



Efficient Travel and Expense, Effective Finance: *Why Integration Is the Key to T&E Management*

For mid-sized companies, travel and entertainment (T&E) spend can be difficult to manage effectively. Many small and medium sized companies are growing rapidly, either organically or via M&A, and are often times not focused on T&E, making it difficult to monitor spend and optimize back-office functions. At the same time, given the challenging macroeconomic environment, limited access to funding, and highly competitive environment, keeping control of costs and getting value out of investments is more important than ever – this includes managing bank credit lines and the associated travel and entertainment spend from corporate cards.

Traditionally, mid-sized companies have not made the investment to purchase software or expense management platforms used by larger firms. Instead relying on manual and offline expense processes that are decentralized and not integrated with their card programs. This can be challenging for small and medium sized companies who may have limited staff or small accounts payable teams. As a result, program administrators' visibility and control are limited, and CFOs

and treasurers have difficulty gaining insights into spend. For cardholders, filing expense reports and reconciling transactions becomes a time-consuming, cumbersome end-of-month process. However, with global business travel expenditures forecasted to continue growing, hitting two trillion USD by 2028¹, irrespective of the size, large, mid-sized and small companies will need strategies to efficiently and effectively manage T&E.

¹ Global Business Travel Industry Spending Expected to Hit Record \$1.48 Trillion in 2024, <https://www.gbta.org/global-business-travel-industry-spending-expected-to-hit-record-1-48-trillion-in-2024/>, July 22, 2024

92%

of travel decision makers agree that the T&E process needs to shift from a reactive approach to a proactive one, replacing manual tasks with automated ones, and simplifying complexity to achieve efficiency²

90%

of travel decision makers agree that the future of T&E is the convergence of payment and expense management, which will simplify the process for all parties involved (e.g., business travelers, finance, legal, HR, etc.)²

Streamlining Spend Management

Effective T&E management requires three components: a widely accepted card solution, robust spend management technology, and a clear, consistently enforced corporate expense policy. But getting each right – and most importantly, integrating them – is tricky, especially for mid-sized companies with limited budgets and small teams.

Top Complexities Surrounding T&E²



Delivering effective and timely information about T&E policies

65%



Ensuring travel expense management compliance

64%



Managing the needs of a distributed workforce

58%



Supporting non-employees with easy payment methods

57%

T&E management, when combined into a seamless, well-orchestrated, and automated solution, adds value for CFOs and treasurers alike. It can deliver significant cost savings, enhanced budget accuracy, and improved financial planning that ultimately results in a healthier balance sheet.

1. T&E Cards

Corporate cards are essential for completing transactions and empowering employees, whether in procurement, sales, or other functions like meeting and event support. For mid-sized firms expanding globally, international acceptance and local currency issuance also become increasingly important. Having cards in the hands of the right users with the confidence that they will work when needed is imperative.

While there is broad acknowledgement of the benefits of cards for T&E spend, many companies have concerns such as:

- **Misuse Management:** Companies are cautious about issuing cards widely across their employee base due to potential misuse or mismanagement. Compliance becomes a top priority and is a focus for decision makers.
- **Policy Application:** Traditionally, T&E policies are not enforced until expense reports are submitted. Because individual card credit limits are usually above policy limits, excess spend can go undetected until an expense report is submitted, or a card account is flagged for late payment.

2. Spend Management Software

Spend management software enables employees to submit and manage expenses, upload receipts, and demonstrate that their spend is in line with policy limits. It also serves as a hub for accounting and finance teams to track company spend and report on expenses.

Spend management is often a major challenge for both mid-sized and large enterprise companies due to budget constraints and legacy systems or processes. Typical problems include:

- **Data Entry:** Expense reports often require manual data upload and capture. Expense reports have traditionally been time consuming and lengthy.
- **Approval Bottlenecks:** The approval processes typically involve multiple reviews and approvers, (supervisor, followed by a finance and/or accounts payable team member) leading to delays.
- **Poor Connectivity:** Software is often not integrated with ERP/accounting systems and thus real-time visibility at the employer level is challenging.

² Mastercard market study **Navigating Global Business Travel, April 2023:** <https://www.mastercard.com/news/insights/2023/navigating-global-business-travel>. Surveyed sample of over 500 individuals includes those involved in creating/managing travel policies or recruiting travel suppliers for T&E at their company or on behalf of another company.

3. Corporate Spend Policies

Corporate spend policies dictate permissible expenses, helping to maintain budgetary control and prevent overspending. They standardize the expense approval and reimbursement process.

