2020 Travel & Expense Management Benchmarking Study

Australia

Contents

Introduction

American Express is pleased to present the 2020 Travel & Expense Management Benchmarking Study. This study was commissioned by the Global Commercial Services Business Consulting team to provide fresh insights into leading client practices in the areas of:

- Travel & Expense Management Policy

- Travel Management Companies (TMC)

- Expense Management Systems (EMS)

- Shared Services Centres & Outsourcing

- Payments

The 2020 Study was conducted across a sample of 94 local and multinational companies in Australia. It has been developed using proprietary customer data from American Express global Global Client Group and Large Market customers, supplemented with insights from Account Relationship Management team members based upon their knowledge of client priorities and additional client testimonials.

This Study was last published by the Global Commercial Services Business Consulting team in 2012. For the 2020 Study, we have worked with Deloitte's Payments Advisory team to consolidate, analyse and combine this survey data with transactional data for the 94 companies to generate insights.

The 2020 Study also includes:

- A summary of key developments in Travel & Expense Management

- Comparative references to the 2012 Study findings to highlight what's changed in 2019 and 2020 (January - June)

- Deeper insights into specific industries where relevant

- Case study findings based on client interviews

- A one page infographic for easy reference

- An emerging perspective on the impact of COVID-19 on Travel & Expense Management going forward

We hope the 2020 Study helps you gain visibility and insights into leading travel and expense management practices in Australia and their applicability to your business.

Yours faithfully

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American Express

Study Overview

Insights into leading client practices for Travel & Entertainment (T&E) expense management

Developed using proprietary customer data from American Express Global Client Group and Large Market customers, supplemented with insights from Account Relationship Management team members who work closely with 94 local and multinational companies in Australia.

While the study is based on 2019 data, we expect these leading practices to continue beyond the pandemic with an increased focus on policy updates, policy compliance and digital Travel & Expense Management solutions for employees.

Highlights

59%
Mandate a **Card Provider**

65%
Allow usage of **ride sharing** services

71%
Accept digital picture capture of **expense receipts**

28%
Have no process to measure **T&E policy compliance**

67%
Pay **Air/Hotel expenses** centrally for non-employees

Leading practice adoption

		Total	Local	Multinational
	Provide Corporate Cards to all employees who incur expenses	52%	40%	79%
	Don't allow personal expenses on Corporate Cards	89%	94%	79%
	Use Corporate payment solutions for non-employees	70%	77%	56%
	Measure policy compliance	46%	45%	48%
	Use Corporate Card and TMC Reporting to manage travel supplier negotiations	65%	58%	79%
	Expense Management System with data file feeds from Corporate Card Provider	79%	69%	100%
	Use an electronic remittance method such as Secure File Transfer (SFT)	37%	34%	45%

Study demographics

65 Local Australian companies

29 Multinational companies in Australia

31%   69%

Industry	Count
Professional services	13
Technology	11
Finance, Insurance and Real estate	10
Business and consumer services	9
Retail trade	7
Government and Education	7
Mining and Agriculture	6
Manufacturing and Auto	5
Pharmaceutical, Medicine and Chemical	4
Telecom and Information Media	4
Wholesale trade	4
Transportation and Storage	3
Construction	3
Energy	3
Health Care and Social Assistance	2
Utilities	2
Travel	1

Key Developments in Travel & Expense Management

Key Developments in Travel & Expense Management – Emerging Perspective from COVID-19

Mobile first

As with most things over the last decade, the end-to-end Travel & Expense Management experience has become increasingly digital and mobile enabled, powered by apps for travel bookings, itineraries, payments, digital receipts and expense claims.

New ways to pay

Contactless & mobile wallet payments have reshaped the in-store and online point-of-sale (POS) payment experience in Australia. Employees and contractors of large companies expect similar levels of convenience and ease of use in their corporate payment experience.

Sharing economy

The rise of the sharing economy for transport and accommodation has disrupted the travel industry, providing more competitive choices for travellers, along with a frictionless mobile experience.

Implications

Companies need Travel & Expense Management solutions that deliver leading mobile enabled services and ongoing innovation for superior employee efficiency and experience.

Companies need to be aware of new and emerging payment solutions and manage their adoption proactively. The preference for contactless payments has surged during COVID-19 from both Card Members and merchants.

Companies need to decide on their use of sharing economy services while also considering their safety and security obligations.

Product Innovation

Product innovation in Travel & Expense Management solutions has accelerated significantly. Tailored solutions such as Corporate Meeting Cards, enhanced centralised travel Accounts that cater for air, hotel and car hire, and digitally enabled virtual Cards.

Advances in EMS

Deeper integrations with Travel Management Companies & Corporate Card Providers, improvements in Optical Character Recognition (OCR) & machine learning technology have significantly improved user experience and efficiency in expense management processes.

Budget pressures

Travel & Entertainment budget pressures and higher costs of air travel have led to changes in travel policies and preferences of large companies.

Implications

Companies have more options to control and manage spend better, and they need to ensure the right fit for their organisation and people. Companies should consider adopting digital, virtual payment solutions that can be easily issued to employees.

Companies need to have a clear roadmap for their EMS solutions to ensure that they are keeping up to date with new features and capabilities for tangible business benefits, especially with more employees working virtually for the considerable future.

Companies need to make the best use of their data for travel supplier negotiations and consider appropriateness of new measures like 'Open Sky' policies. During the pandemic these activities may be on hold and there is an opportunity to consolidate and prepare for 2022 negotiations.

Travel & Entertainment Policy

Business travel is evolving to meet more than just budgetary requirements. Customers are now redefining what is considered essential travel, what is the business need and the return on investment.

Employee Appetite

Travellers need to be aware of all regulations, medical requirements, and their own personal compliance to organisation and government policies.

Supplier Safety for Travel

Employers will increasingly need to check on supplier safety for travel. They will need to ensure that preferred suppliers meet all safety standards, have appropriate insurances to mitigate risk, and consider their mobile and digital solutions to minimise traveller contact.

Implications

Companies need to focus on understanding new business travel needs, the needs and concerns of their employees and their families from a health and well-being perspective, including post-trip considerations.

Companies will have to update their Travel & Entertainment policies more frequently to remain up-to-date with dynamic conditions and provide required support to employees.

Companies need to ensure that their preferred suppliers have COVID-19 safe plans such as providing adequate duty of care to employees.

Meetings and Events

While there will be a continuing focus on hosting 'business as usual' meetings virtually, there will also be a desire to bring employees together at key points during the year to drive engagement and provide respite from the virtual office environment.

Policy Compliance and Enforcement

Policy enforcement by the company and policy compliance by employees will see heightened focus and attention, and tolerance for policy exemptions will likely reduce.

Expense Management

The pandemic has highlighted the need to automate and streamline manual paper-based expense processes, including invoice capture, expense receipts, goods receipts, paper approvals, spreadsheets claims, the need for multiple scanning and wet signatures.

Implications

Companies have to work towards creating a well considered Meetings & Events strategy with a focus on safe practices and increased duty of care.

Companies will need to consult with their employees on the changing nature of travel profiles and use cases that are still valuable in the new world. Further, companies may need to incorporate new data points to ensure policy compliance.

Companies need to drive adoption of automated processes and make it as easy as possible for employees to be reimbursed and suppliers to be paid.

Study Demographics

The 2020 Study is based on a sample set of 94 companies from 17 industry sectors, compared to 79 companies that were included in the 2012 Study.

Companies by segment

31%

69%

■ Local Australian Companies
■ Multinational Companies in Australia

Number of companies by industry

Industry	
Professional Services	13
Technology	11
Finance, Insurance and Real estate	10
Business and Consumer Services	9
Retail Trade	7
Government and Education	7
Mining and Agriculture	6
Manufacturing and Auto	5
Pharmaceutical, Medicine and Chemical	4
Wholesale Trade	4
Telecom and Information Media	4
Transportation and Storage	3
Energy	3
Construction	3
Health Care and Social Assistance	2
Utilities	2
Travel	1

Number of companies by segment

Segment	2019	2012
Local Australian Companies	65	34
Multinational Companies in Australia	29	45
Total	94	79

Charge volume

T&E Expenditure ($USD)	2019			2012		
	Australia Total	Local Australian Companies	Multinational Companies in Australia	Australia Total	Local Australian Companies	Multinational Companies in Australia
<5,000,000	31%	32%	25%	24%	29%	20%
5,000,000-10,000,000	18%	25%	4%	33%	29%	36%
>10,000,000	51%	43%	71%	43%	42%	44%

Number of cards

Number of Corporate Cards	2019			2012		
	Australia Total	Local Australian Companies	Multinational Companies in Australia	Australia Total	Local Australian Companies	Multinational Companies in Australia
<499	60%	71%	32%	49%	47%	51%
500-1000	16%	15%	18%	24%	29%	20%
>1000	24%	14%	50%	27%	24%	29%

Travel & Entertainment Expenditure Benchmarks

On analysing annual spend by these companies at a Travel & Entertainment commodity level, we have identified the following spend benchmarks in Australia:

Airline	6%	53% / 47%
Hotel	7%	12% / 21%
Restaurant & Entertainment	4%	7% / 11%
Ground Transport	7%	7% / 7%
Other T&E Commodities	76%	21% / 14%

