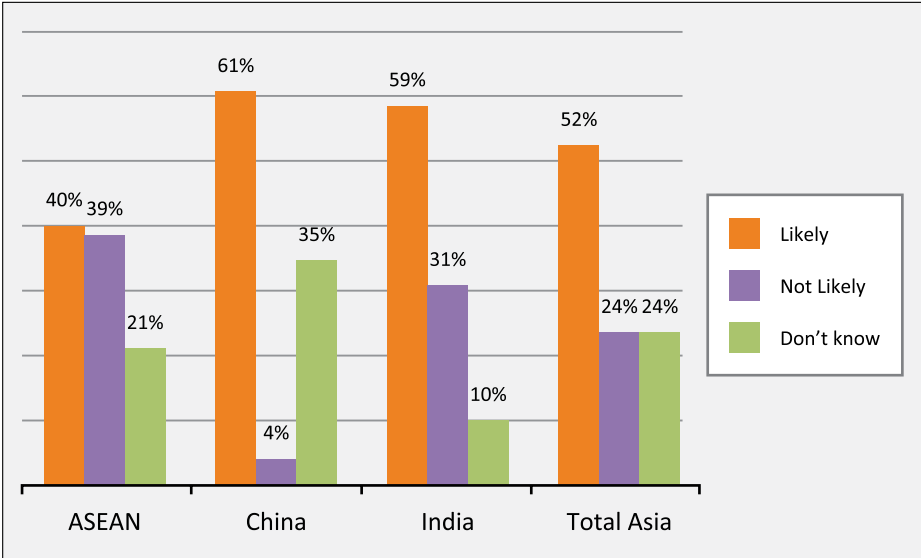
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Intention to automate

What is the likelihood that your company will pursue full automation?



N = 295 respondents with manual or semi-automated T&E system. 113 (ASEAN); 114 (China) and 68 (India). Totals may not add up to 100% because of rounding.

The low level of sophistication may change going forward. When asked how likely their company will fully automate, 52% of respondents in organizations that still use manual or semi-automated T&E say it is likely that their firm will pursue full automation.

Intention to automate is particularly strong in China (61%) and India (59%), but not so much in ASEAN – those who intend to fully automate and those who are not likely to do so are equal (40% vs. 39%).

A significant proportion of respondents in China are not certain whether their company will fully automate (35%), an uncertainty that is shared to a degree in ASEAN (21%).

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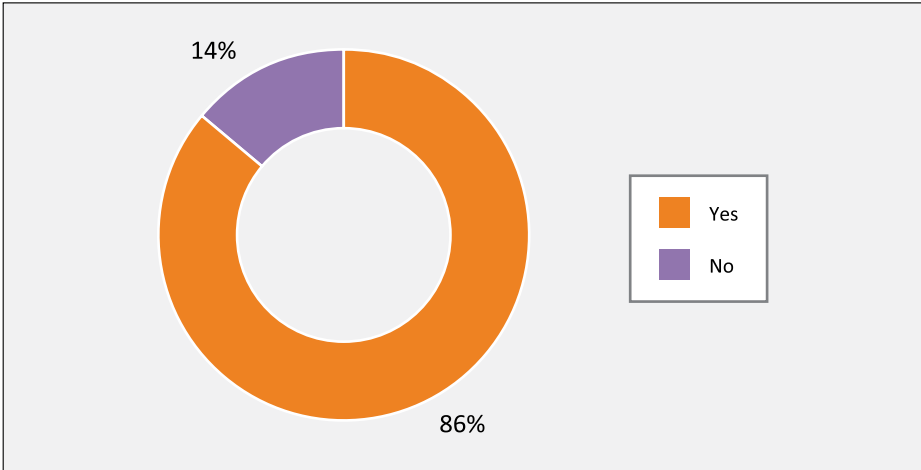
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Compliance and unmanaged spend

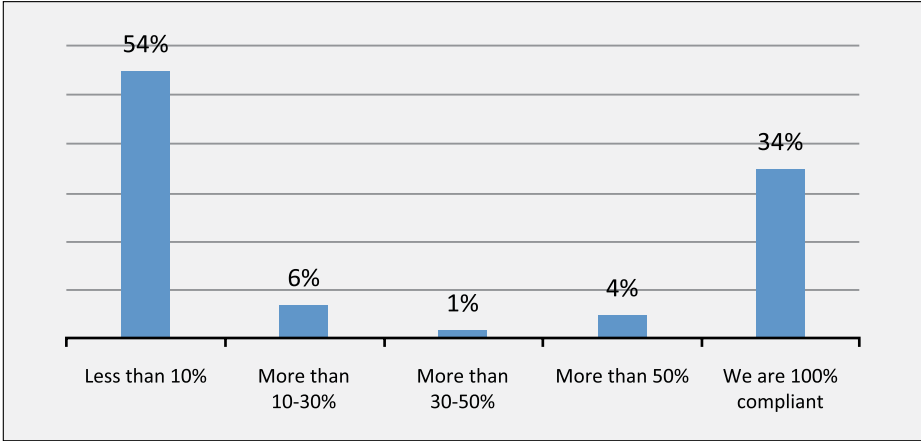
Do you have a process in place to ensure T&E compliance?



