



# MODERNIZING THE TRACKING OF STATE & LOCAL EMPLOYEE INITIATED SPEND

RESEARCH BRIEF





# INTRODUCTION

It's no surprise that the advance of digital technology has had a positive impact on government at all levels. Externally, governments are able to deliver more services and information to citizens over a variety of devices, right when they need it. And internally, digital services and better technology help create efficiencies and higher engagement for employees delivering on the mission of the agency.

For state and local governments, moving employee reimbursement programs and technology to automated and cloud-based systems represents one easy and effective way to use digital services to improve internal employee engagement and efficiencies. But despite this opportunity, many state and local governments still use lengthy, inefficient and largely manual processes. In most circumstances, these agencies are still using paper-based methods for tracking employee initiated spend – which refers to any purchase an employee makes on behalf of an organization that is not managed by a purchase-order process, including procurement cards as well as travel-related and business expenses. Not only do these antiquated processes delay payments, but they are also difficult to track, prone to errors and vulnerable to abuse.

As state and local agencies look to modernize technology, a variety of issues related to employee initiated spending often prevents modernization of internal processes and platforms. To better understand these opportunities and challenges, GovLoop partnered with Concur, a leader in cloud-based spend management, to survey state and local agencies and better understand what prevents them from modernizing technology to achieve a consolidated view of employee initiated spending.

In the following pages, we'll discuss the survey results of 411 public-sector employees largely at the state and local levels, gain insights from Matt Gibbons, Senior Director of Government and Government Contractor Sales for Concur, and understand the ways agencies can overcome obstacles to modernizing and improving their management of employee initiated spend.



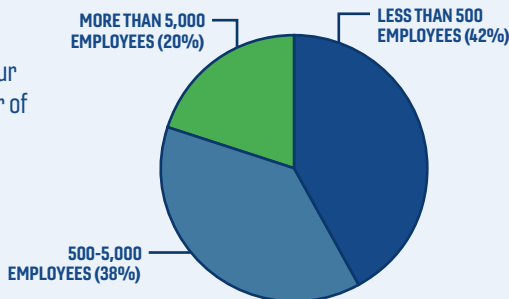
# THE CURRENT STATE OF S&L EMPLOYEE INITIATED SPENDING

*Today's technology innovation and changes in public-sector spending behavior are driving significant and rapid change in government. Agencies of all sizes need modern solutions to take control of employee spend. But this is easier said than done, according to most of the results of the GovLoop survey.*

Typically, employee initiated expense is the second largest controllable expense in most state and local organizations after payroll. It's also one of the most difficult to control because agencies often lack much insight into the process. One of the biggest challenges agencies of all shapes and sizes face is the ability to find a solution that integrates every step in processing an employee initiated expense to improve transparency, reduce fraud, increase compliance and ultimately avoid unnecessary costs.

In the GovLoop survey, we made sure to investigate the needs of state and local agencies both large and small. Forty-two percent of respondents had fewer than 500 employees in their agencies; 38 percent had between 500 and 5,000 employees and 20 percent had more than 5,000 employees (See Figure 1).

**FIGURE 1**  
How large is your agency (number of employees)?



To better understand what state and local agencies are dealing with in terms of reimbursements and their needs for a solution, we asked survey respondents to tell us what their most reimbursed expense was; how many expense reports they have submitted in the last 12 months and how long it typically takes for employee reimbursement of expenses to take place.

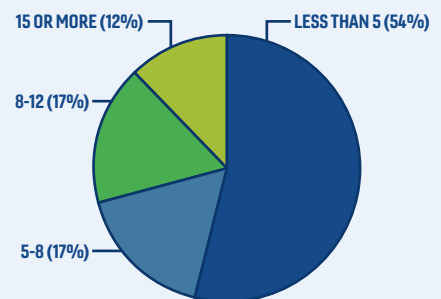
It turns out that state and local government employees are not necessarily submitting a high quantity of expenses, which is not particularly surprising given that their work is largely concentrated within their immediate area. That said, nearly 54 percent of respondents had submitted five or fewer expense reports in the past

12 months (See Figure 2), with mileage and domestic airfare, hotels and travel being the most reimbursed expense (See Figure 3). Despite the fact that reimbursement requests are not necessarily high in volume, and are often for very common items such as mileage and domestic travel, the vast majority of survey respondents said it takes at least two weeks and often longer for the employee to receive expense reimbursement (See Figure 4).