■ 2019   ■ 2012   ❋ April - June 2020
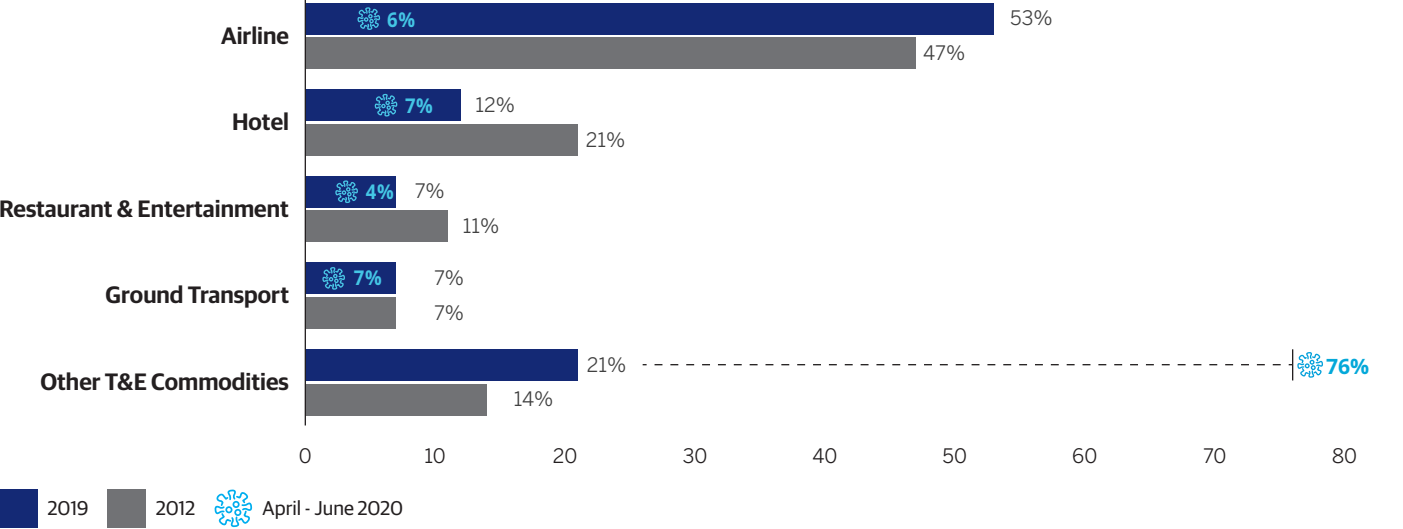
Expenditure Analysis

2020 T&E Expenditure ($USD)	2019			2012		
	Total Australian Companies	Local Australian Companies	Multinational Companies in Australia	Total Australian Companies	Local Australian Companies	Multinational Companies in Australia
Airline	53%	56%	48%	47%	49%	46%
Hotel	12%	8%	18%	21%	20%	23%
Restaurant & Entertainment	7%	4%	10%	11%	9%	12%
Ground Transport	7%	6%	8%	7%	6%	8%
Other T&E commodities	21%	26%	16%	14%	16%	11%

- The spend mix of Local Australian Companies has remained fairly consistent in the Study. In 2019, these companies spent more on airlines but less on hotels, restaurants and entertainment. This is reflective of higher airline fares, an increasing preference for business day trips and greater control over hotel spend compared to the travel practices that were prevalent in 2012.

- There was a significant increase in spend on Other Travel & Entertainment commodities by all companies:

- Retail, professional services and government related spend makes up over 80% of the spend in this category.

- Multinational Companies in Professional Services and Media sectors are using Corporate Cards more heavily for Other Travel & Entertainment commodities.

- 30% of Local Australian Companies have in excess of 30% of their total spend on Other Travel & Entertainment Commodities, as they are increasingly using Corporate Cards to optimise working capital and earn other incentives.

Expenditure Analysis (COVID-19 Impact)

T&E Expenditure ($USD)	January - March 2020			April - June 2020		
	Total Australian Companies	Local Australian Companies	Multinational Companies in Australia	Total Australian Companies	Local Australian Companies	Multinational Companies in Australia
Airline	52%	52%	53%	6%	8%	0%
Hotel	13%	8%	20%	7%	3%	38%
Restaurant & Entertainment	8%	4%	12%	4%	2%	19%
Ground Transportation	7%	5%	9%	7%	6%	16%
Other T&E commodities	20%	31%	6%	76%	81%	27%

- COVID-19 has significantly impacted the spend pattern in 2020. January – March 2020 spend was comparable with the historical trends, however the impact of the national lockdown and border controls can be seen in April – June 2020 with Airline spend reducing dramatically to 6% of total spend.

- With the decrease of traditional Travel & Entertainment spend, Local Australian companies have increased their spend on other commodities such as telecommunications, office-related spend with the shift to working from home, and paying for other services such as government quarantine fees.

- While Airline activity has almost come to a halt for multinational companies, there has been a shift in spend towards Lodging, Restaurant & Entertainment as well as Ground Transportation. There has also been an uptick in supplier payments on Corporate Cards as companies look to maximise Corporate Card program benefits.

Travel & Expense Management Policy

Introduction

There are many variables for companies to consider when developing a Travel & Expense Management Policy. Well-informed decisions based on full information and complete data integrity can assist greatly in reducing costs and increasing business efficiency.

Key aspects of policy reviewed in the Study include:

- Travel & Expenses Policy

- Eligibility Criteria for Corporate Cards

- Mandate of Travel & Entertainment Supplier Categories

- Using Corporate Cards for Personal Expenses

- Non-Employee Travel & Expense Management Policy

- Measurement of compliance against Travel & Expense Management policy

Findings

Travel & Expenses Policy

A Travel & Expenses Policy is key to guiding employee behaviour and is a basic component of a Leading Practice Corporate Card program.

- 95% of companies in the 2020 Study had a Travel & Expense policy in place, similar to 97% of companies in the 2012 Study.

- 50% of companies in the 2020 Study have updated their Travel & Expense policy in the last two years, incorporating changes to spend limits, digital picture capture of receipts and conditions for usage of sharing economy services.

Eligibility Criteria for Corporate Cards

When considering eligibility criteria for Corporate Cards, leading practice is to provide for broad coverage of employees who have Travel & Entertainment or business expenses. This ensures greater compliance, and increases spend visibility and employee satisfaction.
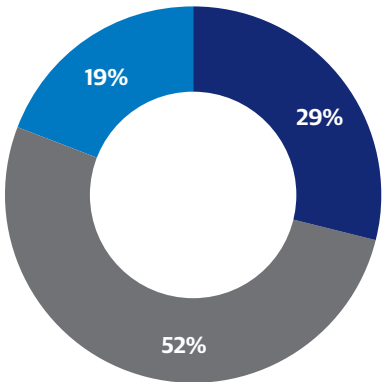
- **52%** of companies in the 2020 Study provide Cards to all employees who incur Travel & Entertainment or business expenses, which is lower than 59% of companies in the 2012 Study. Of companies providing Corporate Cards, 80% make it a requirement of on-boarding to apply for a Corporate Card.

- **29%** of companies in the 2020 Study are providing Corporate Cards based on management level, spend volume or employer discretion.

- **19%** of companies in the 2020 Study are using centralised travel accounts more heavily and providing Corporate Cards on a discretionary basis. All of these companies are Local Australian Companies and it reflects their preference for centralised air, hotel and car rental bookings enabled by enhancements in centralised travel account capabilities.

It is critically important that travel & expense policies reflect all organisational guidelines that have been impacted by the pandemic. This can include, but not limited to, increased focus upon traveller safety, working virtually from your usual office, approval to purchase home office supplies, emergency response guidelines and redefining what is considered essential travel. Organisations will also need an effective communication channel to update employees quickly as the travel landscape and government regulations change on an almost daily basis.

Case Study

We talked about Corporate Card program eligibility and take-up with a retail company.

"We take a business needs driven approach to card issuance. If someone needs to spend over $500 monthly or travels for work, they must get a Corporate Card."