N = 363 respondents

A strong majority (86%) of companies across Asia say they have a process in place to ensure T&E compliance with local regulations and corporate policies. This is true across the board, from ASEAN (81%) to China (83%) to India (88%).

What is the estimated percentage of non-compliance?



N = 363 respondents

Only a third of the respondents (34%) say they are 100% compliant with local regulations and corporate policies. The majority, 54%, estimate that less than 10% of transactions are not compliant.

When asked how satisfied they are with their T&E system on compliance, 62% of those respondents who say that less than 10% of transactions are not compliant nevertheless express satisfaction with the ability of their T&E system to ensure compliance.

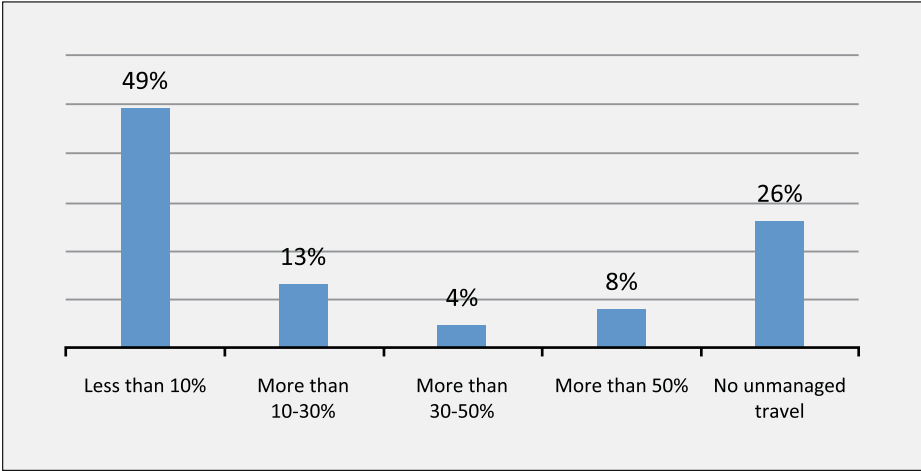
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What is the estimated percentage of unmanaged travel?



N = 363 respondents

Respondents were also asked about unmanaged spend, which refers specifically to travel bookings done through unofficial channels, hence becoming invisible until such time as the expense report is submitted.

Only 26% of respondents say their company has no unmanaged travel spend. About half (49%) say travel outside the permitted booking channel comes to less than 10%, with 13% saying it is between 10% to 30%.

About a third of the ASEAN respondents (32%) say they have no unmanaged travel spend. This compares with 23% of the China respondents, and 19% from India.

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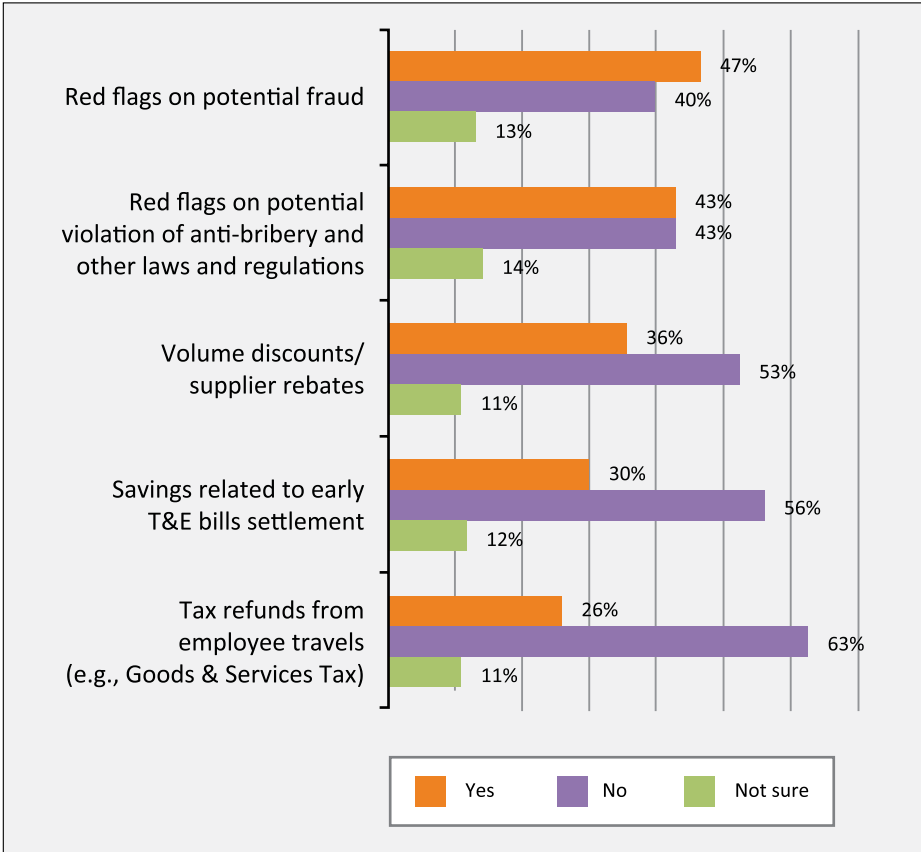
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Business intelligence and analytics

Are you capturing any of the following using T&E data analytics?