How can it be that agencies have relatively simple and low-volume employee initiated spend requests and reimbursements, and yet it is so complicated to quickly reimburse these items?

The greatest challenges may lie in the current solutions agencies use to manage their employee initiated spend.

**FIGURE 2**  
On average, how many expense reports have you submitted in the last 12 months?

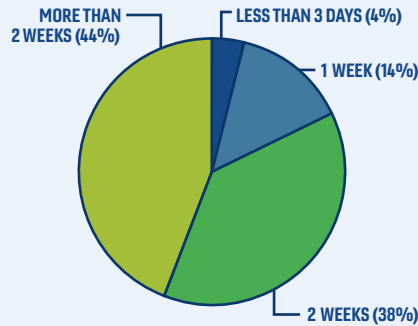


**FIGURE 3**  
In the last 12 months please rank the following items in order of most reimbursed expense from 1-4 with 1 being the most reimbursed and 4 being the least reimbursed.

#1	MILEAGE
#2	DOMESTIC AIRFARE/ HOTEL/TRANSPORTATION
#3	SUPPLIES/ BUSINESS EXPENSES
#4	INTERNATIONAL AIRFARE/ HOTEL/TRANSPORTATION

**FIGURE 4**

How long does it typically take for employee reimbursement of expenses to take place?



The GovLoop survey found that 27 percent of users employ MS Office applications, while 18 percent use proprietary systems for expense reporting. This is troubling, given that proprietary systems are often homegrown solutions that takes considerable resources and cost to manage and don't easily leverage innovation and respond to disruptive technologies in a fluid manner.

Another 16 percent are using enterprise resource planning (ERP) systems like PeopleSoft, Oracle or SAP. And a stunning 39 percent are still using just pen and paper to track their spending and reimbursement (See Figure 5).

To understand the frustrations these often manual and slow solutions can cause their agencies, we asked survey respondents, "if you could change one characteristic of your current spend management system, what would it be?"

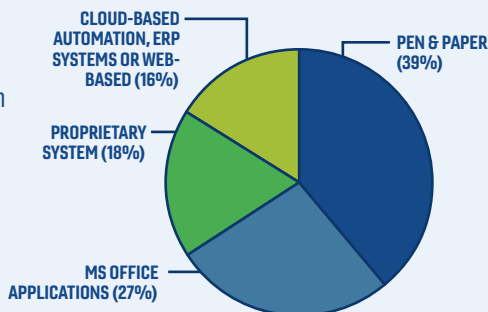
Of the respondents, 30 percent wished to have the ability to decrease employee frustration, while 28 percent expressed an interest in having increased automation in their reimbursement systems. Reducing lengthy reimbursement times was also a priority (See Figure 6).

Clearly, current manual or enterprise solutions are not meeting the needs of a digital government that is looking to engage and retain employees with intuitive, automated and easy-to-use technology. And as workforces become ever more mobile, these solutions must meet the on-the-go needs of those employees.

Finally, our survey revealed that modern capabilities, such as mobile receipt capture, automation of expense report build

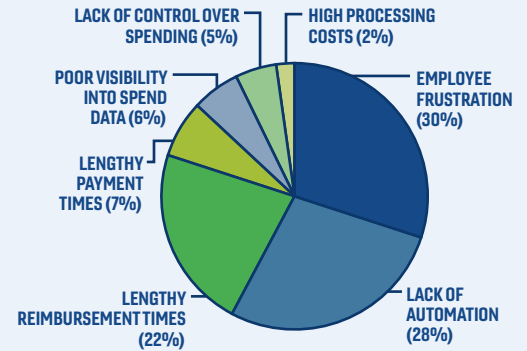
**FIGURE 5**

What is the primary system used to submit your travel and business expenses?



**FIGURE 6**

If you could change one characteristic of your current spend management system what would it be?



and direct deposit, rarely exist in the current solutions used by survey respondents, potentially causing more complications and dissatisfaction (See Figure 7).

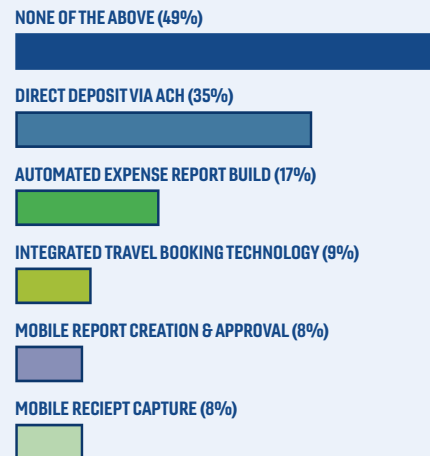
The bottom line: Executing manual expense reports without an integrated, automated solution using mobile receipt capture is difficult and leads to significant issues, including higher costs, difficulty complying with government mandates, lack of transparency into agency spending and employee dissatisfaction at having to wait for long periods of time to be reimbursed for valid expenses they incurred.