**Procurement Manager
Retail Company**

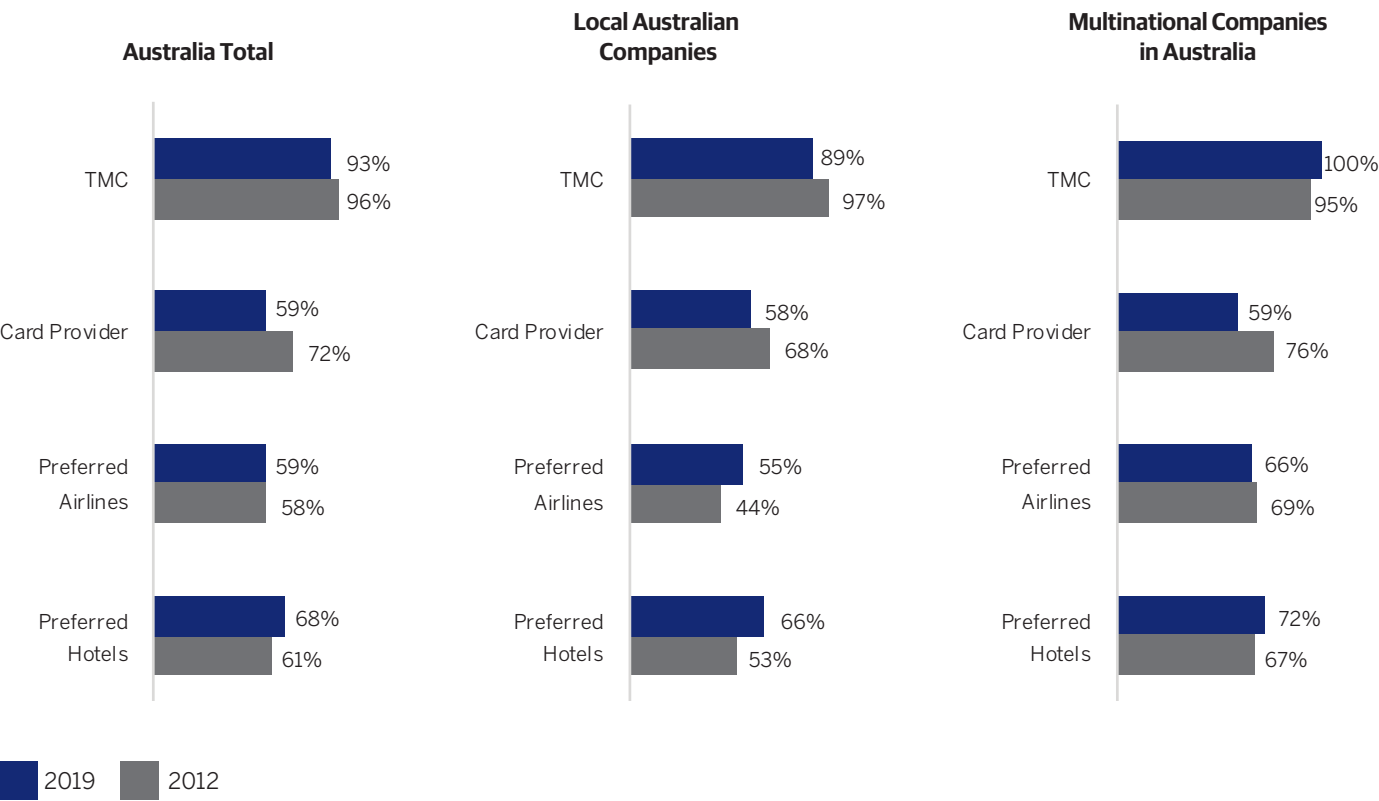## Mandate of Travel & Entertainment Supplier Categories

Leading practice is to mandate the use of Travel Management Companies (TMC), Corporate Card Provider and preferred Hotels to help control costs and drive better deals. In the case of Airlines, companies may choose to mandate 'best fare of the day' policies rather than preferred Airlines.

The 2020 Study shows that:

- 93% of companies mandate TMC

- 59% of companies mandate a Corporate Card Provider

- 59% mandate preferred Airlines; and

- 68% mandate preferred Hotels.

When compared to the 2012 Study:

- Mandate levels for TMC have dropped only slightly overall.

- There is a significant drop in mandate for Card Provider across all companies which correlates to fewer companies providing Corporate Cards to all eligible employees. It also highlights a rising trend of companies using more centralised products, such as the American Express Business Travel Account (BTA) or virtual cards. In certain sectors like Professional Services and Technology, employees are allowed to use their personal cards, which reflects their culture of not mandating Corporate Card usage and promoting employee choice and flexibility.

- While there was a trend towards mandating preferred Hotels and Airlines, pre-pandemic, which enabled companies to benefit from preferred supplier savings and agreements, there was also an emerging practice in Multinational Companies to have 'Open Sky' policies where the cheapest airfare must be bought to drive savings. Due to minimal sourcing activity expected for 2021, we expect previous trends to continue post-pandemic as customers plan and prepare their sourcing agreements for 2022 and beyond.

Australia Total

	2019	2012
TMC	93%	96%
Card Provider	59%	72%
Preferred Airlines	59%	58%
Preferred Hotels	68%	61%

Local Australian Companies

	2019	2012
TMC	89%	97%
Card Provider	58%	68%
Preferred Airlines	55%	44%
Preferred Hotels	66%	53%

Multinational Companies in Australia

	2019	2012
TMC	100%	95%
Card Provider	59%	76%
Preferred Airlines	66%	69%
Preferred Hotels	72%	67%

■ 2019   ■ 2012

Case Study – Sharing Economy

In recent years, the sharing economy has become an easily accessible and cost-effective way for booking services, particularly as a replacement for traditional ground transport services and hotels.

Alternate accommodation services are yet to become mainstream within Travel & Expense policies with only 13% of companies in the 2020 Study allowing their usage, primarily on account of security and duty of care concerns.

Conversely, using ride sharing services is more widely recognised with 65% of companies in the 2020 Study allowing their usage.

"Our policy allows employees to use rideshare companies in jurisdictions where it is legal and low-risk. However, we prohibit the use of shared accommodation services and mandate use of our travel agent as we need to ensure the health and safety of our employees and need to track them down in an emergency."
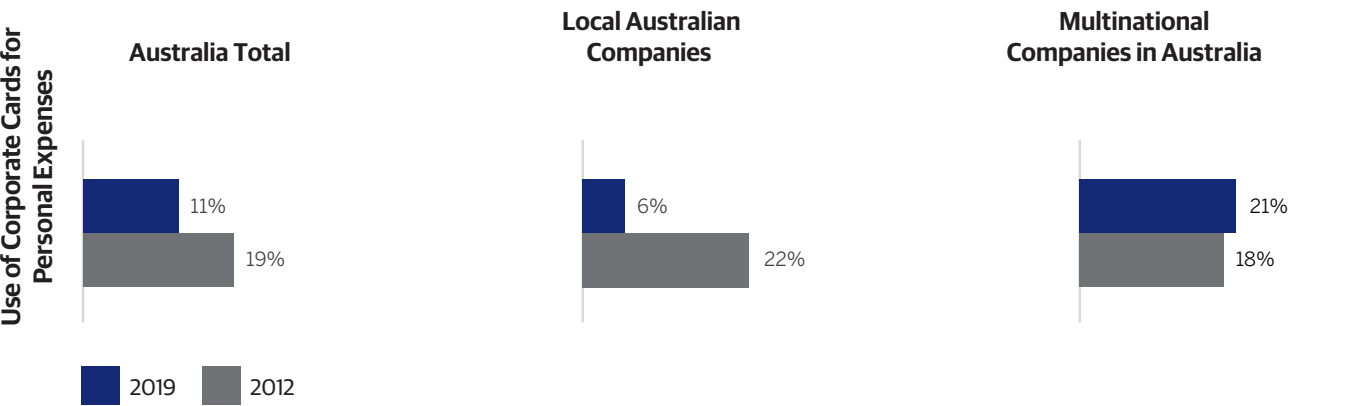
Procurement Manager
Mining Company

Using Corporate Cards for Personal Expenses

Only 11% of companies in the 2020 Study allowed Corporate Cards to be used for employees' personal expenses per their Travel & Expense policies, which is significantly lower than the 19% in the 2012 Study.

This is mainly on account of a much smaller proportion (6%) of Local Australian Companies in the 2020 Study that allow personal expenses on Corporate Cards. This is likely due to these companies discouraging personal use by employees because they generally carry the liability for outstanding balances.

Allowing personal expenditure on Corporate Cards skews company reporting and may result in increased expense processing costs because corporate and personal expenses need to be separated.