N = 363 respondents. Totals may not add up to 100% because of rounding

Respondents were asked whether their current T&E system is able to capture information from T&E transactions that could help the company trim spending on line items and alert them to potential fraud and bribery activities.

The majority of companies are not able to capture T&E information around tax refunds from employee travel (63%), savings related to early settlement of T&E bills (56%), and volume discounts and supplier rebates (53%).

They are more successful in using analytics to detect red flags on potential fraud (47%) and violation of anti-bribery laws (43%).

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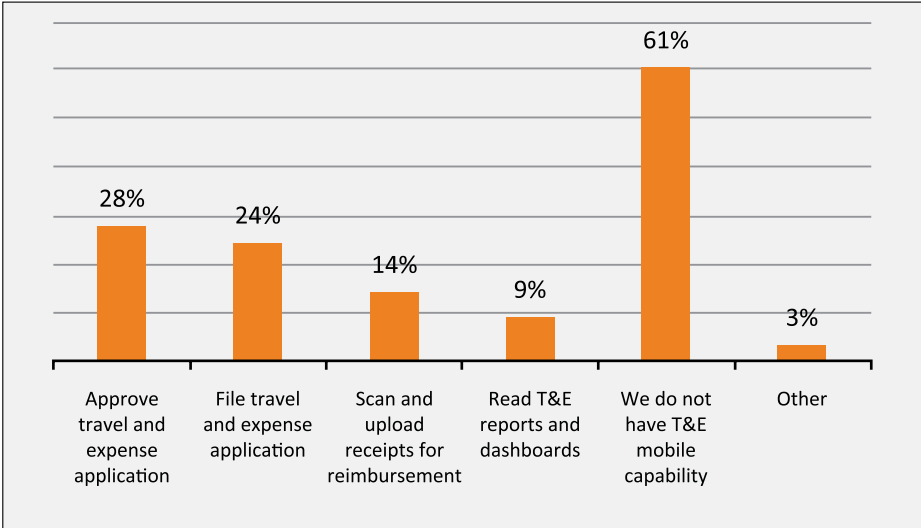
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Mobility of the T&E system

What aspects of the T&E process are accessible through mobile devices?

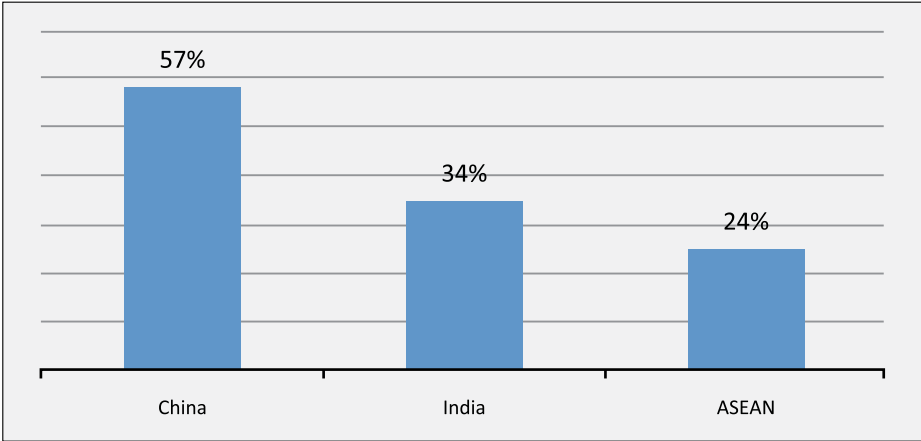


N = 363 respondents. Totals may not add up to 100% because of rounding

The use of mobile technology in T&E is still developing in Asia. Some 61% of the executives surveyed say that they do not have T&E mobile capability.

Of those companies that do deploy mobile capability, only selected aspects of the T&E process have been made available. Nearly three out of ten (28%) allow approval of T&E through smart phones, tablets and other mobile devices. Fewer (14%) have introduced the ability to scan and upload receipts for reimbursement. And only 9% have made apps available allowing employees to read T&E reports and dashboards via mobile devices.

What is the level of T&E mobile capability?



N = 145 (ASEAN); 140 (China); 78 (India)

Geographically, companies in China lead India and ASEAN in adoption of mobile devices for T&E – 57% of respondents from China say they have this capability. Of the three regions, ASEAN has the lowest proportion of mobile deployment (24%), followed by India (34%).

