

## Achieving Rapid Measurable Returns

In today's economic climate, the requirement to achieve an immediate, meaningful and sustainable ROI on IT investment is paramount. Deploying an automated Expense Management System can deliver returns in a matter of weeks through the enforcement of corporate policies, adherence to Inland Revenue guidelines and eliminating the need to re-key data to the finance system.

### Introduction

In our experience of deploying Expense Management Solutions, we have observed first hand the ways in which organisations have achieved exceptional and sometimes unexpected results. 'Unexpected', because the extent and nature of the benefits achieved in some organisations was much broader and deeper than originally anticipated.

With the minimum cost of one expense claim put at around £50 it's easy to see the considerable scope which exists for achieving rapid ROI through automation.

### Why Automate?

For many organisations, cost savings are, surprisingly, not one of the primary reasons for implementing an Expense Management Solution.

Often the decision is forced due to organisational changes such as a takeover or merger, however in many instances the drivers are external factors such as Inland Revenue or Customs & Excise investigations. These enquiries which are time consuming, expensive and stressful often unearth lax expense management policies, poor enforcement and inaccurate or incomplete postings and analysis.

In practice, this is becoming one of the primary reasons for choosing an automated system as the penalties for 'getting it wrong' can far outweigh the costs of 'putting it right'.

Of course time savings, the reduction of paperwork and the elimination of tiresome, expensive and error prone re-keying of data to the finance system are also key reasons for implementing expense automation.



### Staff Drivers

- Staff dislike submitting expense claims. They find it boring and time consuming. They do it irregularly and often submit many months of expenses simultaneously.
- Employees often have a poor understanding of company expense policies and invariably complete inaccurate expense claims as a result. These are often missed by Management or lead to difficult confrontations

if spotted.

- VAT rules are difficult for employees to understand and are either ignored or inaccurately completed forcing the Finance Department to spend time correcting and errors that they spot.

### Management Drivers

- Managers dislike the time and effort it takes to review expense claims and if under time pressure will invariably just scan the form, often missing mistakes or 'inaccuracies'.
- In many organisations, expenses are booked against departments, projects or cost centres whose manager has no direct responsibility for approving the expense (marketing is a good example). Using manual systems makes these allocations difficult to review and control.
- Increasingly frequent audits from the Inland Revenue and Customs and Excise highlights the importance of

well managed and enforced expense policies. The consequences of getting this wrong affect many aspects of corporate compliance; from P11D returns to incorrect P&L analysis (tax deductible vs. non tax deductible expenses for example). The financial penalties for incorrect returns are substantial.

- Communicating queries and rejections of expense claims can be a stressful and time consuming process. "I want the system to force the employee to enter the correct information in the first place" as one FD observed.
- The manual re-handling of expense claims by employee, manager, finance and finally the data entry clerk is expensive, time consuming and error prone.



### Achieving ROI

In bringing expense@work to market our objective was to provide a solution which would enable our clients to reduce or eliminate these problems and consequently achieve an ROI which was identifiable and immediate.

This was achieved by:

- Making the system easy to use for employee, manager and finance. Expense claims could thus be created,

approved and posted to the finance system promptly and accurately.

- Interfacing to external Credit Card systems thus facilitating prompt and accurate reconciliation.
- Eliminating the need to produce manual expense cheques by interfacing seamlessly to payroll and finance systems.
- Making the system accessible from anywhere, either inside (Intranet) or outside (Internet) the organisation (subject to security policies).
- Providing a sophisticated reporting engine which enables the rapid production of meaningful management information and identifies key expenditure points by employee, department, project, supplier and period etc (over 400 levels of analysis).
- Ensuring seamless integration to the finance system thus avoiding the re-keying of data and ensuring the accurate posting of information against the correct cost centres.
- Provide full multi-currency, multi-company and multi-language support.
- Deliver all of this using robust, scalable standards based technology and architecture.

### ROI Example

The following example calculations illustrate the potential savings that are possible through the successful implementation of an automated expense management system.

In addition to cost reductions of over 70%, automated solutions significantly increase the likelihood that your organisation will comply with correct procedures relating to Inland Revenue expense policy and Customs & Excise VAT rules.

|                                 | Employees   |                |
|---------------------------------|---|----------------|
|                                 | 100   | 800            |
| <b>The Cost</b>                 |   |                |
| Expense Claims PY               | 10  | 10             |
| Cost of Claim                   | 50  | 50             |
| Annual Cost                     | <u>50,000</u>   | <u>400,000</u> |
| <b>Savings</b>                  |   |                |
| Eliminate Rekeying <sup>1</sup> | 15,000  | 60,000         |
| Improved Process <sup>2</sup>   | 12,000  | 96,000         |
| Spend Analysis <sup>3</sup>     | 10,000  | 80,000         |
| <b>Total</b>                    | <u>37,000</u>   | <u>236,000</u> |
| <b>Other Savings</b>            |   |                |
| <b>Compliance Costs</b>         |   |                |
| - Inland Revenue                |   |                |
| - Customs & Excise              |   |                |
| <b>Notes:</b>                   |   |                |
| 1.                              | Based on £15,000 grossed up salary cost of a part time data entry clerk and finance administrator for each 200 employees.                   |                |
| 2.                              | Based on a 15 minutes time saving for each employee expense claim plus the elimination of manual cheques and manual credit card processing. |                |
| 3.                              | Based on a 10% organisational cost savings for an average employee expense claim on £100 due to better spend analysis.                      |                |

www.sysco-software.com  
T +353 1 6768900  
T +44 28 90508550



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