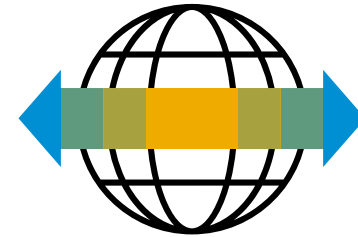# The Economics of Sharing

Examining the efficiencies of shared services to manage spending.

Get There Faster

If you have operations across the globe, you likely have multiple regions, countries, business units and teams each managing multiple aspects of their finance functions. You've also likely considered or have already moved to a shared services model to centralise those efforts, eliminate the costs of redundant functions, and put resources to better use. You know what shared services can do, in other words, but do you know where they can take you?

In this paper, we'll:

- Review the shared services philosophy and why travel and expense fits.

- Highlight how a shared services model for travel and expense can mature over time to deliver more value to the business.

- Detail four tips from top performing shared services organisations you can put into action today.

Automating Travel and Expense in the Cloud Changed Everything. This Changes It Again.

Travel and expense spending processes are a natural fit for shared services.

> Automating the expense reporting process is all about repeatability and consistency.

Expenses, receipts, approvals and invoices need to be captured, checked, approved and paid—it's a process that happens over and over again, which makes it ripe for automation. Tracking global travel and expense and invoice spending can be a challenging, error-ridden manual process—automation provides consistency, simplicity and quality in the numbers.

According to a McKinsey study on shared services "By incorporat-ing automation, virtualisation, advanced analytics, and other digital technologies into their operations, shared-services organisations may be able to streamline processes," and achieve up to **"50 percent increases in efficiency in some backoffice functions."**[1]

50%

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1. Footnote from article: Findings are based on McKinsey research conducted between January 2015 and October 2015, in which they performed operations diagnostic on 120 shared-services organisations in different industries around the globe, interviewed more than 40 operations and technology executives, and conducted on-site visits.

Here's Where Disconnected Travel and Expense Processes Stop Short
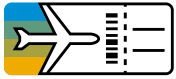
Employees don't want to fill out expense reports, so they're often late and far-too-frequently filled with costly mistakes—think of an airline ticket entered twice or a decimal in the wrong place. Multiply that by thousands of employees and reports.

Finance and accounting teams end up being "enforcers," chasing down receipts, invoices and employees who book travel or make purchases outside of policy, when they could be looking for ways to make your money work harder.

Department and budget managers would rather focus on what the budget can deliver. Instead, they end up deliberating over where the budget is actually going.

Shared Services Streamline and Simplify the Process

All the data spending generated compounds the issue by requiring more management, more aggregation, more time and more people to ensure the data is accurate. But when you can bring all these services together and simplify the process, you can use this wealth of information to learn more about your business.

Shifting spend management to a shared services model automates and streamlines the paper-based processes that bog companies down. And not only does it give you visibility into every bit of budget your people spend, it frees you up to look at where your business is headed.

Quick Case: **Mitsui & Co.**
Through the development of shared services and a cloud-based platform to innovate, this global trading, investment and services corporation cut spending approval cycles, lowered the cost of transactions and integrated their ERP system to stay on track.

You Notice the Efficiency Immediately. Then You Can Start Focusing on Strategy.

Shared services organisations lend a level of precision and efficiency to any process and, ultimately, offer the organisation a standard of quality control you might not otherwise be able to easily match. But as this business model evolves, global companies are finding benefits beyond the time and money saved by consolidating and automating processes. They're rechanneling resources to better focus on improving customer service, and they're capturing data and delivering insights that drive strategic planning.

As a result, shared services are bringing rich financial data to the table, giving senior leadership a sharper lens with which to view the business.

75% of the Shared Services & Outsourcing Network's (SSON) 2017 Top 20 most admired shared services organisations run SAP Concur.

75%

The Value Grows as the Model Evolves

CEB, a Gartner company, proves this point with a hierarchy of benefits it developed to show how a corporate process can deliver revenue from shared services.

Level 1: A Foundation of Reliability

Reliability is about effectiveness, cost reduction and quality through compliance. Travel and expense is often a top budget line item for global organisations, so whenever you can drive down processing costs, you're making a valuable difference.

Level 2: Simplification

This second-level benefit is about reducing effort and making it easier for your people to do what you ask of them.

Managing expense reports, invoices and budgets is time-consuming across all levels of your organisation. Removing this burden allows finance teams, budget managers and employees to focus on what's best for the company, instead of the day-to-day operations of travel and expense policy.

Level 3: Insight Leads the Way

At the very top of the benefits hierarchy is insight. **With shared services, you have the ability to capture, analyse and literally turn spending data into savings, revenue growth and other opportunities.**

Given the size of global travel and expense budgets—plus the diversity of how that money is spent and the need to negotiate with vendors—it's easy to see the value of a single, simple, centralised look at spending information.

"The advantages of global consolidation for T&E are quite clear. On the one hand, you have cost savings. And on another, you get more efficiency from harmonised, standard processes. But you also get better visibility through uniform reporting."

