

# automation

## EXPENSE MANAGEMENT MAY GET SOME TOUCH OF CLASS

A survey by Empronc Solutions and The CFO Institute reveals that automation is one of the best ways to monitor and slash costs

BY ULLEKH N.P.

**T**here is, perhaps, no expression as over-used in business circles, especially when the financial cycle turns from boom to bust, as “cutting costs”. Yet, companies often get trapped in the entropy of being where they are, delaying the adoption of new technologies and other innovations that help achieve the ultimate goal of optimising spend, even in a sluggish market.

There’s always a hidden trap that companies ought to watch out for if they really want to keep the spends well-managed: manual controls with over-dependence on people. What they need in place are automated spend-management systems that reduce the need for human intervention besides raising efficiency.

A survey by Empronc Solutions and The CFO Institute reveals that most companies in India, across business segments, are yet to think out of the cage when it comes to managing costs. The survey assessed how companies manage their expense-management processes, the problems they face and the benefits they seek from a solution. It also looked at how such solutions can help companies achieve their business objectives.

It’s not that they aren’t aware of their own follies: in fact, as many as 64% admitted that high people-dependency was the key problem in their current expense-management system.



For 93% of the respondents, “freeing up the employees” is the key benefit they hope to derive from automation or an expense-management solution, which is essentially the use of IT to cut the need for human participation.

Experts warn that one of the biggest casualties of over-dependence on people is a decline in transparency, and almost 80% of those who took part in the survey said they were only “somewhat satisfied” with the level of visibility in each process of their current expense-management

solution. The survey was conducted using a questionnaire which was distributed to 302 companies, covering segments such as information technology, manufacturing, retail, financial services, healthcare and the media. Respondents comprised finance directors, CFOs, vice-presidents of finance and financial controllers.

### BUSINESS OBJECTIVES

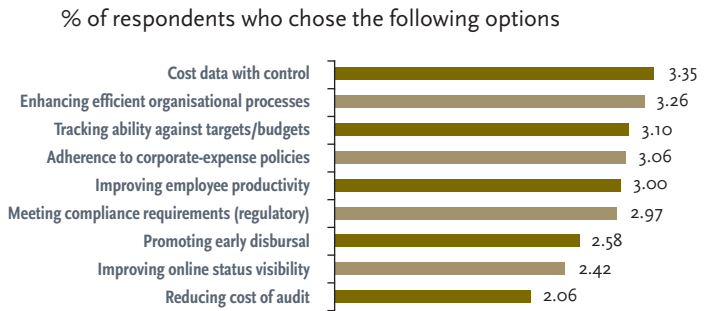
When asked to rank the primary objectives of their expense-management systems, most companies ranked “cost data with control” as their principal objective. This was closely followed by “enhancing efficient organisational processes”. These results reflect both the short-term need of managing the economic slowdown and the long-term need to have organisational efficiency.

Nearly 50% of the companies surveyed identified problems in gaining access to reports and also recognising and rectifying errors while meeting compliance requirements—which explains why more than three-fourth (78%) of the respondents were not very satisfied with the level of visibility provided by their current expense-management system.

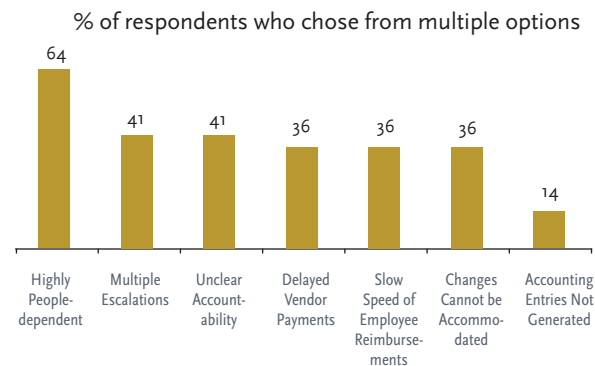
For 94% of the respondents, Payment without Purchase Order and travel-type of expenses to vendors accounted for a fourth of their total expenses. Also, more than 90% of those surveyed said a fourth of their expenses were on employee reimbursements.

Worse, while only 63% of the companies had automated travel expenses, only 44% had automated employee

### Ranking of primary objectives of expense management on a scale of 1 to 4; 1 = not important, 4 = very important



### Key Problem Areas Under Current Solution Systems



reimbursements. This certainly means that travel, employee reimbursements, recurring contracts and utilities are some areas where automation will help in a big way in enhancing efficiency.

### WORST FEARS COME TRUE

Talking of the results of the survey, Jayant Dwivedy, CEO, Empronc, said: “Companies that are unable to track spend overlook an important opportunity to optimise costs and ensure

integrity. Besides purchased categories, employee-related spend, utilities and contracted recurring spend account for a large pie of the company’s costs.”

He added: “There are multiple ways to monitor spend and automation is probably the best in today’s environment ... factors such as transparency, compliance, integrity with respect to budgets, requirement of system-driven controls, etc. become paramount. The adopted processes need to be standard, robust, and efficient.”

The survey, in fact, exposes certain drawbacks in the spend-management solutions of most companies surveyed. Since cutting costs is always a major concern for them, companies must to constantly review various innovative options—only an integrated spend-management system can ensure that employees save valuable time. Cutting costs, as we all know, doesn’t hurt a company’s bottom line! **CFO**

**“There are multiple ways to monitor spends and automation is probably the best in today’s business environment ... take a holistic view before adopting a solution.”**

—Jayant Dwivedy, CEO, Empronc Solutions