It doesn't have to be this way, said Matt Gibbons, Senior Director of Government and Government Contractor Sales for Concur. By using modern cloud-based software as-a-service (SaaS) solutions, agencies of all sizes can easily implement newer, more innovative payment technologies at a fraction of the cost of legacy systems. Tangibly, they could even show a positive return on investment (ROI) within the first year of implementing the new system, regardless of the size of their agency or organization, or the number of expense reports they process.

"Agencies that automate their employee initiated spend management systems often make up this investment through more efficiently managing their workforce ... this includes cost avoidance from more effective policy enforcement and more efficiently driving employees to preferred vendors," said Gibbons.

**FIGURE 7**

What features do you currently use in managing agency spend? (Select all that apply)





# THE EVOLUTION OF STATE & LOCAL EMPLOYEE INITIATED SPEND MANAGEMENT

*Knowing the challenges that state and local agencies currently face with their existing solutions for tracking and reimbursement, what would make government employees and managers happier in terms of managing employee initiated spend? And will that path forward be easy, or are there challenges along the way?*

In terms of desired features in a solution, we asked survey respondents to prioritize the following technology features desired from a new spend management solution by order of importance, with 1 being the most important feature and 6 being the least important feature.

By a large majority, automated features such as expense report build and real-time reporting and analytics were the most desired features, with mobile features such as receipt capture, report creation and approval close behind (See Figure 8). This clear preference reinforces that deploying automation to make employees' lives easier and get their reimbursement faster, as well as having a platform accessible from everywhere, are important priorities in state and local governments when it comes to employee initiated spend.

We also asked what efficiencies agencies hoped to gain by implementing a better spend management solution. Less time spent creating expense reports and invoice approvals was the largest

priority, with increased employee productivity and satisfaction and faster reimbursements rounding out the top three (See Figure 9).

Again, efficiencies and employee engagement were critical to the GovLoop survey respondents. And today that matters more than ever for government, because engaging and retaining highly skilled talent means that newer employees entering the workforce want to use the systems and interfaces they are most accustomed to in their personal experiences. Innovation and leading-edge technology is an attraction for them.

Additionally, today's government workforce is constantly on the go – changing the boundaries of old workforce patterns and the technology to support them. This translates into increased employee productivity and satisfaction, and higher employee retention – but only if that environment ensures that mobile employees get the resources they need, regardless of their location, and they have the assurances of reliability and safety as they carry out the mission of the government agency.

**FIGURE 8**  
Prioritize the following technology features desired from a new spend management solution by order of importance with 1 being the most important feature and 6 being the least important feature.

<b>#1</b>	<b>AUTOMATED FEATURES SUCH AS EXPENSE REPORT BUILD OR REAL-TIME REPORTING &amp; ANALYTICS</b>
<b>#2</b>	<b>MOBILE FEATURES SUCH AS RECEIPT CAPTURE, REPORT CREATION &amp; APPROVAL</b>
<b>#3</b>	<b>COMPLIANCE FEATURES</b>
<b>#4</b>	<b>DIRECT DEPOSIT FEATURES SUCH AS ACH</b>
<b>#5</b>	<b>INTEGRATED TRAVEL BOOKING TECHNOLOGY</b>
<b>#6</b>	<b>DATA INTEGRATION FEATURES SUCH AS P-CARD, ERP, A/P, HR, TRAVEL MANAGEMENT</b>

**FIGURE 9**  
Prioritize the desired business efficiencies sought from a spend management solution by order of importance with 1 being the most important feature and 7 being the least important feature.

<b>#1</b>	<b>LESS TIME SPENT CREATING EXPENSE REPORTS &amp; INVOICE APPROVALS</b>
<b>#2</b>	<b>INCREASED EMPLOYEE PRODUCTIVITY &amp; SATISFACTION</b>
<b>#3</b>	<b>FASTER REIMBURSEMENTS</b>
<b>#4</b>	<b>LOWER PROCESSING COSTS &amp; FEWER IMPROPER PAYMENTS</b>
<b>#5</b>	<b>INCREASED TRAVEL REPORTING &amp; SPEND MANAGEMENT</b>
<b>#6</b>	<b>REDUCTION IN FRAUD</b>
<b>#7</b>	<b>MORE ACCURATE MILEAGE TRACKING</b>



How can these desired efficiencies be achieved by implementing a spend management solution? Automation of employee spend tracking is the answer. Gibbons believes that automation is a key metric to building the transparency, efficiency and employee satisfaction survey respondents said they crave.