Use of Corporate Cards for Personal Expenses

Australia Total

2019	11%
2012	19%

Local Australian Companies

2019	6%
2012	22%

Multinational Companies in Australia

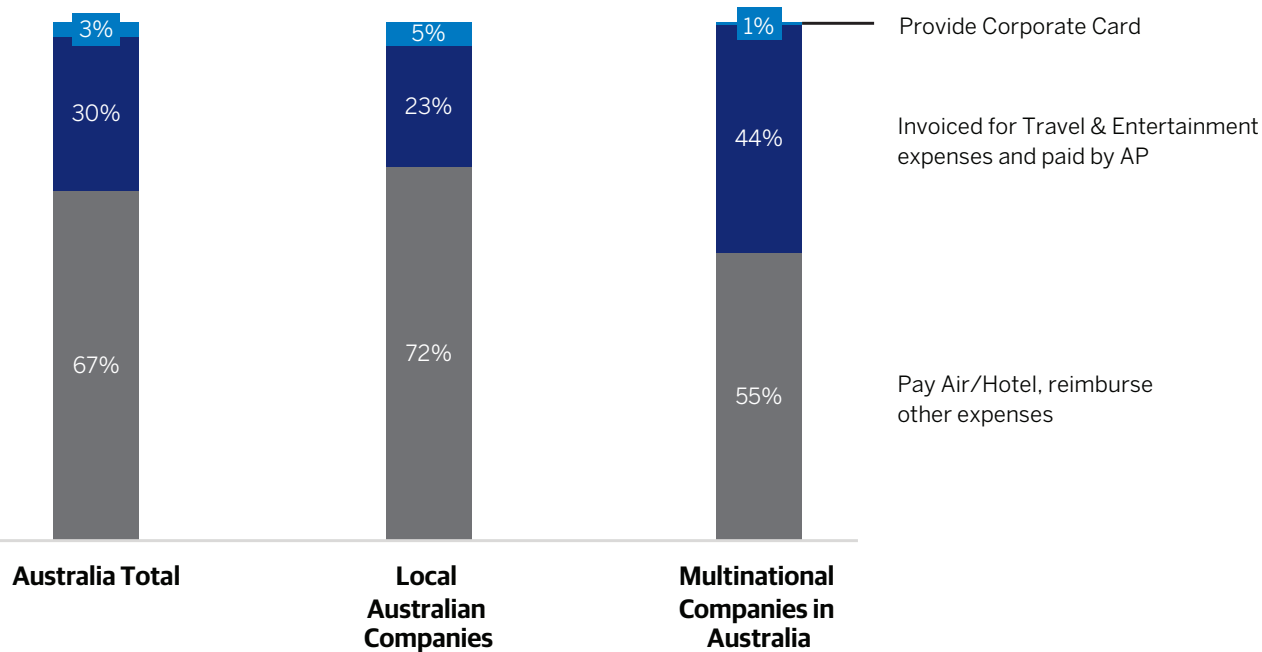|	
2019	21%
2012	18%

■ 2019   ■ 2012

Non-Employee Travel & Expense Management Policy

Many companies engage significant numbers of non-employees (including contractors and consultants) who incur travel costs on behalf of the company in the course of their business. While most companies choose not to provide non-employees with a Corporate Card, leading practice in this area is to ensure that all non-employee Airline Hotel and Car Hire expenditure is booked using the company's TMC and is paid for using a centralised payment solution such as the American Express BTA. Centralised travel account solutions enable companies to ensure their contracted rates are used and expenditure is reported in relevant Card and Travel reporting systems. It can also streamline the reconciliation process, provide enhanced data and deliver cost savings.

The 2020 Study found that:

- The majority of companies prefer to pay Air/Hotel expenses for non-employees centrally and reimburse them for other expenses

- 30% of companies require contractors and consultants to invoice the company for expenses which are then reimbursed by Accounts Payable (AP)

- While very few companies provide Corporate Cards to non-employees, there is an emerging trend towards provisioning virtual cards in mobile applications, such as the American Express Go solution.

- During various stages of lockdown to manage COVID-19, anecdotally, we have seen customers consider the use of virtual payments and digital wallets to capture and manage expenses when employees are working virtually. Virtual Corporate Cards, that can be issued quickly to smartphones, coupled with expense management receipt capture apps can be a versatile and efficient tool in the new environment.

Chart — Non-Employee Travel & Expense by company type:

- Australia Total: 3% Provide Corporate Card, 30% Invoiced for Travel & Entertainment expenses and paid by AP, 67% Pay Air/Hotel, reimburse other expenses
- Local Australian Companies: 5%, 23%, 72%
- Multinational Companies in Australia: 1%, 44%, 55%

Legend:
- Provide Corporate Card
- Invoiced for Travel & Entertainment expenses and paid by AP
- Pay Air/Hotel, reimburse other expenses

Measurement of Travel & Expense Management Policy Compliance

Implementing a Travel & Expense Management Policy is an important part of a Corporate Card program. The extent to which policy compliance is reviewed or measured increases the likelihood of policy adherence.

Leading practice is to use a combination of three methods to measure compliance - Corporate Card reporting, TMC reporting and Audit of expense reports.

The 2020 Study found that:

- 46% of companies are following the leading practice of using a combination of all three methods.

- 26% use one or more methods but not all three.

- 70% of companies that are measuring compliance flag spend in mandated categories which are booked through alternative vendors.

- 28% have no process to measure policy compliance. This is significantly higher for Local Australian Companies compared to Multinational Companies in Australia and presents an opportunity for them to become more rigorous in their compliance measurement, and drive savings in their Travel and Entertainment procurement programs.

- 58% of companies subject non-employees to the same compliance procedures as employees while 30% of companies apply greater restrictions.

- With the emerging need to redefine 'essential travel', we expect stricter guidelines and pre-approvals from Senior Management to ensure that compliance to policy and preferred suppliers is observed ensuring duty of care for travellers. It is also expected that companies will also adopt stricter auditing processes to ensure that all expense claims remain compliant and to eliminate fraudulent use.

Chart — Measurement of Compliance by company type:

- Australia Total: 28% No process to measure compliance, 26% One or more tools but not all three, 46% Combination of Corporate Card reporting, TMC reporting and Audit of expense reports
- Local Australian Companies: 31%, 24%, 45%
- Multinational Companies in Australia: 21%, 31%, 48%

Legend:
- No process to measure compliance
- One or more tools but not all three
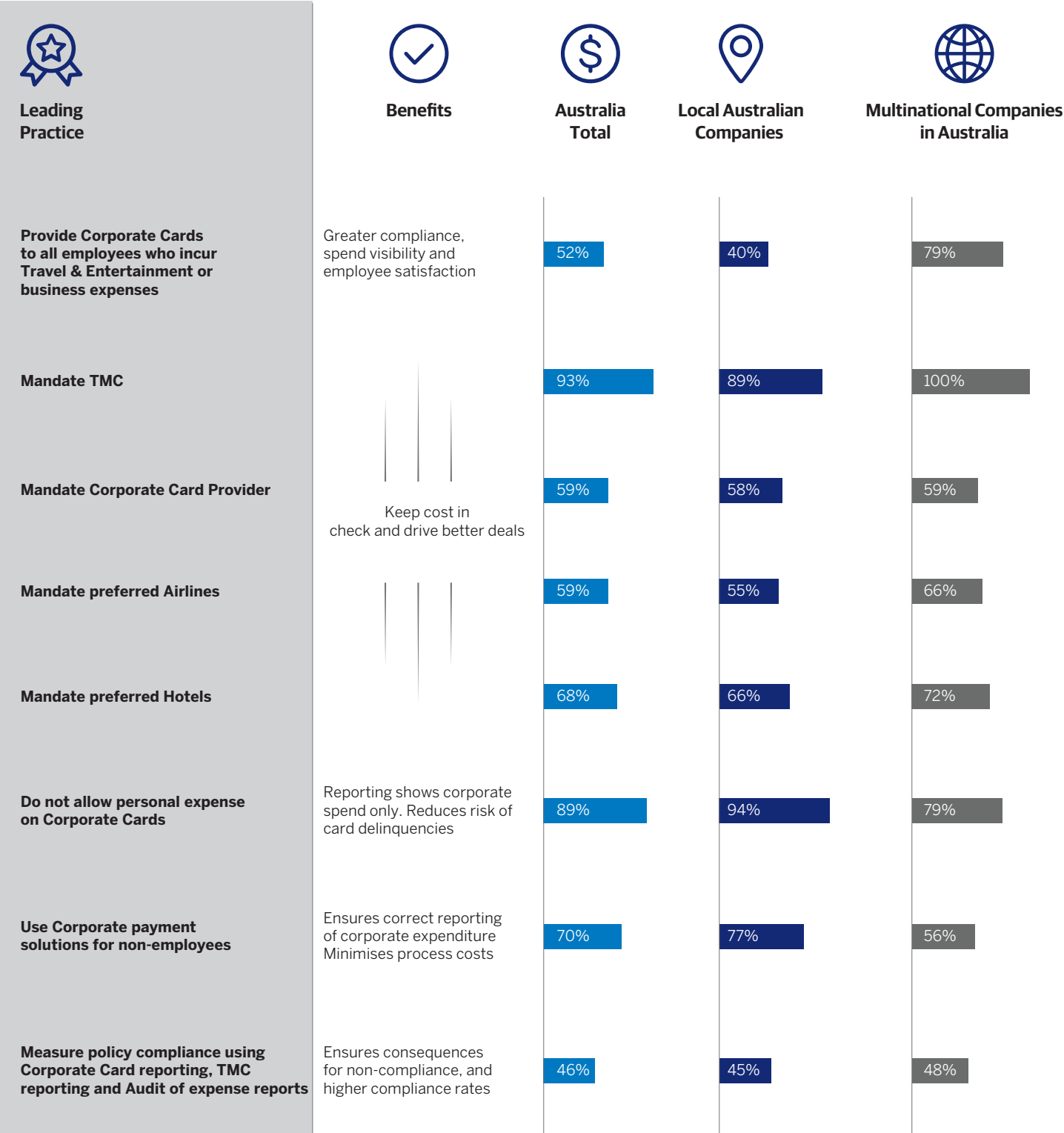- Combination of Corporate Card reporting, TMC reporting and Audit of expense reports

Case Study

Our discussion with a pharmaceutical company revealed the trade-off between controlling expense levels through a hotel program or daily spending limits.

"Managing a hotel program would be very difficult for us as our sales reps travel all over the place, so we control spending by applying daily caps and limits."