Global process owner, Bayer

**Insight**

Simplification

Reliability

Four Keys to Shared Services Success

If you aren't already managing spending in a shared services model, how do you make it work for your organisation, so you can see the benefits for yourself? And if you already have spend management in that shared space, how do you take your program to the next level?

We gathered insights from experienced shared services leaders and identified four key points when moving to or evolving your existing shared services model.
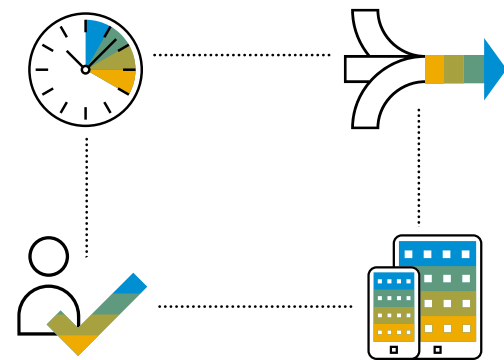
1. Centralise Your Process

It's nice to have common policies and all your systems in place when you start centralising spending processes, but it's not necessary. Don't hold up the centralisation while you get these established. Start now.

A "lift-and-shift" strategy is a great way to get momentum. If different divisions and business units have different travel and expense and other spending policies and practices, get the process centralised first, then focus on shifting to a more unified program.

Once in the shared services model, it will be easier to harmonise, revise and unify each policy.

The Power of Simplicity:

One global Concur client has reduced the amount of expense types in their system to 50—whereas some organisations have more than 200—simplifying the process for everyone without sacrificing clarity and control.
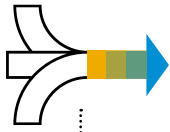
2. Use Policy to Create the Pull

There will always be outliers in the process—organisations, divisions and other business units that, for one reason or another, need to be coaxed into a shared services model.

Bring them in with policy. For example, the creation of zero-based budgeting and a unified corporate travel and expense policy (where those things haven't existed before) creates a demand for shared services. How? Business units need to comply with the new policies, and they need help in doing so.

So instead of forcing a new way of working onto them, they're knocking at your door.

77.5%

In a recent survey of SAP Concur's large, global clients, 77.5% said they have a global policy or primarily global with some local policies where needed.

3. No Matter the Model, Accountability Is Key

Once you get your business units, geographies and departments on a global policy, keeping the shared services model flowing requires a culture of commitment.

Often, organisations will outsource portions of the centralised spending processes to key partners, which is a great way to cut costs. In this model:

• Partners manage the day-to-day, rules-based transactions of travel and expense, like card administration and auditing.

• The company's shared services travel and expense team manages expectations and the evolution of policies and interactions with the business. This team also typically manages higher-profile issues like payment delinquencies.

4. A Single System Will Help You Get You the Most out of Shared Services

One, central system for managing spending will allow you to get more out of the model, so make sure everything from employee purchases to card administration to invoice approval and expense report audits is centralised.

- This makes it easier for a single shared team to manage. You don't have one person supporting one division; you've got real efficiencies because anyone on the team can work on any business unit.

- This means you can look at spend, processes and policies across business units, improving productivity and sharing consistent data with the businesses, as well.

