



ExpenseWatch.com Helps Control Spending

Midsize companies should automate expense management

by Robert D. Kugel CFA | 5/14/2008 | Article ID: M08-17 | Article Type: VentanaMonitor | © 2008 Ventana Research

Summary

Midsize companies can do a more effective job of tracking and managing their expenses by using software designed for this purpose. This category of software has been around since the 1990s, but until it became available recently as an on-demand service, it was too difficult and expensive for midsize companies to bother with. ExpenseWatch.com offers software designed to meet such needs for these organizations. Ventana Research believes that most midsize corporations (which we define as those that have 100 to 1,000 employees) as well as larger ones can manage expenses more effectively and improve cash flow visibility by using expense management software.

Assessment

ExpenseWatch.com provides on-demand software that supports a range of expense control activities, including travel and entertainment (T&E) expense reporting, purchasing and invoice management for accounts payable. Especially for organizations that have many mobile employees (typically executives and direct sales or field support individuals), T&E software can both save time and help control this spending more effectively. When it comes to T&E management, many companies confuse complexity with control, but this need not be a complicated process. We believe most organizations will find that the use of ExpenseWatch.com will allow them to improve the effectiveness of their controls (for example, by automatically singling out expense reports that deviate from policies or that do not match the parameters of an approved trip), save money and save time (for both mobile employees and accounts payable personnel). It can be integrated with corporate credit cards, which will further enhance control and cut down on the paperwork associated with receipts.

ExpenseWatch.com also offers purchasing and invoice management software that creates online requisitions and purchase orders and automates the approval and escalation process (and includes a provision for line-item approval). This product has the ability to enforce preferred vendor policies and vary permissions for individuals. It allows companies to do open and accrued purchase-order tracking and see budget-vs.-actual spending and commitments in real time. Automating the requisition and invoice management process makes it easier to monitor spending commitments, cut expenses by ensuring that money is spent properly, reduce the effort required to manage approvals and cut the time spent on the payment process. ExpenseWatch.com also has accounts payable management, which ensures that invoices are matched to purchase orders and packing lists. It increases spending control in this area by preventing payment of duplicate invoices and makes it possible to apply company controls even to things bought without purchase orders.

Expense management is a software category where many companies will find it makes more sense to purchase this capability on demand. For midsize companies, it means acquiring a rich set of capabilities without having to invest in the software, hardware and ongoing maintenance of a licensed application. It also allows flexibility in the size of the commitment and reduces the risks associated with buying and implementing an application. In considering this option, organizations should of course ensure that the vendor has documented reliability and security, and also that integration with existing accounting and reporting software is easy enough to do on an ongoing basis.

Market Impact

For most midsize companies, ExpenseWatch.com competes with a combination of manual processes and desktop spreadsheets, as well as an incomplete set of capabilities offered by some accounting or ERP software packages. We believe this market is but lightly penetrated by dedicated products. Other vendors offering similar software include Ariba, Concur, Gelco and Infor (all of which focus on larger companies), as well as ExpensAble (which also focuses mainly on midsize companies). We think the expense management software category is wide open, and the task facing all vendors will be to convince midsize companies that an automated solution is a worthwhile investment. This would be easier to accomplish if CFOs and controllers of midsize companies took into account the time and resources wasted on purely mechanical tasks as well as the value of increased visibility into future spending commitments, which is imperative in today's challenging business conditions.

Recommendation

Ventana Research advises controllers and CFOs of midsize companies to look for ways to use software (especially on-demand solutions) to automate repetitive, mechanical tasks in the finance and accounting organization, especially when it leads to more efficient and more effective management of nonstrategic processes such as expense management. We recommend that midsize companies make automating expense management a priority and evaluate ExpenseWatch.com as part of this initiative.

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Ventana Research Corporate Headquarters

6150 Stoneridge Mall Road, Suite 350
Pleasanton, CA 94588

info@ventanaresearch.com
(925) 474-0060