Procurement Manager
Pharmaceutical Company

Leading Practices – Travel & Expense Management Policy

Leading Practice	Benefits	Australia Total	Local Australian Companies	Multinational Companies in Australia
Provide Corporate Cards to all employees who incur Travel & Entertainment or business expenses	Greater compliance, spend visibility and employee satisfaction	52%	40%	79%
Mandate TMC		93%	89%	100%
Mandate Corporate Card Provider	Keep cost in check and drive better deals	59%	58%	59%
Mandate preferred Airlines		59%	55%	66%
Mandate preferred Hotels		68%	66%	72%
Do not allow personal expense on Corporate Cards	Reporting shows corporate spend only. Reduces risk of card delinquencies	89%	94%	79%
Use Corporate payment solutions for non-employees	Ensures correct reporting of corporate expenditure Minimises process costs	70%	77%	56%
Measure policy compliance using Corporate Card reporting, TMC reporting and Audit of expense reports	Ensures consequences for non-compliance, and higher compliance rates	46%	45%	48%

Travel Management Companies (TMCs)

Introduction

TMC relationships have a high impact on the value-for-money that companies receive for their travel-related spend. A vital part of the travel-procurement process is negotiating the best rates with suppliers in the industry and TMCs help companies develop a clear understanding of current expenditure patterns.

The 2020 Study focuses on 4 key areas:

1. The number of TMCs a company uses for travel bookings.
2. The reason a company has chosen the number of TMCs being used.
3. The information used in the travel supplier negotiation process.
4. The information that is most useful in the negotiation process.

Number of TMCs

Consolidating TMC expenditure to a single mandated supplier will typically result in volume discounts and the highest value for money.

The 2020 Study finds that:

- 92% of companies have a single mandated TMC, up from 85% in the 2012 Study, reflecting increasing adoption of leading practice.

- Corresponding drop in the number of companies with 2 or more TMCs

- Best price and volume discounts were cited by 21% and 13% of companies in the 2020 Study as their primary reason for selecting their preferred TMC. A majority of the Multinational Companies in the Study cited global contracts or programs as their reason for the preferred TMCs.

Australia Total

0 (Managed Internally / via Internet)	4%
	4%
Single mandated TMC	92%
	85%
2 or more TMCs	4%
	11%

Local Australian Companies

0 (Managed Internally / via Internet)	5%
	3%
Single mandated TMC	90%
	88%
2 or more TMCs	5%
	9%

Multinational Companies in Australia

0 (Managed Internally / via Internet)	3%
	5%
Single mandated TMC	94%
	84%
2 or more TMCs	3%
	11%

■ 2019   ■ 2012
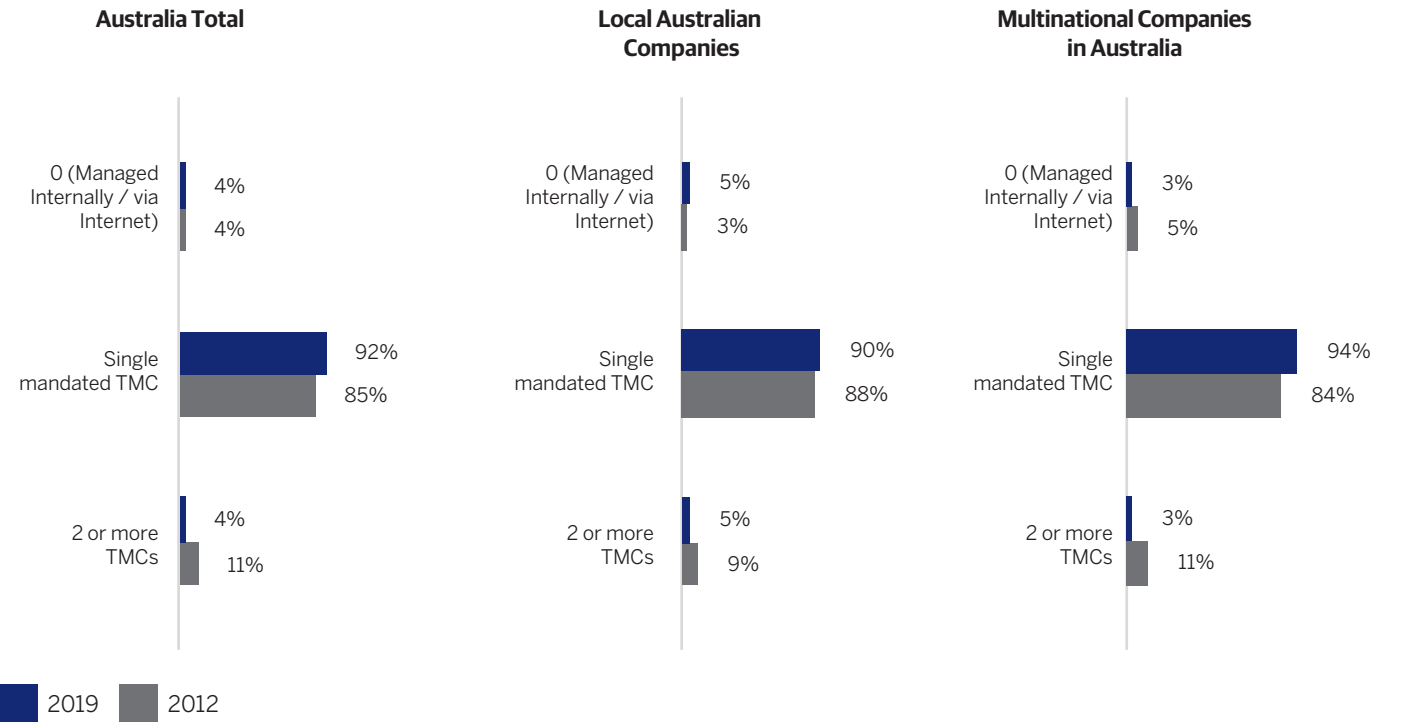
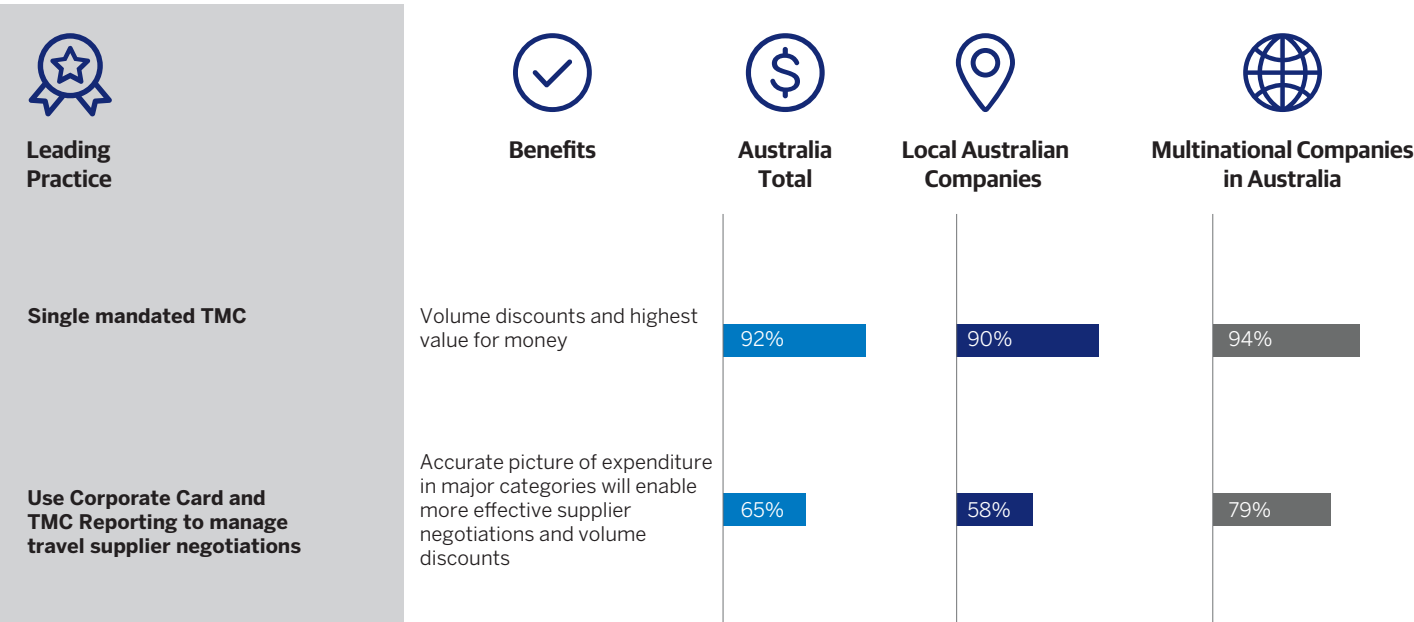## Negotiation with Travel Suppliers

When negotiating with travel suppliers, leading practice is the use of Corporate Card Reporting and TMC Reporting to establish an accurate picture of expenditure in major categories. There can be gaps in spend recognised using each reporting method.

For example, where a Hotel booking is made outside of the TMC, but paid for using the Corporate Card, the Hotel spend would be recognised on the Corporate Card Reporting but not TMC Reporting. By comparing both reports a full picture of current expenditure is revealed, which enables maximum volume discounts to be obtained.

The 2020 Study finds that:

- 65% of companies use both Corporate Card and TMC Reporting for their negotiations.

