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WHITE PAPER
BY NORTHSTAR



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ARE YOUR PAYMENT, EXPENSE AND TRAVEL STRATEGIES WORKING FOR ALL STAKEHOLDERS?

Increasing Volume and Traveler Demand Prompting Organizations to Reassess Programs

Corporate travel is rapidly rebounding across companies of all sizes, and it looks different compared to pre-pandemic managed travel. The profiles of business travelers, why they are traveling, and how they are traveling are all evolving from previous patterns. Also changing are how corporate travelers are booking travel, paying for travel and reconciling expenses.

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Dramatic changes in supplier distribution are making it harder for travelers and companies to find and book the lowest-cost or best travel options. Instead of 500 airline options in 2010, a traveler in 2024 may have 10,000, according to a new Travelport study. Combined, these shifts are compelling travel suppliers, travel managers, travel management companies and payment firms to re-evaluate how they serve corporate travelers. Collectively, stakeholders are building and implementing digital tools designed to both speed and smooth the end-to-end travel experience, from trip approval to reimbursement.

“From distributed work to a rising sustainable travel imperative, new needs are rendering existing processes obsolete,” Mastercard stated in a 2023 report about key shifts defining the future of travel. “Navigating these new needs as demand ramps up is placing the entire industry at a tipping point. One that requires new tools, systems and processes, fueled by technologies like AI. One that requires a new organizational mindset around collaboration and leadership. One that requires a new ethos to overhaul legacy thinking. To navigate the business travel needs of today and tomorrow, flexibility, agility and dynamism must be taken to new heights.”

“From distributed work to a rising sustainable travel imperative, new needs are rendering existing processes obsolete.”

- *Navigating Global Business Travel report, Mastercard*

In this white paper, we identify the workforce dynamics, business and finance trends, new traveler expectations and the growth of business travel that are prompting companies to review and redefine their policies, practices and platforms for travel and expense.

New Travelers, New Expectations

A new era of corporate travel is here as a cohort of millennial and Gen Zers begin dominating the employee landscape. With different travelers come different expectations; these employees demand T&E experiences that mirror the consumer grade interfaces they use to book travel, make payments, and monitor their checking accounts.

The age of employees and their relationship with technology is helping speed up adoption of new tools. According to the Bureau of Labor Statistics, 48% of management and professional workers in the U.S are between the ages of 25 and 44 years, and these individuals are especially eager to adopt digital T&E solutions that take the hassle out of traveling on business.

Gen Z (born between 1997 and 2012), “are up to three times more likely to use an alternative payment method,” such as contactless payments, or payments apps, according to a January 2024 report by consulting company EY.

The Aspen Group is seeing a wide variety of alternative payment apps showing up in expense reports, including Venmo, Zelle and PayPal, said Terri Moreno, Senior Manager—Travel, Expense and Fleet. “And now we’re seeing employees financing their plane tickets with Klarna. We had to update our policy that none of these apps are allowed. It’s something we really need to address.”

While demographics are driving change, remote work is altering what constitutes a reimbursable business expense for the average employee, and travel policies may not reflect it.

“Organizations continue to adjust to their new travel patterns, office versus remote work policies, and internal meeting policies due to workforce changes, including where employees are based,” said Informatica Global Travel Manager Rick Wakida. “As a result, new policies need to be implemented to address changes to the organizations’ profile with periodic updates to find what works best. Some trips

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RAISING THE ROOF ON EXPENSE MANAGEMENT

Automation Helps Finance and Travelers Streamline

Platinum Roofing is a perfect example of the type of midsize company benefiting from the advances in T&E software and mobile applications.

Specialists in both commercial and residential roofing, the company employs approximately 90 people serving clients across 30 states. Most of these employees are service technicians, who work remotely to be in close proximity to clients. The company's project managers are based at Sheridan, Ark., headquarters, but travel extensively.

Allowing employees to focus on their work and less on the tasks of corporate travel is critical to Platinum Roofing, as is having systems in place to control travel costs, monitor spend, and provide actionable, real-time reporting.

Chief Financial Officer Jeff Mascagni said the company spends about \$1.6 million annually on travel, more than double what they were spending just three years ago. Having a clear line of sight into such a large expense is critical to fueling the company's continued growth.

For example, to measure client profitability, expenses need to be coded to the right job or work order.