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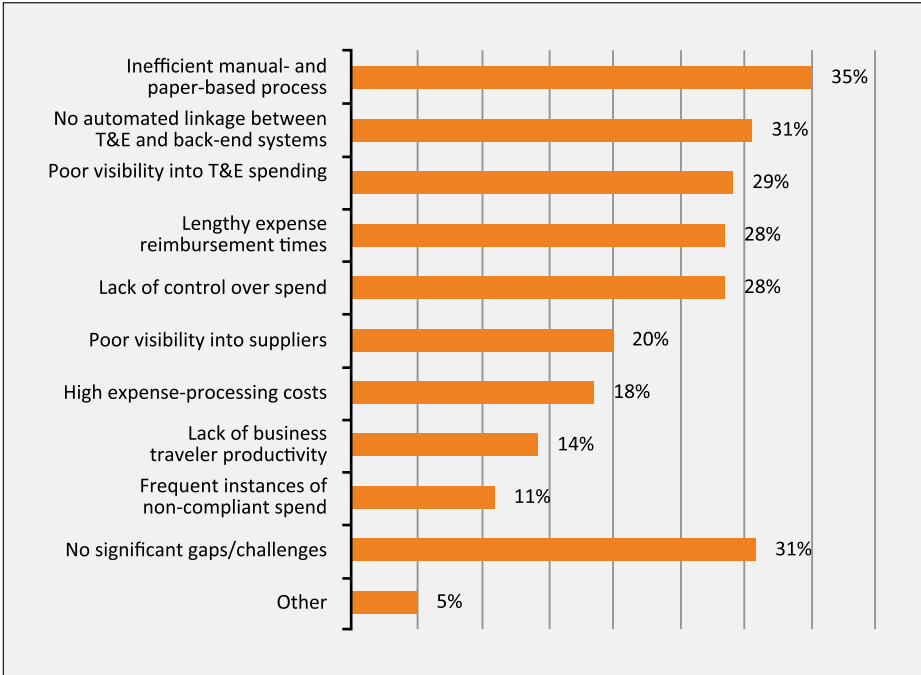
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Gaps and challenges

What are the gaps/challenges in the existing T&E system?



N = 363 respondents

When asked what the gaps and challenges are with their current T&E system, the most frequently cited are inefficient manual-based processes (35%), followed by the absence of an automated linkage between T&E and back-end systems (31%).

Many of the obstacles cited by the respondents are associated with paper documentation and manual processing. Among these are:

- poor visibility into T&E spending (29%)
- lengthy expense-reimbursement times (28%)
- poor visibility into suppliers (28%)
- high expense-processing costs (18%)

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CONCLUSION

What do these findings mean? It is clear from this survey that manual and semi-automatic T&E systems are inferior to fully automated systems. Yet only a small percentage of the respondents have embraced full automation. Why is this the case? A recent CFO Innovation roundtable discussion panel in Hong Kong with 30 CFOs provides some answers.

"When times are good, you don't really think about [optimizing] T&E," observes Venkateswaran Sundararaman, Group CFO and Finance Director at Mulitex, an importer and exporter of garments. So long as total spend remains at similar levels as in the past, companies are content to keep things as they are. There are also concerns about the cost of automation and linking the new system with other systems such as ERP.

Cultural issues come into play. Many CFOs say the rank-and-file will comply with T&E guidelines as a matter of course, but that senior executives regard their use of T&E with far greater leeway. Some of them consider having discretion over T&E as a perk of higher position. Others argue that T&E guidelines restrict business opportunity, fettering the very skills that got them to the executive floor in the first place.

Other problems are technical and will almost certainly be sorted out over time. These small, but sometimes obstructive, issues include the use of fapiao (official invoices) in China, a universal practice in the world's second largest economy that nevertheless still stumps current T&E automation capability (some providers are busy structuring a solution).

Perhaps the biggest issue for Asian finance leaders is how to balance the benefits of automation with the flexibility and discretion that is possible in a manual system. It is not that automation erodes discretion, but it imposes a visibility that employees – from senior executives down to the rank-and-file – may find difficult to accept and allow to work in their favor.

Some finance chiefs face a situation where marked improvements in T&E spend process are obvious to finance, but not so much to senior managers.

"I'm very happy with our automated system, but not everyone is," says Jos Savelsberg, head of finance and systems and control Asia at Rabobank International. "It's a matter of transition, particularly for senior employees. They used to throw receipts on a secretary's desk and now they find themselves having to scan them. They can't simply override and have someone else do it, because we made a point of telling everyone they had to do it themselves."

"Acceptance of guidelines can be tougher with the more senior people," adds Michelle Siu Wah Ho, Artesyn Embedded Technologies, vice president finance, Asia. "Even though they are in charge of their subordinates' spend and they make them comply with the rules, they still push for exceptions when it comes to the business they've engaged in."

All this suggests that there is a layer of complexity in the Asian company's journey towards full automation that should inform the CFO's deployment and implementation strategy. Drawing on these insights and our reading of the survey findings, we recommend that CFOs consider the following action steps:

Sell the benefits of full automation, but recognize that unspoken issues must also be addressed. This survey's findings that users of automated systems are more likely to express satisfaction with the T&E process and outcomes than those operating with manual or semi-automated processes represent a powerful argument. So is the finding that the majority of companies using automated T&E systems report significant savings from reduced processing costs and lower spending on lin e items.

But adoption and implementation can be held back by unspoken concerns, such as the perceived loss of flexibility and discretion in the C-suite. Finance should recognize that these issues may be bubbling under the surface, although they may not be formally articulated. Measures should be taken to assure top executives that an automated system can still ensure flexibility by programming for exceptions, for example.

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Focus on the competitive advantage that can be gained from timely deployment of automation. That only 18% of the companies surveyed have deployed an automated T&E system implies that only a select group of enterprises is currently enjoying heightened benefits from visibility, compliance, reporting, duty of care, mobility, business intelligence and real-time control, as well as savings on T&E spend. An enterprise that decides to join this elite circle in a timely manner today is likely to gain a quick edge over competitors, which may be more wedded to their existing manual and paper-based processes.

