Calculating the ROI of Real Time Expense Reporting

Improving Review Time Efficiency

As more pressure is placed on the finance team to provide meaningful insights more frequently, it is becoming increasingly necessary to speed up business processes, as well as have immediate access to the most up-to-date information. The traditional expense reporting process is a drain from both perspectives.

Using software to manage employee expenses can provide a more efficient means of managing the process, however most solutions are simply a digital version of the traditional paper process. This can limit the amount of time savings you can gain.

This paper will demonstrate the time savings you can accomplish by implementing a real time expense reporting solution versus one that relies on employee generated expense reports.

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What reduces review time?

First we need to look at the possible ways to reduce the time spent reviewing expenses. There are three factors in accomplishing this: accuracy, automation and organization.

Improving Employee Accuracy

Implementing a solution that drafts expenses and matches receipts to transactions for employees lets them focus only on the additional information needed (i.e. client name), increasing accuracy and completeness.

Automating your expense policy

Creating automation rules to enforce your expense policy can establish two levels of policy violations - blocking expenses from being submitted and pulling exceptions into a separate workflow. Routing expenses, as opposed to an entire report, to the best suited approver is also a major time saver.

Organizing expenses logically

User generated expense reports force you to review expenses by employee, even though the expenses themselves might have no other similarities or connection. Grouping similar expenses together eliminates effort-based switching costs and allows you to prioritize your time.

Setting Up the ROI Model

In order to determine how much time it is possible to save, we need to first assign time values for both the traditional and real time method for reviewing expenses.

In an employee generated expense report, there are 10 expenses and it takes you and your team 12 minutes from start to finish to review the report and approve it. This time estimate includes verifying receipts, checking against per diems, as well as comparing to similar expenses to check for duplicates or total amounts expensed.

Employee Generated Expense Report Method

# of Expense Reports per Month	50
Avg # of Expenses per Report	10
Total Expenses per Month	500
Review Time per Report	12 mins
Total Review Time per Month	**10 hours**
Average Time per Expense	**1 min 12 sec**

In this scenario, you are unable to optimize your time because expenses are tied to an employee generated expense report, and you cannot adjust your review time based on type of expense. This results in a 10 hour block per month reviewing and approving.

A real time expense reporting solution removes the employee generated expense report from the equation and replaces it with a system that creates groups of expenses that are automatically organized as they are submitted by employees. This helps you directly compare similar expenses during the review process, and eliminates the time costs of switching back and forth between types of expenses.

The time you would assign to each group would depend on how you decided to organize them and what needed the most review.

Employees often submit a mix of expenses in each report, so if we assumed that the above example of 500 expenses was sorted into groups by review time:

Real Time Expense Reporting Method

Expenses with Exceptions	50	Review Time 45	*(50 x 45 sec)*
Trip Expenses	100	Review Time 30	*(100 x 30 sec)*
Client Expenses	75	Review Time 20	*(75 x 20 sec)*
Corporate Card Reconciliation	200	Review Time 7	*(200 x 7 sec)*
Employee Perks	50	Review Time 2	*(50 x 2 sec)*
Recurring Expenses	25	Auto Approved	*(25 x 0 sec)*
Total Expenses	500		

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Total Review Time   **2 hours 17 mins**