STREAMLINING INEFFICIENT PROCESSES

Traditionally, employees used their mobile phones to capture receipt images, "scribble on them the details of the transaction and trip purpose, and then upload everything to a company shared drive," Mascagni said.

Most of the time, employees uploaded expenses at the same time at the end of the month, creating a surge in workload for the finance team, who had to code each expense to the correct job and work order. "It was a very manual, burdensome process," said Mascagni, who joined the company a little more than a year ago.

"We have six people in finance, but we are the finance group for 10 different companies, of which Platinum is only one," Mascagni said. "Very early on in my tenure, it was easy to see the frustration with this manual process. On top of that, management wanted us to reduce the number of days it takes to close our books for all 10 companies every month."

Mascagni tasked his controller with researching options to automate most tasks, for employees and finance. He also talked with Platinum's sister companies to ask what they were doing, and found that without an integrated tool, they had individually chosen an assortment of options for each T&E management task.

CHOOSING A CARD-CENTRIC APPROACH

After a series of sales calls and demos, Platinum chose Center, a corporate card and connected software solution that enables real-time visibility of all employee expenses. Center's card-centric approach to travel and expense management automates traditional accounting tasks, unifies data and policy application, improves compliance and eliminates the need for traditional expense reports.

Mascagni and his team chose Center for three key reasons: the ease of use for employees to capture all their expenses in one place, his team's access to real-time expense data, and a modern travel booking experience.

Six months in, Platinum Roofing is highly satisfied. Mascagni's team is hitting its monthly financials closing goals and employees in the field are enjoying how Center automates the bulk of their expense reporting tasks.

"Having the Center mobile app is a big plus," Mascagni said. Additionally, Platinum is now seeing a clearer and more detailed picture around its travel spend, so it can go out to suppliers and negotiate better pricing.

"Pouring over that \$1.6 million in spend would have been 100% manual to do otherwise," Mascagni said. "Center lets us run reports straight out of the system. We want to scale and grow all 10 companies. It's very important to my team to automate expense management so we can assist the company in getting there."

The adoption of Center has been so successful that five of the sister companies are using the platform as well, and three are in the process of implementing it.

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are being replaced by online meetings, including candidate travel for recruiting, offset by new demands for travel by newly dispersed departments conducting in-person meetings. Credit limits for both individual corporate cards and central billing accounts for airfare require review to adjust for the organizations' post-pandemic travel volume."

Managing travel, payment and expense at a variety of small to midsize companies over the past 20 years, Wakida added, "The expense reporting process can be more efficient for all parties. There are many new expense management tools in the market now than there were 10 to 15 years ago. Both travelers and organizations would like a more streamlined, automated and digitized process."

A key driver is the transformation underway in workplaces across the country—starting with corporate travelers themselves. In a recent Harvard Business Review Analytic Services study, "Investing in Travel to Strengthen Culture and Increase Engagement," 88% of 425 respondents said in-person interactions (meetings, off-sites, workshops) are "critical for ensuring positive long-term relationships between employees and coworkers.

All in all, employers are in the position to gain tremendous efficiencies and enhancements in their travel and expense management programs, if they actively voice their new demands. If your company hasn't reviewed your payment and expense solutions recently, now would be an optimal time to explore the emerging strategies and tools that leading companies are enjoying.

Are Policies Meeting Evolving Demands?

To keep up with workforce changes and the increasing reliance on travel for employee collaboration, companies are continually reviewing and rethinking policies and practices.

"With less employees in the office and more working remotely, companies need to ensure that their travel policy accommodates the need for employees to meet on a regional basis for team building and foster

face-to-face communication," said Norm Rose, President of Travel Tech Consulting and Senior Technology Analyst with Phocuswright. Remote work may also require expense reimbursement for new expense categories such as business center services.

"62% of business travelers say there are more frequently blending business and personal travel."

- GBTA Business Travel Index Outlook

Policy spending limits may not be aligned with the costs where an employee lives. "If the employee normally works in a high-cost area of the country but remotely works in a more rural low-cost area, policies may need to be altered to reflect actual place of work. This could impact a variety of expenses," Rose added.

Employers also need to review their policies to ensure it is clear to their travelers what parts of "bleisure travel"—also referred to as "blended travel"—is allowed, and what is not. Precise definitions are necessary so travelers know which travel expenses to charge to personal cards and which should be charged to corporate cards. Travel managers responding to a recent BTN Group survey about travel policy updates said adding such examples, specificity and even city market caps were among their latest updates.