Explore the variety of options in deploying full automation. This survey finds that the automation solutions in Asia include those developed in-house by the IT department, on-premise solutions by software vendors, and cloud-based solutions that are typically delivered as Software-as-a-Service. More companies have opted for vendor solutions than in-house, and there are more enterprises at this time that chose an on-premise solution than a cloud-based one.

CFOs should work with the CIO and the IT department in exploring these options with regards to cost, security, efficiency, effectiveness and mobility. Cloud-based solutions are the newest on the scene and claim to be particularly cost-effective because capex is turned into opex as the service provider owns and maintains the servers and other equipment, among other benefits. CFOs should assess these claims in-depth to decide whether the cloud is indeed the best option for the company.

Don't underestimate the ability of mobile devices to optimize T&E. Among the gaps in the existing T&E system, according to this survey, is the long wait by users to be reimbursed, poor visibility into T&E spending and suppliers, and high expense-processing costs. Enabling users to access the T&E system using smartphones and other mobile devices can help solve these problems, because users can scan receipts and send them electronically for speedier processing, for example.

The findings that 61% of respondents do not have T&E mobile capability and that that 50% of them have a manual T&E process suggest that mobility is a function of automation. If this is indeed the case, there is more reason for CFOs to drive the switch from paper-based processes in order to close the gaps identified in this survey.

Pay closer attention to compliance and unmanaged spend. Most companies in Asia say they have deployed a process designed to ensure that T&E spend complies with local regulations and corporate policies. But only a third believe that they are 100% compliant, indicating that the process deployed is not, in practice, doing all that it is supposed to do.

More worrying, 62% of companies that believe less than 10% of T&E transactions are non-compliant apparently regard this state of affairs as good enough. This complacency can be dangerous at a time when anti-bribery and anti-corruption laws in China, the US, Europe and other countries are being strictly implemented.

Companies should re-examine the process they have put in place and assess whether it is indeed resulting in 100% compliance. In the current environment, even less than 10% non-compliance can be a source of governance risk.

Without proper tools to provide visibility before or after the spend, companies may believe they are in total compliance when in fact they may be suffering from the 'not knowing what you don't know' syndrome. The same thing can be said of unmanaged spend. Finance may believe it knows all about travel spending – until the expense reports done outside the booking channel are submitted.

Given that most users of automated T&E express satisfaction on compliance, much more than users of manual and semi-automated systems, full automation may be the answer to compliance and unmanaged spend issues.

Nurture the power of data analytics in T&E. The majority of respondents concede that their T&E systems are not able to capture T&E information around tax refunds from employee travel, savings related to early settlement of T&E bills, and volume discounts and supplier rebates. It may be that companies are so focused on compliance that they don't have time to focus on data analytics.

Even if they have the time, their system may not be capable of mining the data and making sense of it. This is particularly true with manual processes, given the lengthy processing times involved and the likelihood of errors. This is yet another argument for full automation and the mobility, processing power and analytics functionality it confers.

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FOCUS ON ASEAN: Singapore Pulls Ahead

One hundred forty five of the 363 respondents in the Asia study are based in ASEAN, which includes Indonesia, Malaysia, Philippines, Singapore and Thailand. We highlight the responses of the ASEAN respondents that are statistically significant¹.

Full automation is still quite low in ASEAN. About 78% of respondents describe their system as manual or a combination of manual and automated. Only 22% describe the T&E system as fully automated. Singapore has a higher proportion of companies that have fully automated compared with others in ASEAN, 26% to 19%.

The intention to fully automate is not particularly strong in ASEAN. About 40% of companies that currently have a manual system or a mix of manual and automated processes say their company is likely to upgrade to full automation (Asia: 52%). Half of companies in Singapore that are currently not fully automated indicate they are likely to upgrade, compared with only 32% in the rest of ASEAN.

ASEAN companies are focused on compliance. Eight out of ten of the executives surveyed (81%) have implemented a process to ensure T&E compliance with corporate policies and anti-bribery regulations. But only a third (33%) believe their company is 100% compliant, with more companies in Singapore saying so (38% vs. 29% in rest of ASEAN). Nearly six out of ten (57%) ASEAN respondents think less than 10% of transactions may not comply with local regulations and corporate policies.

Business intelligence and analytics in T&E are not fully utilized. More than half of companies in ASEAN (57%) are not capturing information on volume discounts and supplier rebates using analytics. A higher proportion, 64%, say their system does not capture data on discounts related to early settlement of T&E bills, and 60% say they are not obtaining information that can lead to tax rebates from employee travel. The trends are similar in both Singapore and others in ASEAN.

ASEAN as a whole is behind Asia in using mobile technology for T&E. Seven out ten respondents (76%) say their company does not have T&E mobile capability, compared with 61% in Asia who say the same. In Singapore, however, a lower proportion of companies do not have mobile capability for T&E (56%), compared with 89% in the rest of ASEAN. A fifth of companies in Singapore (21%) allow T&E approvals using mobile devices, compared with only 7% in the rest of ASEAN.