- 12% only used either Corporate Card or TMC Reporting, but not both.

- 23% of companies surveyed do not use Corporate Card or TMC Reporting to manage their travel supplier negotiations, highlighting a significant potential for cost reduction opportunities.

- While hotel and air supplier negotiations will not be a priority for 2021, companies have an opportunity to consolidate data from their TMC and Corporate Card providers to review past trends and prepare for 2022/23 negotiations.

- Another consideration for negotiation will be the plans suppliers have in place for ensuring safety of the traveller, and the potential increase in supplier costs to accommodate these new industry standards.

Leading Practices – Travel Management Companies

Leading Practice	Benefits	Australia Total	Local Australian Companies	Multinational Companies in Australia
Single mandated TMC	Volume discounts and highest value for money	92%	90%	94%
Use Corporate Card and TMC Reporting to manage travel supplier negotiations	Accurate picture of expenditure in major categories will enable more effective supplier negotiations and volume discounts	65%	58%	79%

Expense Management Systems (EMS)

Introduction

The reconciliation of Travel and Entertainment expenses by employees is widely considered to be a time-consuming and therefore expensive process, which can be significantly improved by using an automated EMS.

Our Study reviewed the types of EMS (packaged EMS purchased from a vendor, in-house developed EMS or manual process) used by companies and also established whether this was further automated for Corporate Card Members by using a data file from Corporate Card Provider systems to pre-code expense data.

Findings

Use of EMS

Using a packaged EMS helps minimise development and integration costs, as well as driving efficiencies for travellers and back-office staff in the expense claim and reconciliation processes.

Data files from a Corporate Card Provider allow the pre-coding of expenses when integrated with an EMS based on merchant category codes. The combination of a packaged EMS with data files is considered leading practice.

The 2020 Study finds that:

- 73% of companies in the Study use a packaged EMS - 48% use SAP Concur, 10% use Fraedom, and the remaining 15% is spread across a number of EMS providers.

- 11% of companies allowed access to the EMS for non-employees.

- Survey respondents cited audit coverage, controls over employee spend, user experience and integration with core enterprise resource planning platforms as key reasons why companies in the Study use packaged or in-house EMS.

- Of the 16% companies that have an in-house EMS, 80% are not considering a packaged EMS for replacement.

Australia Total

	2019	2012
Packaged EMS	73%	72%
Manual Process	11%	10%
In-house system	16%	18%

Local Australian Companies

	2019	2012
Packaged EMS	68%	73%
Manual Process	15%	12%
In-house system	17%	15%

Multinational Companies in Australia

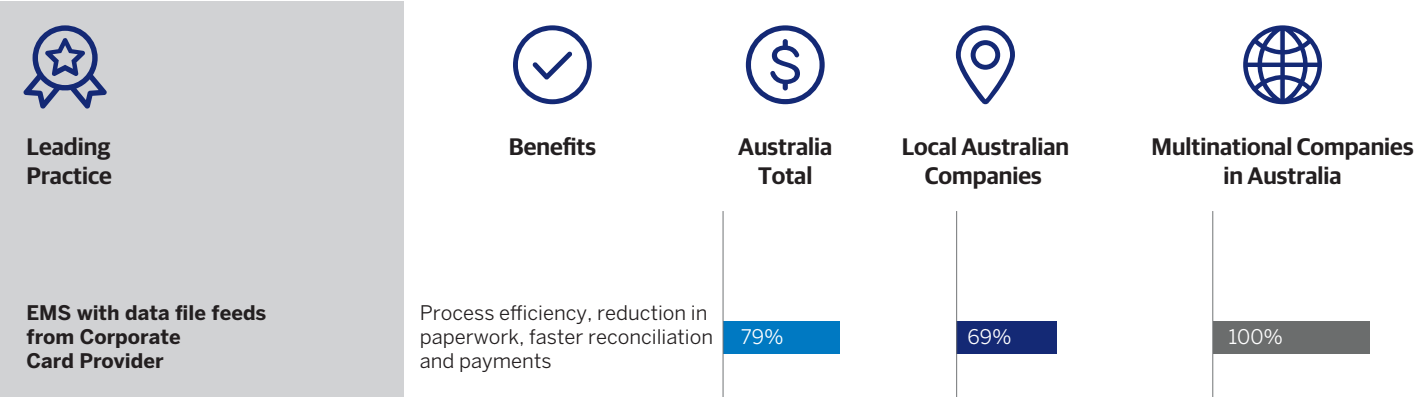|	2019	2012
Packaged EMS	86%	71%
Manual Process	0%	9%
In-house system	14%	20%

2019   2012
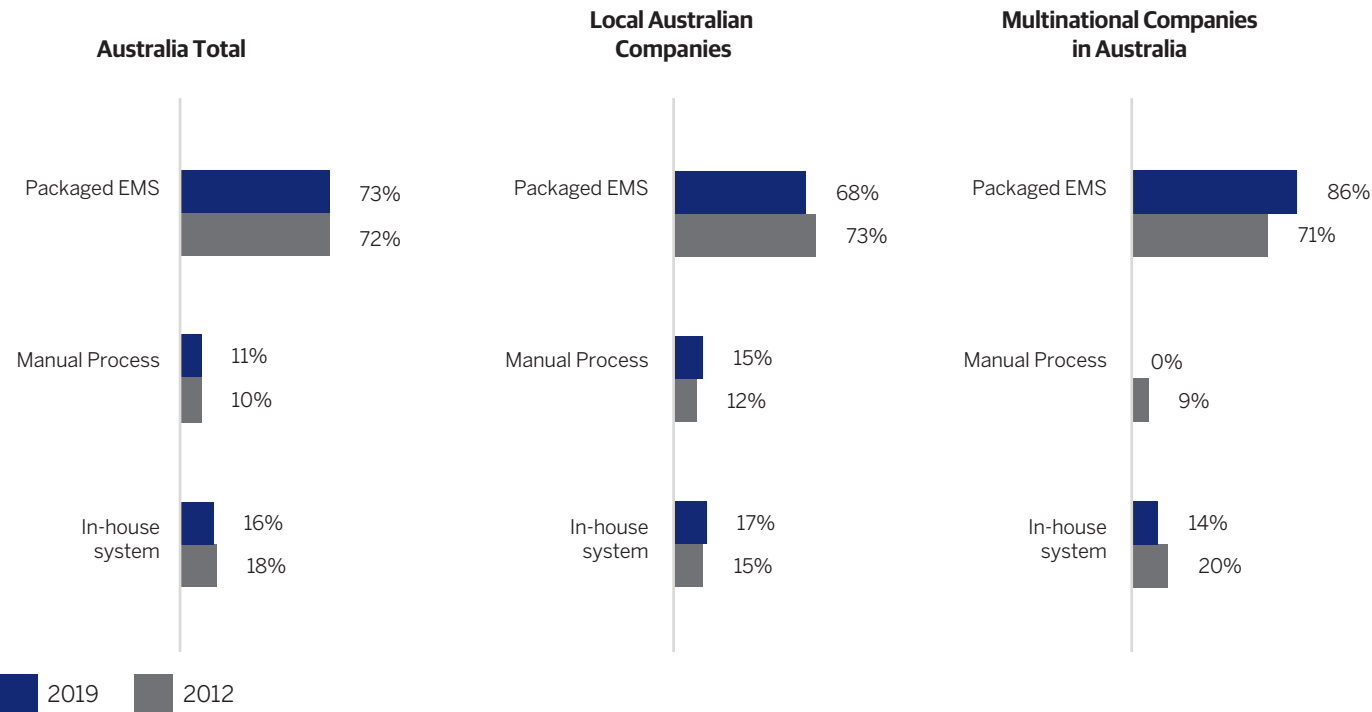
Digital Receipts Insight

- 71% of companies in the 2020 Study accept digital picture capture of receipts in expense report submissions, while the remaining 29% still require some kind of manual receipt submission to a central address either by post or e-mail. This represents a significant opportunity for improvement.

- 61% of companies in the 2020 Study use an EMS mobile app that allows for the picture capture and immediate upload of expense receipts.

- 47% of companies in the 2020 Study have adopted the leading practice of ensuring their EMS has Optical Character Recognition (OCR) capability to read the digitally uploaded receipts, reducing processing time further for users.

Shared Services Centres & Outsourcing

Use of Data Files in the Expense Process

The 2020 Study finds that:

- 79% of all companies use data file feeds from their Corporate Card Provider directly to the EMS, actively putting in place processes to increase efficiency.

- 55% of companies with an EMS used data files from their Corporate Card Provider to also pre-code expense information for Card Members.

- As companies prepare their return to travel and spend plans it is critical to have easy to follow expense management and approval processes to ensure employee compliance to policy. As many companies extend their temporary work from home policies through the pandemic, the use of packaged EMS, digital receipts and integration of data, will make it easier for virtual employees to manage expenses.

Leading Practices – Expense Management Systems

Leading Practice	Benefits	Australia Total	Local Australian Companies	Multinational Companies in Australia
EMS with data file feeds from Corporate Card Provider	Process efficiency, reduction in paperwork, faster reconciliation and payments	79%	69%	100%

COVID-19 and remote working has highlighted the need for digital adoption including mobile and OCR technology to eliminate manual paper receipt and mail-in processes..