Corporate spend policies can be an afterthought for fast-growing mid-cap companies, resulting in challenges such as:

- **Separate Policy Guides:** Policies often exist in separate documents, necessitating training and communication and leading to potential confusion and policy breaches. Also, policies tend to get complex and lengthy over time, making policy adherence a difficult and inconvenient experience for cardholders.
- **Lack of Real-time Enforcement or Policy Adaptation:** Policies are not applied at the card/transaction level, resulting in a risk of potential overspending before later detection. Similarly when policies require updates or changes, it can be difficult to introduce on a real-time basis.
- **Manual Reviews:** Human intervention is often needed to review transactions for policy compliance.

61%

of travel decision makers agree, getting real-time visibility into employee travel spend is a challenge today²

59%

of travel decision makers say automating travel expense reporting is a challenge with 45% saying their existing process is highly manual²

89%

of travel decision makers say that in the next five years it will either be commonplace (48%) or a differentiator (41%) to have integrated payments and expense management software automate the process of tracking expenses and submitting expense reports²

Integrated T&E is a Differentiator

An integrated solution – incorporating a robust card offering and an automated spend management platform that integrates corporate spend policies – can be transformative for mid-sized companies and are components that cannot be viewed in siloes. When executed effectively, each component not only achieves the desired objectives, but together delivers efficiency for all participants in the value chain. Through innovation and technology advancements across the industry, an integrated solution is possible to achieve.

With the introduction of an integrated solution, policy compliance can be facilitated by controls built into each card. This helps to prevent fraud and misuse by ensuring users spend within company-mandated limits (set for individual users) and on approved categories of spend (rather than simply by prohibiting merchant codes). Cardholders simply spend on the card, which captures the more granular purchase data (also known as level 3 data which includes line-item details surrounding items, quantity, and other order information) from Mastercard and Visa. The controls at the card level help enable real-time enforcement of policies at the transaction level.

With an integrated solution pulling in the transaction data in real time, the individual not only has access to the real-time alerts on spending activities to help them stay within budget, but the spend management software is able to review and reconcile the transactions against the employee's corporate policies as they are occurring. Additionally, through integrations to other data sources including travel bookings, calendars, and meeting attendees, the software is able to capture the context surrounding the spend, leading to better policy application. An integrated solution also facilitates uniform policies on how employees submit receipts, how data is captured, and ultimately how approvals progress. Automated matching, reconciliation, review, and approval of expense reports reduces – and can even eliminate – manual processes.

Crucially, the spend and expense data automatically flows into a company's ERP and accounting systems. This simplifies month-end or quarter-end financial reporting. More timely and granular information also enables accurate cash flow management, budgeting, planning, and forecasting. Most importantly, by bringing together comprehensive, timely, and reliable data from across the organization, an integrated T&E solution allows firms to better understand their spend – and therefore optimize it.

Traditionally, T&E has been viewed as a cost center, providing essential services without contributing to top-line revenue. However, the greater visibility and control delivered through an end-to-end solution has the potential to transform T&E and provide meaningful data to understand an organization's "Travel ROI". For instance, companies may be able to consolidate their air, hotel or hire car spend to specific suppliers, enabling them to negotiate volume discounts, delayed billing, or other benefits. Ultimately providing CFOs, treasurers, and those across procurement with information to make better operating decisions.

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Working With the Right Partners

T&E spend is essential for companies to function effectively and achieve their strategic goals. But optimizing T&E is not always a priority, and often does not get the attention – or investment – necessary. Given the potential of a fully integrated and seamless solution to reduce costs and improve risk management, companies of all sizes and scale should evaluate the efficacy of introducing an integrated T&E solution.

For fast-growing, mid-sized companies, uniting platforms and spend policies and integrating them with a global card offering that meets their needs (and geographical growth aspirations) is an upfront investment, but fortunately, firms can utilize a wide variety of partners – from traditional travel agencies to new startups and banks – to help optimize their T&E spend. For larger companies, switching to an integrated platform provides an opportunity to reduce complexity of spend policies and re-imagine how to manage large T&E programs.

The capabilities of such providers vary significantly, however. Citi is amongst the world's largest global issuer of corporate cards, with unrivalled point-of-sale acceptance to optimize 'card-able' spend. Unlike many providers, Citi offers cards in both local currency and USD in many markets, giving clients further flexibility. As one of the leading international banks, Citi delivers a globally consistent solution with a single portal and data repository.

Citi recognizes that a truly valuable expense management system must encompass the entire transaction lifecycle. To this end, we are working with Navan to combine Citi's card offering with a travel and expense management platform that provides clients with visibility and control. The objective of this collaboration is to help eliminate complexity while optimizing card spend, enhance convenience for employees, streamline operational workflows, ensure policy compliance, and provide spending insights to facilitate vendor negotiations. Ultimately, the solution can help companies enhance both financial control and operational efficiency, freeing up resources and accelerating growth.

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