Conclusion

What are we to make of these statistically significant findings? ASEAN is composed of one small advanced market (Singapore) and bigger but lesser developed countries. The two-speed nature of T&E spend management in the region is evident in this survey.

Interestingly, while deployment of full automation is higher in Singapore than in developing ASEAN, compliance, use of business intelligence and analytics, and adoption of mobile technology for T&E can still be improved in Singapore and others in ASEAN.

¹ At the 95% confidence level, the margin of error for this sample size of 145 CFOs and other executives is 8%.

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From our reading of the ASEAN survey findings, we recommend that CFOs consider the following action steps:

Accept the reality that competitive advantage can be won from a faster deployment of automation. Only 22% of ASEAN companies surveyed have implemented a fully automated T&E system. This implies that only a small group of enterprises currently enjoy benefits from visibility, compliance, reporting, duty of care, mobility, business intelligence and real-time control.

An enterprise that decides to join this elite circle in a timely manner today is thus likely to gain a quick edge over competitors, which may be more wedded to their existing manual and semi-automated processes despite the inefficiencies, long processing times and vulnerability to errors in those systems.

Utilize mobile devices to optimize the T&E process. Except for those in Singapore, enterprises in ASEAN are behind their peers in Asia in embracing mobile technology for T&E spend management, including those in India and China. This should be rethought. Enabling users to access the T&E system via mobile devices will help solve the issue of poor visibility into T&E spending, which 23% of ASEAN respondents single out as a problem with their current T&E system.

Enabling users to scan and upload receipts for reimbursement should help shorten the reimbursement process (17% of ASEAN respondents complain that the process takes a long time to complete). And access to T&E reports and dashboards wherever executives are should help with the issue of lack of control over spend, identified as an issue by 16% of respondents.

Remain focused on compliance. Even in Singapore, only 38% of respondents believe their company is 100% compliant with local regulations and corporate policies on T&E activities. The majority say less than 10% of transactions are probably non-compliant. This may seem small, but less than 100% compliance presents governance risks in an environment where governments are cracking down on corruption, since T&E activities can be used to enable bribes.

Harness the power of data analytics in T&E. Even in Singapore, the use of business intelligence and analytics to mine data and generate business insights into T&E spending is not extensive. This is not really a surprise. After all, the majority of companies in ASEAN still use manual or semi-automated systems, which typically result in lengthy processing times and high likelihood of data errors.

A fully automated system should allow companies to gain insights into volume discounts, supplier rebates, and savings from early settlement of T&E bills. It should also help detect red flags around potential fraud and bribery and corruption, a key enabler in ensuring compliance. This is yet another reason why CFOs should consider upgrading from manual and semi-automated T&E to a full blown automated process, in our view.

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FOCUS ON CHINA: Ahead in Mobility, Frustration With Manual Processes

One hundred forty of the 363 respondents of the Asia study are based in China. We highlight the responses of the China respondents that are statistically significant¹.

T&E expenditures, as a percentage of revenue, are higher in China than the average for Asian businesses. More than half (57%) put T&E spend at below 5% of annual revenues, compared with 72% in Asia. A relatively high cohort (26%) peg the figure at between 5%-10% (Asia: 18%).

The sophistication of T&E spend management systems is still relatively low in China. Eight out of ten respondents (83%) describe their system as manual or a combination of manual and automated. Only 17% describe the T&E system as fully automated.

Yet the will and conditions for automation are now strong. A majority of China's finance leaders (61%) say they are likely to upgrade to full automation from their currently manual or mixed system of manual and automation. This compares with 52% for Asia as a whole. Moreover, only 4% of China respondents say they are not likely to upgrade, and 35% say they are not sure. The proportion in Asia of those not likely to upgrade is much higher, at 24%.

Compliance with T&E policy is a priority for China-based companies. Eight out of ten companies (83%) have a process in place to ensure T&E compliance with corporate policies and anti-bribery regulations. But only less than a third (31%) say there are no compliance breaches at all, with an additional 57% reporting non-compliance levels of up to 10%.

China's finance leaders are not making full use of business intelligence and analytics in T&E. Over half (53%) say they are not capturing information on volume discounts and supplier rebates, 50% say their system does not capture data on discounts related to early settlement of T&E bills, and some 70% say they are not obtaining information that can lead to tax rebates from employee travel.

Chinese companies are ahead of others in Asia in engagement with mobile technology. While 43% of respondents say that their T&E system cannot be accessed through mobile devices, that proportion is lower than in Asia as a whole (61%). Forty-three percent have given employees the ability to file T&E claims through mobile technology (Asia: 24%); 46% reported the ability to generate approvals on smartphones (Asia: 28%); and 25% can scan and upload receipts through mobile phones (Asia: 14%).

Frustration with manual processes is higher in China than the regional average. About half (48%) of the China respondents describe inefficient manual processes as a challenge (Asia: 35%), while 40% say that no automated linkage between T&E and back office is an obstacle (Asia: 31%).

Conclusion
What do these statistically significant findings mean? Business practices in China are often regarded as different from the rest of Asia. It is clear from this survey that some aspects of T&E management are indeed somewhat unique.

¹ At the 95% confidence level, the margin of error for this sample size of 140 CFOs and other executives is 8%.