In the Global Business Travel Association's 2023 [Business Travel Index Outlook](#), 62% of business travelers said they are more frequently blending business and personal travel than they did pre-pandemic, with 42% adding additional leisure days to their business trips and 79% of these travelers staying at the same accommodation for business and vacation portions of their trip.

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Robust Card Controls and Virtual Cards Can Deliver Real Results

Empowering these workplace transformations and their accompanying travel policy changes are significant investments in the corporate travel payments and expense management ecosystem.

Credit card companies and card issuers, FinTechs, Travel Management Companies (TMCs) and expense management platforms are competing aggressively to streamline end-to-end travel payments and expense management, in order to deliver significant benefits to finance departments.

Card controls allow companies to tailor usage of physical or virtual cards through an online administrative portal. For example, companies may limit use to specific merchant categories and prohibit others, set spending or transaction limits, set dates when spending is allowed or establish amounts that require administrative approval.

Mobile wallets allow a company to provide virtual cards to employees who are not typically issued corporate cards. Virtual cards also are effective for non-employees doing business on behalf of the company, supporting the increase in contract employment many companies utilize to keep down headcount.

Some 88% of travel decision makers are interested in virtual cards in the next five years, Mastercard reported in its "Navigating Global Business Travel" study.

Virtual cards can apply a travel policy automatically at the point of purchase, including imposing customized spend limits and automatically closing a card after a trip is completed. That prevents out-of-policy or excess spending. Virtual cards also give companies and managers greater real-time visibility into traveler spend. To provide greater visibility to spending related to a meeting or trade show, some companies are issuing dedicated virtual cards that each traveler would load to their mobile wallet for all expenses related to that event.

"The industry still strives for a more seamless booking/payment/expense reporting experience," said tech consultant Rose. "Part of this trend post-pandemic (but not due to the pandemic) is the increased use of virtual credit cards (VCC) for non-employees and for some corporations as a means to better control budgets by limiting funds on the VCC."

"The industry still strives for a more seamless booking/payment/expense reporting experience."

- Norm Rose, Travel Tech Consulting

Nearly half of respondents in a Mastercard study said it will be commonplace for most companies to have virtual cards instead of physical credit cards in the next five years.

To boost usage, providers and corporations will need to enhance systems, interfaces and communications across the travel ecosystem. Change is needed, Moreno said, as about 8% of the 2,000 monthly VCC transactions it processes are declined.

Travelers are increasingly eager to come along for the revolution. According to the [GBTA's 2023 Outlook survey](#), 64% of business travelers who are provided a corporate card have uploaded it to a mobile wallet and approximately 33% use their mobile wallet for at least 20% of their business transactions.

Virtual cards also bring greater fraud protection through tools like biometric authentication and tokenized cards (where a corporate card's 15- or 16-digit number is digitally masked so hackers cannot capture it). Companies can also issue special use cards, where a mobile virtual card is created and then closed out right after its use.

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These advances are not reserved for just large companies. Midsize and small businesses—firms that typically have fewer resources to dedicate to travel and expense management—will benefit as well. (See Platinum Roofing case study, [Page 3](#).)

A Dynamic Macro Landscape Calls for Updated Policies

These complexities also are leading to more corporate travel policy changes. In a recent Mastercard study, *“Overhauling Travel & Expense Policies: New Corporate Priorities and Traveler Expectations,”* produced by the BTN Group, 62% of travel decision makers working at companies with annual spend of \$500 million or more described their last policy changes as an overhaul to align with remote work or other cultural changes within the company.”

Nearly half (47%) of those surveyed said their most recent policy updates simplified employee travel choices and put in place stronger cost controls.

“Most companies used the pandemic to revisit corporate travel policy,” Rose said. “Given the challenges of content fragmentation and the continued growth of out-of-channel bookings, policies need to be reviewed to ensure that travelers are not prevented from booking in other channels (such as supplier direct) if the savings are significant.”

The Aspen Group has had to make several revisions to its corporate travel policy as employees chose to expense charges that were not explicitly prohibited, like Amazon Prime subscriptions. “Every few months we were having to send out an email that alerted people to what was and wasn’t allowed,” Moreno said. The company tries to update its T&E policy once a year, but lately has felt like, “once you publish, it’s out of date. If time permitted, we would update our policy every six months,” she said.