It should be easy to use. Technology—like policy— enables shared services to be successful. Choosing a best-of-breed travel and expense solution that's easy for users, and that will make it easier for your organisation to make the move.
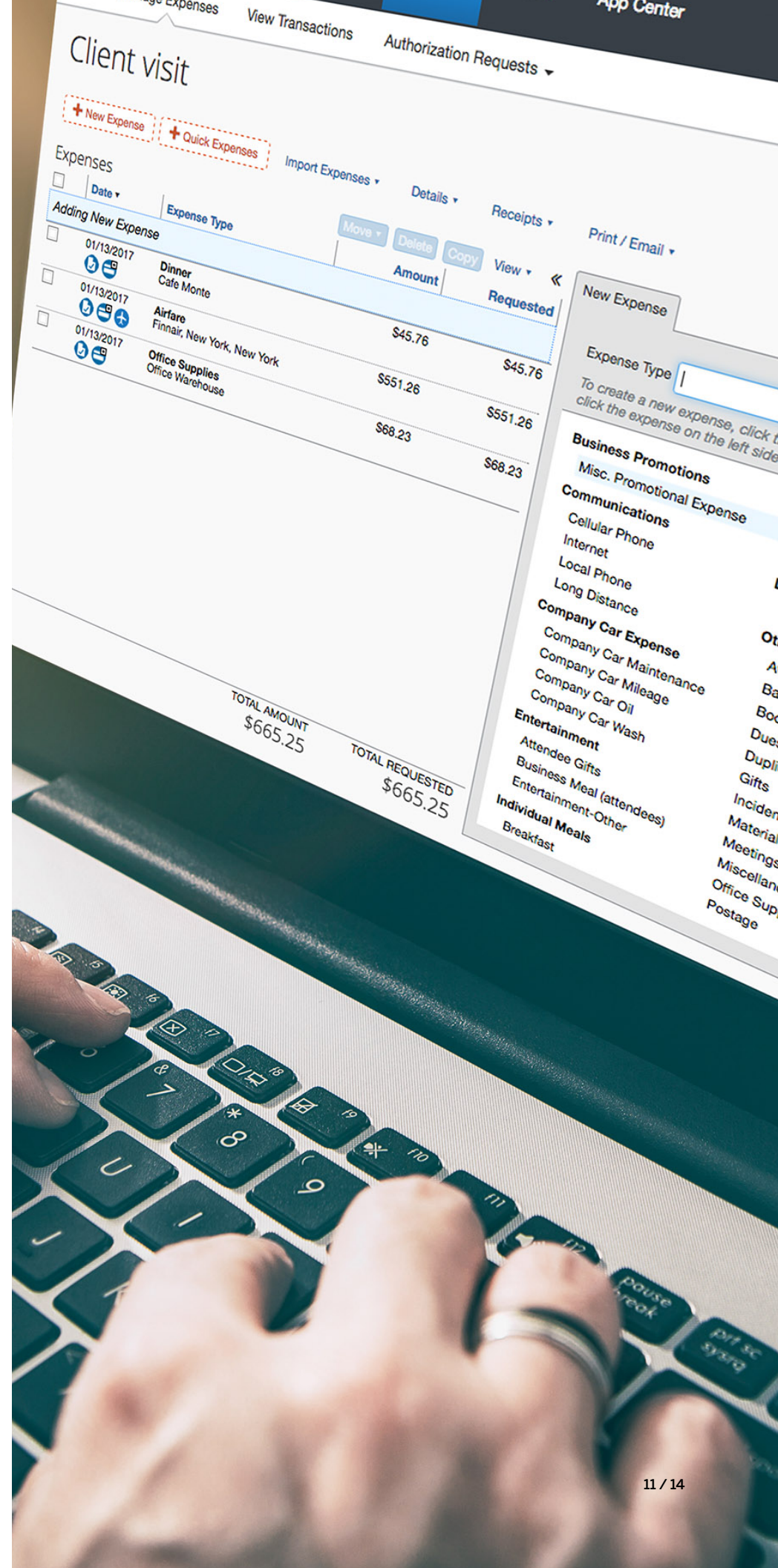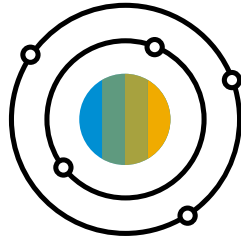
The More You Centralise the More You Save

All of these things—process and policy and partnerships; systems, culture and collaboration—together are what make managing spending successful in a shared services model.

If you try one without the others, you'll only reap part of the rewards. For example, if you centralise the travel and expense process without a common policy, even if you're on the same system, you don't realise the full potential of shared services.

One system, one configuration, one commitment across every business unit—without variation.

This unity is the best practice for shared services. It is key to getting every available benefit from every bit of your spending and every part of your budget.

Looking Forward

And if you want to take it a step further, get the most out of your shared service group by adopting the latest technology to eliminate tedious tasks. Let Artificial Intelligence (AI)) and Machine Learning (ML) put your data to work—processing information and auditing spending—so your team can help manage important exceptions and relevant concerns, instead of muddling through paperwork.

Together, unity and innovative technology are what will help your business run at its best.
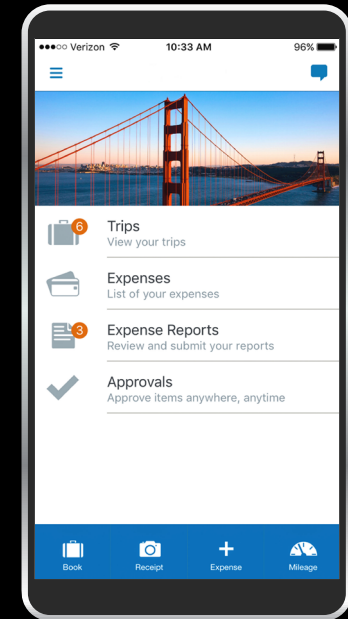
See Spending Clearly, so You Can Manage It Proactively

SAP Concur connects all your expenses from every country into a single system, so you can track and manage all of your spending. We go beyond travel booking and expense reporting automation to help you focus on your entire financial picture and transform how travel and expense processes and systems integrate with each other and the rest of your company.

To learn more about travel and expense management in shared services call us on (+61) 2 9935 4500 or contact us on www.concur.com.au/contact

About SAP Concur

SAP® Concur® is the world's leading provider of integrated travel, expense, and invoice management solutions, driven by a relentless pursuit to simplify and automate these everyday processes. With SAP Concur, a top-rated app guides employees through every trip, charges are effortlessly populated into expense reports, and invoice approvals are automated. By integrating near real-time data and using AI to audit 100% of transactions, businesses can see exactly what they're spending without worrying about blind spots in the budget. SAP Concur eliminates yesterday's tedious tasks, makes today's work easier, and helps businesses run at their best every day. Learn more at www.concur.com.au

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THE BEST RUN SAP