Despite the myriad benefits that come with automated and cloud-based employee initiated spend management systems, the path to implementation of SaaS solutions looks rocky for state and local agencies. When we asked respondents, “Is your agency open to considering new technology innovations in cloud, web-based spend management solutions within the next 12 months?” nearly 79 percent said no (See Figure 10).

The largest reason for this? Finding better, more modern solutions is simply not a priority for leadership, as well as a lack of budget (See Figure 11).

While the path to finding and implementing solutions for modern spending at state and local agencies may be challenging, Gibbons strongly believes it can and must be done, and that when it is done, it will greatly benefit these agencies.

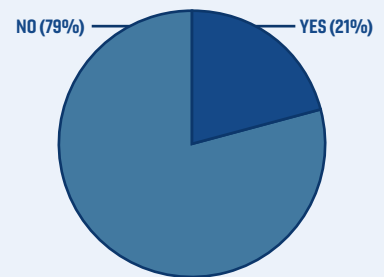
“Organizations that adopt cloud-based, aggregated expense systems like Concur will save operational dollars,” he said. “They’ll save money from their expenditures to vendors, and they will get better insight into the whole spend management process, allowing more time and money to go into more valuable citizen services.”

“SaaS solutions provide government agencies with the benefits of continued innovation and promise of value at a fraction of the cost of managing on-premise software solutions,” he said.

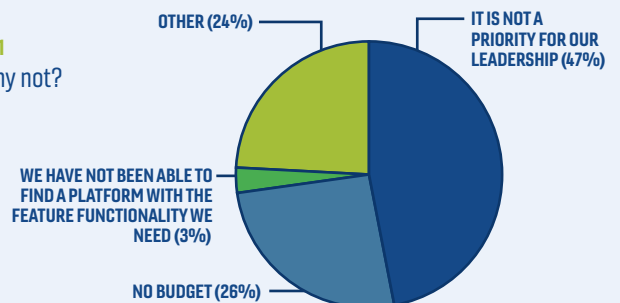
**“Arguably the greatest opportunity agencies often don’t receive is in being able to make sure policies are being enforced through an automated tool, that they are driving their employees to spend on the preferred vendor and that they are able to eliminate manual input into the system, reducing error and saving valuable time.”**

**– MATT GIBBONS, CONCUR**

**FIGURE 10**  
Is your agency open to considering new technology innovations in cloud, web-based spend management solutions within the next 12 months?



**FIGURE 11**  
If no, why not?

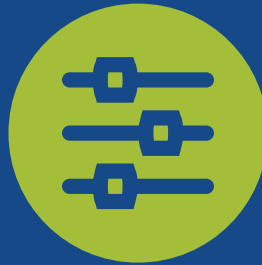


## *Cloud-based spend management solutions empower agencies by offering:*



### **A Secure Way to Manage Spending**

Agencies looking to embrace cloud-based SaaS solutions often struggle initially with the concept that a software solution, and much of their sensitive data, will need to leave their internal networks. These fears, for the most part, represent the remnants of old thinking, and may require a cultural shift to change. Part of this shift includes understanding that corporations, which by in large have embraced cloud, are just as sensitive to their data security as government agencies. This approach also requires leaders to recognize that there are now several ways to secure information and access to it, regardless of where it resides. Solutions like those from Concur are offered as a core business advantage.



### **Tailored Solutions Regardless of Agency Size and Needs**

State and local agencies run the gamut in size, as evidenced by our diverse survey respondents. State and local governments also vary in requirements, processes, technologies and concerns. By leveraging a cloud-based SaaS solution provider like Concur, agencies can have quick access to an automated spend management system that meets their individual needs.

Concur, for example, has a global platform with 40,000 entities throughout the world. These organizations run the gamut from some of the largest companies in the world— 70 percent of the Fortune 10 – to very small organizations and a large SMB market. These entities also include private and public-sector agencies at the state and local and federal levels, as well as the healthcare sector.



### **Quick, Positive Return on Investment**

A SaaS solution, especially a completely connected spend management solution, can scale to the particular needs of any agency, and offer a low cost of entry with strong potential gains from the savings associated with decreased fraud and increased operational efficiency.