Average Time per Expense   **16.5 seconds**

Time Spent Reviewing Expenses

10 hours

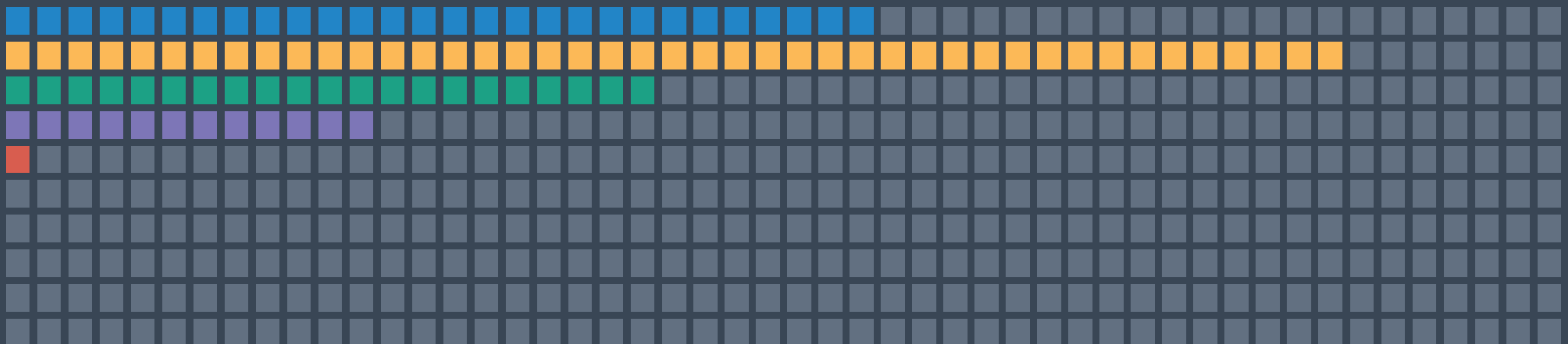500 expenses inside of 50 employee generated expense reports
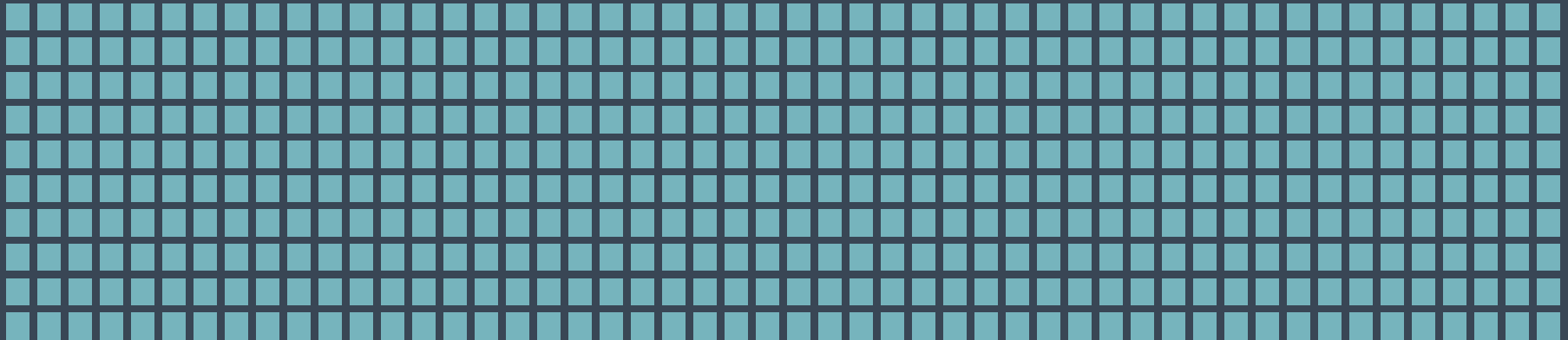
■ Employee Generated Expense Report

VS.

2 hours

500 expenses organized into groups by review time needed

■ Expenses With Exceptions   ■ Trip Expenses   ■ Client Expenses   ■ FREE TIME

■ Corporate Card Reconciliation   ■ Employee Perks   ■ Recurring Expenses

In both of the examples, the systems have enforced your binary policy rules, preventing violations from being submitted. The real time expense reporting system that does not use employee generated expense reports has helped you further drill down and organize expenses by the amount of attention needed for each.

As you increase the amount of submitted expenses, the time savings becomes more apparent.

Overall, switching from traditional, employee generated expense reports to real time expense reporting could save you more than 1 minute per expense - or in the case of someone reviewing 40 expense reports per month - about 8 hours of time.

Additional Benefits of the Real Time Expense Reporting Method

In addition to grouping expenses, a real time solution has additional features that help increase review time efficiency. This includes pre-populating expense data to help employees submit more accurate expenses, as well as the ability to pull in transaction feeds from corporate cards to create real time visibility into all non-reimbursable spending. Finance teams will also be able to group approved expenses to create detailed reports on budgets and spending, drilling down into merchants, departements, events and projects.