Introduction

The Study reviews the usage of two approaches to travel and expense management processes.

1. **Shared Services Centres** – a consolidation approach, where activities associated with a process are brought together in a single location. For example, a company may process all business units' expense claims in an offshore location.
2. **Outsourcing** – an extension of the Shared Services concept, where functions previously completed by the business or Shared Services Centre are completed by a third party.

Back-office financial functions – for example, Corporate Card administration – are a natural fit for Shared Services Centres as they touch the whole business and require ongoing administrative work. These functions can benefit from economies of scale, automation and control that can be enabled by a Shared Services or Outsourcing model. Implementation of an EMS is often the first step taken by companies moving travel and expense management functions to a Shared Services or Outsourcing model, as the EMS provides process standardisation across the business.
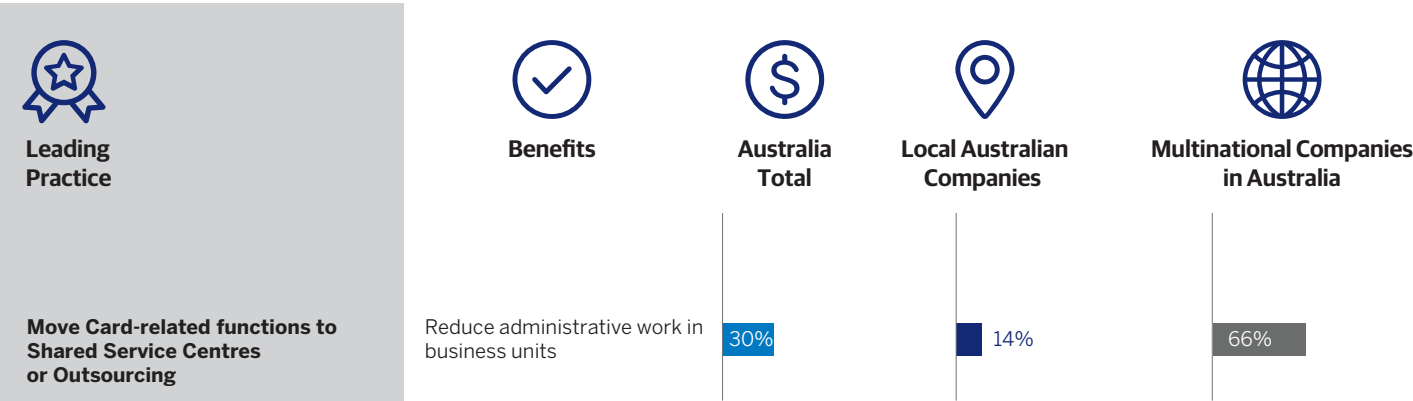
The 2020 Study reviewed:

- The usage of Shared Services and Outsourcing across the sample.

- Use of Shared Services and Outsourcing to manage Card-related functions.

Findings

The 2020 Study finds that:

- 30% of companies use Shared Services Centres or Outsourcing arrangements. Almost all of them have moved some or all of their Card-related functions to these facilities.

- Local Australian Companies are much less likely to use Shared Services or Outsourcing (14%) than Multinational Companies in Australia (66%).

- This represents an opportunity for Local Australian Companies with EMS solutions (85% in our sample) to consider using Shared Services Centres or Outsourcing arrangements to drive incremental process efficiencies.

Leading Practices –Shared Services & Outsourcing

Leading Practice	Benefits	Australia Total	Local Australian Companies	Multinational Companies in Australia
Move Card-related functions to Shared Service Centres or Outsourcing	Reduce administrative work in business units	30%	14%	66%

Payments

Introduction

When implementing or changing a corporate payment solution, many companies are interested in benchmarks regarding the type of payment process used.
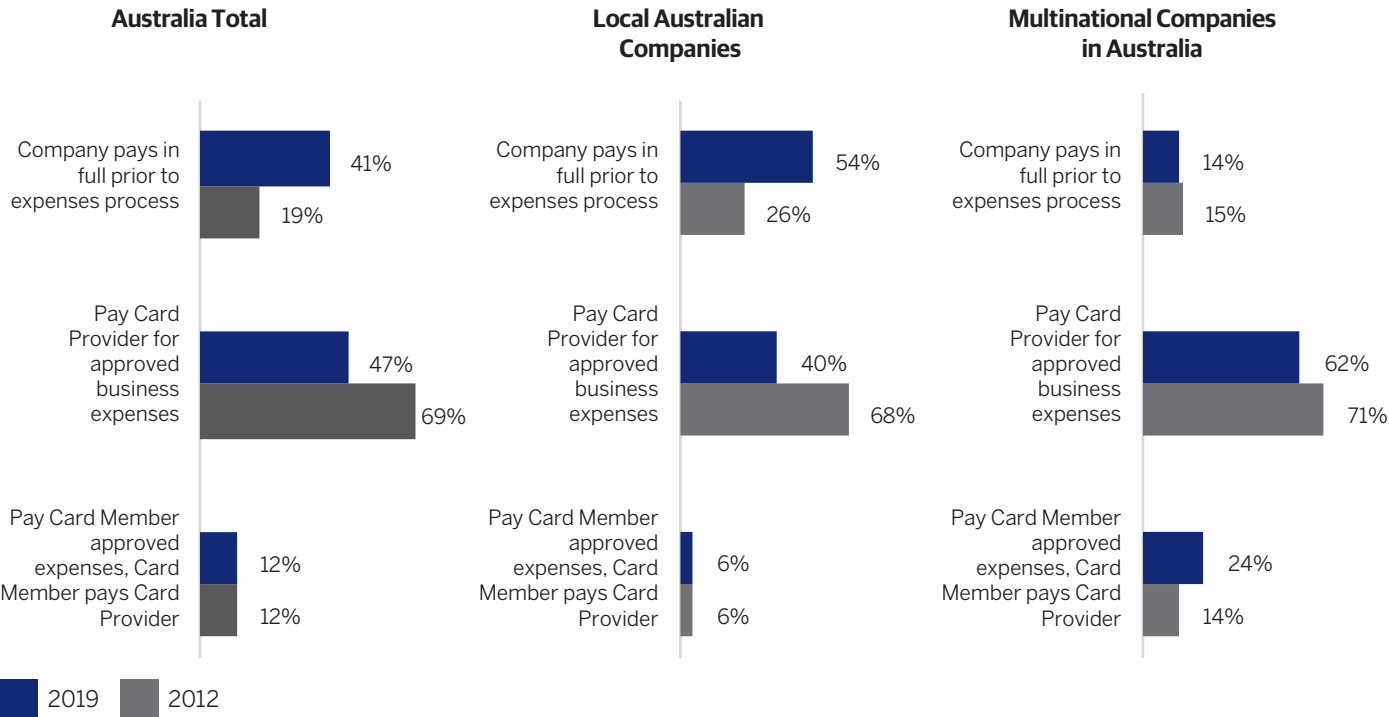
The Study has reviewed company practices as they related to the following aspects of the payment process:

- The party (Corporate Card Member or Company) responsible for paying the Corporate Card Provider.

- The payment transfer method used to make payment to the Corporate Card Provider.

- The method used to send a remittance advice (if required) to the Corporate Card Provider.

Party Responsible for Payment to Corporate Card Provider

An important policy decision regarding Corporate Card payments is deciding who will be responsible for paying the Corporate Card Provider.

The possible options are:

- The company pays the Corporate Card Provider in full and manages Expenses internally afterwards.

- The company pays the Corporate Card Provider for approved business expenses after the Expenses Report process.

- The company pays the employee for approved business expenses after the Expense Report process, and the employee pays the Corporate Card Provider.

The 2020 Study found that:

- A much higher proportion of Local Australian Companies pay the Corporate Card Provider in full prior to the expenses process. This is partly due to Local Australian Companies in the 2020 Study having higher usage of centralised solutions like the American Express BTA and partly due to their desire to maximise partnership benefits by paying the Corporate Card Provider as quickly as possible.

- This can sometimes lead to process and compliance issues if employees do not submit expense claims on time or have used their Corporate Cards for personal expenses.