# HOW CONCUR CAN HELP MODERNIZE EMPLOYEE INITIATED SPEND MANAGEMENT

In all levels of government, employee initiated spend isn't purely a budget line item. It occurs when employees connect with suppliers directly to make purchases through any device, anytime, anywhere – whether this spend is booking flights, cars, hotels or even funding event spaces, meetings or the tools necessary to accomplish tasks in the day-to-day execution of their job duties. Managing this spend starts with automating processes, but evolves to go beyond automation. Booking travel, capturing receipts, completing expense reports and making payments against non-PO invoicing all impact an agency's overall financial health but are often managed in isolated systems and not as efficiently as they could be.

**“When you connect the process, you have a better solution for assuring compliance with government requirements and forecasting the overall taxpayer value of government services,” Gibbons said.**

That's where Concur comes in. Offering solutions that are scalable and reliable for government, Concur provides agencies with leading innovation, connected data and an ecosystem of partners, apps, suppliers and solutions. By bringing together travel and expenses, then applying the same integration to non-purchase order invoicing, Concur solutions go beyond simple automation to a complete, connected spend management system for government agencies (integrating travel, mileage, expense, invoice, compliance and duty of care).

**Concur also provides:**

**Greater efficiency and control without sacrifice:**

Manage employee initiated spending with confidence throughout every transaction with flexible controls and thresholds aligned with budgets and regulatory compliance requirements as transactions happen, reducing improper payment risk. Create complete audit transparency built around an employee-centric workflow that engages employees in the way they want to be supported and how they spend.

**The features you need to transform your agency:**

Employee initiated spending makes up a significant amount, nearly half, of taxpayer dollars. Whether that spend comes in the form of travel or everyday costs of serving citizens, Concur makes it easy to connect the process and the data. With products such as **Travel, Expense, Invoice, Locate, Drive** and a suite of services, you can effectively manage employee initiated spending. With Concur, it has never been easier to redirect costs of spend-related business processes, analyze and benchmark trends and behaviors, and enforce policy while supporting an efficient and consumer-like user experience.

**Modern technology that works the way it's supposed to – simple, easy-to-use and fast:**

Concur makes it easy for your employees to enter, track, manage and audit spend with just a few clicks. From end-users to regulators, the user-interface feels natural and leverages cutting-edge features that deliver speed, reliability and performance on any device.

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*Some key questions every leader should be asking when looking at whether modernizing their spend management system could benefit their agency are:*

**Can I ensure that the policy compliance will be adhered to more effectively tomorrow than it is today?**

**Does the current spend management process empower my agency with the opportunity to spend directly with preferred vendors?**

**Can all of our travel and expense data flow into a single, integrated spend management system that eliminates manual entry?**

**If my agency provides a better experience for our employees in managing their expenses, will that lead to better adoption, more accurate information, higher productivity, job satisfaction and greater insights?**



# CONCLUSION

The benefits of improved employee initiated spend management solutions extend beyond just financials. Their implementation allows modern government leaders and employees to avoid costs, improve employee experience and refocus resources on the agency's mission.

A better, more modern spend management system in state and local government is ultimately not just about travel, expense reports or invoices. It's about a connected, open ecosystem that will allow government agencies to pull all the pieces together and build a complete picture of spending, while improving their employees' experience, making better decisions through garnered insights, reducing risk and increasing compliance.

## ABOUT CONCUR

For more than two decades, Concur, an SAP company, has taken companies and public sector agencies of all sizes and stages beyond automation to a completely connected spend management solution encompassing travel, expense, invoice, compliance and risk. Our global expertise and industry-leading innovation keep our customers a step ahead with time-saving tools, leading-edge technology and connected data, in a dynamic ecosystem of diverse partners and applications. User-friendly and business-ready, Concur unlocks powerful insights that help organizations reduce complexity and see spending clearly, so they can manage it proactively.

Learn more at [concur.com](http://concur.com) or the Concur blog.



## ABOUT GOVLOOP

GovLoop's mission is to "connect government to improve government." We aim to inspire public-sector professionals by serving as the knowledge network for government. GovLoop connects more than 250,000 members, fostering cross-government collaboration, solving common problems and advancing government careers. GovLoop is headquartered in Washington, D.C., with a team of dedicated professionals who share a commitment to connect and improve government.

For more information about this report, please reach out to [info@govloop.com](mailto:info@govloop.com).









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