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Only a small percentage of the respondents have embraced full automation, for example, but many more are ready to do so in the future than are their peers in the rest of the region.

As a proportion of revenue, T&E spend is also higher in China than in Asia, which is possibly associated with the finding that more companies in China identify lack of control over T&E spend as a challenge (43%), compared with Asia as a whole (28%). And China has embraced mobile technology in T&E at a higher rate than the rest of the region.

Drawing on our reading of the China survey findings, we recommend that CFOs in China consider the following action steps:

Recognize the competitive advantage that can be gained from a faster deployment of automation. Only 17% of the China-based companies surveyed have deployed an automated T&E system, although 52% say they are likely to pursue full automation in the future. This means that only a select group of enterprises is currently enjoying benefits from visibility, compliance, reporting, duty of care, mobility, business intelligence and real-time control.

An enterprise that decides to join this elite circle in a timely manner today is likely to gain a quick edge over competitors, which may be more wedded to their existing manual and paper-based processes. Full automation can help control T&E spend, the absence of which is a key challenge in China – and possibly one reason why T&E spend is higher there than in Asia as a whole.

Make the entire T&E process accessible on mobile devices. China-based enterprises are ahead of their peers in Asia in the embrace of mobile technology in T&E management, but only 15% of China respondents say employees are allowed to view T&E reports and dashboards via mobile devices.

Enabling users to access T&E dashboards wherever they are should help with real-time control, which has been identified as a key challenge in China. This functionality is as important as the ability to file T&E applications using mobile devices, approve applications, and scan and upload receipts for reimbursement.

Continue to prioritize compliance. The government's current crackdown on corruption calls for continued vigilance with regards to corporate T&E activities. That only 31% of companies in China believe the T&E system enables 100% compliance indicates that the process in place is not performing as it should. Even less than 10% non-compliance, as indicated by the majority of respondents, presents governance risk.

Take action to harness the power of data analytics in T&E. CFOs should not forget the power of mining T&E data for insights into volume discounts, supplier rebates and savings from early settlement of T&E bills. This survey finds that the majority of companies in China do not have the ability to capture information that would give them access to these business insights.

This is not surprising given that the majority of companies still use manual or semi-automated systems, which typically result in lengthy processing times involved and high likelihood of data errors. That 61% of these non-automated companies intend to switch to full automation is therefore a positive development.

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FOCUS ON INDIA: Robust Interest in Full Automation

Seventy eight of the 363 respondents in the Asia study are based in India. We highlight the responses of the India respondents that are statistically significant.¹

Fully automated T&E spend management has not gained traction in India. Eight out of ten respondents (87%) describe their system as manual or a mix of manual and automated. Only 13% describe the T&E system as fully automated. But nearly six out of ten companies using manual or semi-automated processes today plan to implement full automation in the future (59%).

Ensuring compliance is a priority in T&E spend. About 88% of companies say they have put in place a process to ensure T&E compliance with local regulations and corporate policies. Four out of ten (43%) believe their company is 100% compliant with regulations and policies. But a similar proportion (47%) say that up to 10% of transactions could be in non-compliance.

Companies in India have yet to make full use of business intelligence and analytics. The majority of companies are not able to capture T&E information around tax refunds from employee travel (55%) and discounts related to early settlement of T&E bills (53%). Four out of ten (44%) say their T&E system is not capturing data about volume discounts and supplier rebates. They are relatively more successful in using analytics to detect red flags on potential fraud (52%) and violation of anti-bribery laws (47%).

The use of mobile technology in T&E is low in India. More than six out of ten (66%) of the executives surveyed say that they do not make the T&E system available on mobile devices. The third (34%) of companies that do have mobility do not enable the full range of T&E activities on smartphones and other mobile devices.

Conclusion
From our reading of these statistically significant survey findings, we recommend that CFOs in India consider the following action steps:

Deploy full automation sooner rather than later. Only 13% of the Indian companies surveyed have deployed an automated T&E system. This means that only a select group of enterprises is currently enjoying benefits from visibility, compliance, reporting, duty of care, mobility, business intelligence and real-time control.

An enterprise that decides to join this elite circle in a timely manner today is likely to gain a quick edge over competitors, which may be more wedded to their existing inefficient process.

¹ At the 95% confidence level, the margin of error for this sample size of 78 CFOs and other executives is 11%.

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Utilize mobile devices in the task of optimizing T&E. Enabling users to access the T&E system using smartphones and other mobile devices can help solve the problem of lengthy expense reimbursement times, because users can scan receipts and send them electronically for speedier processing, for example. Some 30% of India respondents complain about the length of time needed to process reimbursements with their current T&E system.

Other gaps and challenges that mobility can address include poor visibility into T&E spending, which is identified as a problem by 29% of respondents, and lack of control over spend (26%).

Don't take the focus off compliance. While 43% of India respondents believe their company is 100% compliant with local regulations and corporate policies, a similar proportion indicate that less than 10% of transactions could be non-compliant. T&E activities can be used as vehicle for bribery, so less than 100% compliance poses governance risk, particularly when respondents also single out poor visibility into T&E spend and lack of control over spend as problems plaguing the existing system.