Australia Total

Company pays in full prior to expenses process	41% / 19%
Pay Card Provider for approved business expenses	47% / 69%
Pay Card Member approved expenses, Card Member pays Card Provider	12% / 12%

Local Australian Companies

Company pays in full prior to expenses process	54% / 26%
Pay Card Provider for approved business expenses	40% / 68%
Pay Card Member approved expenses, Card Member pays Card Provider	6% / 6%

Multinational Companies in Australia

Company pays in full prior to expenses process	14% / 15%
Pay Card Provider for approved business expenses	62% / 71%
Pay Card Member approved expenses, Card Member pays Card Provider	24% / 14%

■ 2019   ■ 2012

Payment Transfer Method

For companies that pay the Corporate Card Provider directly, there are two payment options:

- Electronic Funds Transfer (EFT)
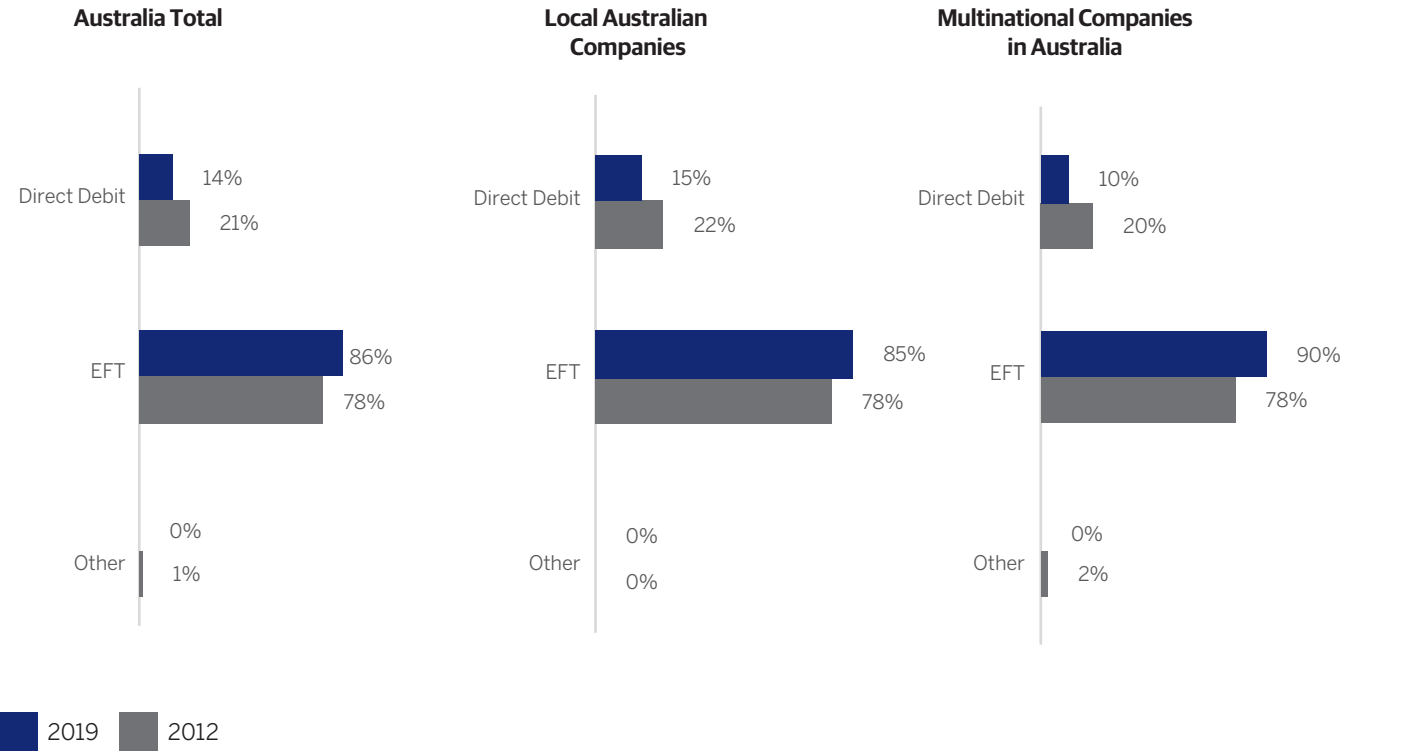
- Direct Debit

The 2020 Study finds that:

- While all companies in the Study use EFT or Direct Debit, the proportion of EFT has increased since the 2012 Study, on account of companies preferring to review and push payments for better control and optimisation of working capital requirements.

- There was a very small proportion of companies paying by cheque in the 2012 Study, which is non-existent in 2020.
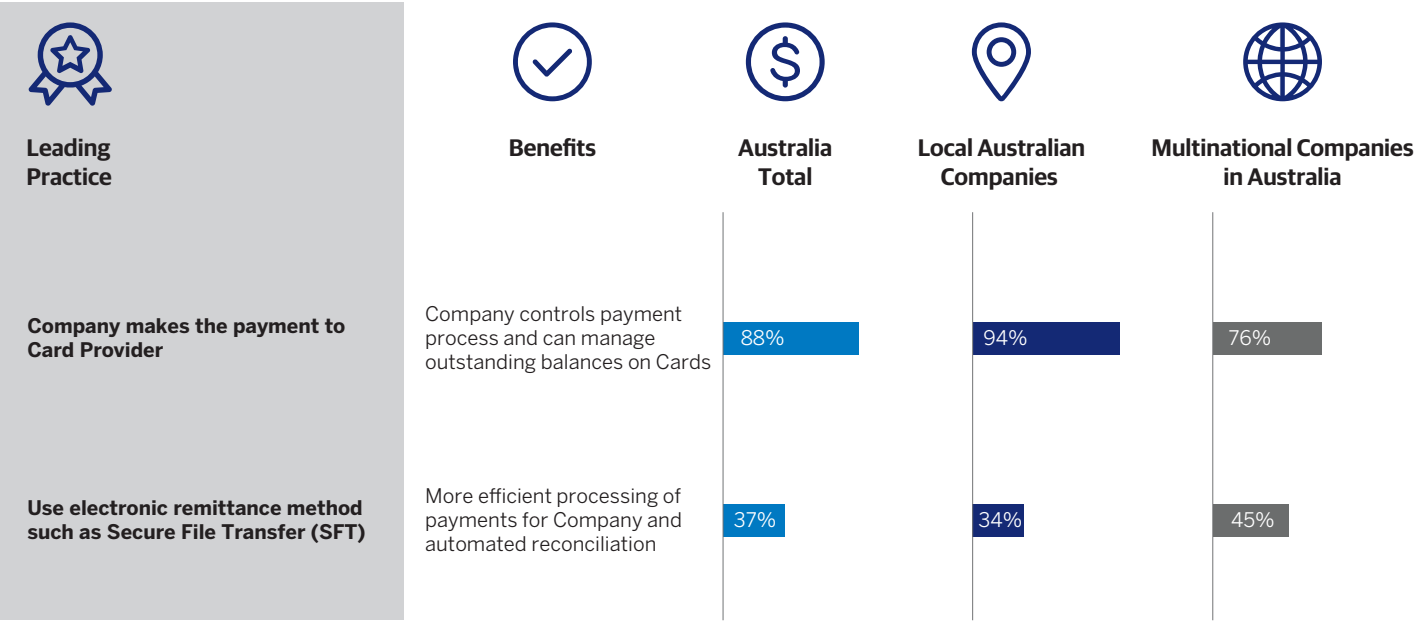
Remittance Method

Where payment needs to be made for multiple Corporate Card Members, and is not made in full, electronic remittance method enables the automatic allocation of payments to Corporate Cards. Other methods, such as email (with full card numbers obscured) are processed manually by the Corporate Card Provider.

The 2020 Study found that:

- 37% of companies use an electronic remittance method such as Secure File Transfer (SFT)

- 44% of companies use some form of email remittance.

- 63% of companies use some other form of remittance, such as email.

Australia Total

Direct Debit	14% / 21%
EFT	86% / 78%
Other	0% / 1%

Local Australian Companies

Direct Debit	15% / 22%
EFT	85% / 78%
Other	0% / 0%

Multinational Companies in Australia

Direct Debit	10% / 20%
EFT	90% / 78%
Other	0% / 2%

■ 2019   ■ 2012

Leading Practices – Payments

Leading Practice	Benefits	Australia Total	Local Australian Companies	Multinational Companies in Australia
Company makes the payment to Card Provider	Company controls payment process and can manage outstanding balances on Cards	88%	94%	76%
Use electronic remittance method such as Secure File Transfer (SFT)	More efficient processing of payments for Company and automated reconciliation	37%	34%	45%

In Closing

We trust that the 2020 Expense Management Benchmarking Study has proved useful to you in terms of providing visibility and insights into leading practices in Australia. We also hope that these practices will assist you and your company in making further improvements and enhancements to your own policy and practices, be it on a temporary basis to manage short-term goals through the pandemic and your return to travel plans, or to create long term plans that are sustainable to achieve your post-pandemic goals.

If you would like to find out more about how to apply these practices within your own company, or if you are interested in any other aspect of the Study, please contact your American Express representative.

About American Express Global Business Consulting

Global Business Consulting are payments experts who partner with American Express clients to drive efficiency and transparency across their payment processes and enable the right product at the right time to meet their organisational goals. With more than 25 years' experience, Global Business Consulting delivers scalable and customised cost management solutions that create positive economic value for our client's organisation. Our customised solutions are designed by a team of industry experts with in-depth experience in Travel & Entertainment and expense management, Supplier Payments, research and senior-level management consulting

About Deloitte

Deloitte is the brand under which over 312,000 people in more than 150 countries throughout the world collaborate to provide audit, consulting, financial advisory, risk advisory, and tax & legal services to selected clients.

Deloitte's Global Payments practice helps its clients overcome challenges and grow their business in an increasingly disruptive payments landscape. The practice has been ranked #1 in Cards and Payments consulting (based on revenue and depth and breadth of services) by ALM Intelligence (formerly Kennedy Research & Advisory) in 2017.

Deloitte's Concur practice helps clients implement SAP Concur's Travel, Expense and Invoice products and was awarded the Enterprise Services Partner of the Year 2018/2019.

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