Prioritize the use of data analytics in T&E. The executives surveyed in India conceded that their T&E systems are not able to capture T&E information around tax refunds from employee travel, savings related to early settlement of T&E bills, and volume discounts and supplier rebates. About half are also unable to extract and analyze T&E data to detect red flags on potential fraud and violation of anti-bribery laws.

This inability is understandable because manual systems, in particular, take a long time to record and process data and are vulnerable to data errors. In our view, this is yet another argument for deploying full automation sooner rather than later.

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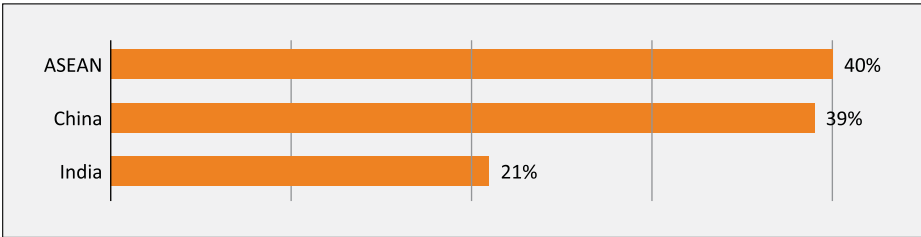
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ABOUT THIS REPORT

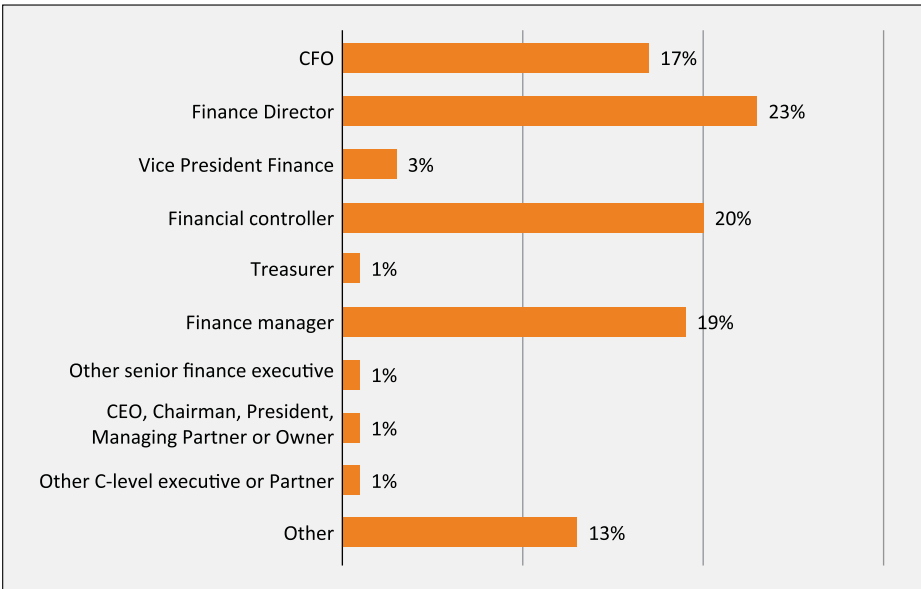
Fieldwork for this survey was conducted from April to July 2015. This report was written by Tom Leander, Contributing Editor at CFO Innovation, and edited by Cesar Bacani, CFO Innovation's Editor-in-Chief. Dick Wong, Art Director at Questex Asia, designed the report.

A total of 363 respondents in ASEAN, China and India participated in this research. They are CFOs, finance directors, controllers and other senior executives who were interviewed over the telephone or filled in an online questionnaire.

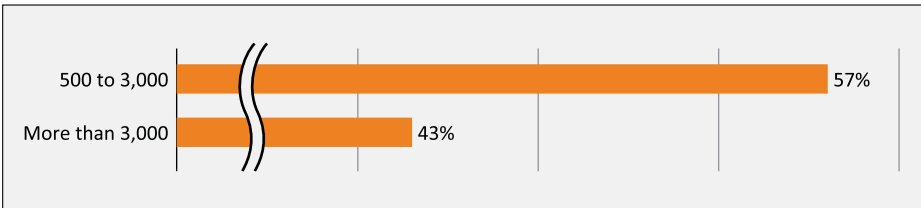
Respondents are personally based in the following regions . . .



. . . hold positions with the following titles . . .



. . . and are employed in organizations with the following employee numbers:



About CFO Innovation



An integrated digital, conference and research platform of Questex Media in the US, CFO Innovation Asia aims to provide strategic intelligence to the region's CFOs, finance directors, controllers and treasurers. It reaches more than 25,000 finance professionals through its three-times-a-week newsletters and regularly updated website.

CFO Innovation organises the annual two-day CFO Innovation Asia Forum in Singapore and other conferences in Hong Kong, Jakarta, Kuala Lumpur, Manila and Shanghai. It also broadcasts webinars and conducts research on a wide variety of finance, accounting, treasury, management and career development topics.

For more information, please see www.cfoinnovation.com

About Concur



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Concur helps ensure that corporate travel is booked within policy before the trip is taken and reconciles expenses after travel is completed. By capturing and reporting on every aspect of travel and entertainment (T&E) spend, Concur's services provide detailed information to help clients effectively control spend and manage compliance.

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