Automation is also helping companies and travelers with policy compliance. Payment controls on card usage and automated policy applications within expense management tools provide real-time

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out-of-policy flags to employees. Such automation saves time for not only employees but also for those who may need to approve and reconcile expenses. Modern technology allows companies to apply policy in real time to all transactions and seamlessly approve all compliant expenses. Travelers, nor managers need to waste time filing and approving expense reports with modern solutions.

Rose noted the proliferation of cloud-based expense management and booking platforms, and how they can bring out-of-channel booking data back into corporate travel management systems.

Adoption of these platforms connects travel and finance departments more closely, allowing each party to concentrate on what they do best, said Andy Menkes, Founder and CEO of Partnership Travel Consulting. “Travel managers tend to focus on minimizing expense ‘pre-travel’ by negotiating the best supplier discounts and ensuring adherence to the travel policy. Finance officers focus on what was spent. They’re looking for relevant benchmarks to see how their company compares to peer competitors, as well as comparing expenses by department.”

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The ideal expense payment ecosystem would eliminate pre-trip approval and expense report approval, Menkes said. "If the employee books within policy (preferred suppliers, corporate discounts, etc.) then the trip should be automatically processed without need for approval," he said.

Noted travel manager Wakida, "Today's business traveler wants to use a phone app for an end-to-end process. The elusive goal for expense reporting tools," he added is an automated solution that can save time for travelers, yet provide "organizations with financial controls and visibility, and digitized supporting documentation for tax and audit purposes." While the consumer market helps drive innovations and improvements in B2B booking tools, Wakida said "changes to expense reporting tools will only be made when enough businesses demand specific functionality and features and are willing to cover the costs of their development."

The Role of Artificial Intelligence?

One of the unknowns is how artificial intelligence (AI) will evolve travel and expense management. Early adoptions of the latest versions of Generative AI—ChatGPT and Microsoft's CoPilot, Perplexity, Anthropic's Claude and Google's Gemini—point to both the game-changing potential and initial successes. Initially, most early adopters have focused on three big processes: booking, spend and service. Personalizing and streamlining travel booking, even suggesting itineraries based on emails and meetings; automating, analyzing and auditing expenses; and servicing travelers through processes with bots and humans are among initial successes. The risks of relying on technology that is not fully understood are also a reality slowing some adoptions.

Testing the opportunities, The Aspen Group is exploring using AI to sort out expenses submitted by employees, so that expense types can be properly identified and allocated to the correct cost center. "We still need a revolution on the back end of the expense management process," Moreno said.

Another area where AI will come into play is fighting fraudulent spending. In U.S. Bank's CFO survey of more than [2,000 corporate finance leaders](#), 51% are prioritizing investing in AI in the finance function. The study said AI can help finance officers mitigate risks by flagging potential instances of fraud, "recognizing unusual transaction size and frequency, payee changes or multiple transactions being executed from the same device."

GenAI has already shown how it can automate and streamline many of the routine, time-consuming and labor intensive aspects of travel and expense. But what is its potential to dynamically adjust travel policies based on analysis of patterns, behaviors and budgetary requirements? What policy or process changes will it recommend when you ask GenAI to enhance your program, figure out how to stretch budgets or streamline processes for employees?

Next Steps

To take advantage of this confluence of shifting travel patterns and innovations driven by technology and travel suppliers serving the space, it's exactly the right time for corporations and travel decision makers to rethink how their companies manage the end-to-end travel process.

Consultant Greeley Koch of 490 Consulting urged companies to think boldly. "Instead of patching up the current system, now is the perfect time to take a step back and rethink your approach. Imagine starting with a blank sheet of paper: what problems are we really trying to solve with travel, expense, payment, and reporting in today's new environment?"

"We still need a revolution on the back end of the expense management process."

- Terri Moreno, The Aspen Group

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“A strategic approach is crucial. First, define your strategy and goals. Then, assess whether the existing systems and processes meet these new challenges, or if it's time to head in a different direction.”

- Greeley Koch, 490 Consulting

“A strategic approach is crucial. First, define your strategy and goals. Then, assess whether the existing systems and processes meet these new challenges, or if it's time to head in a different direction,” said Koch. “This approach is especially urgent given the diverse demographics of today's business travelers and their comfort with digital tools.”

For some companies, this might mean publishing a formal Request for Proposal or Request for Information so they can have vendors present their solutions and compete for their business. [The Business Travel News Academy](#) is an excellent resource to help guide a company through the RFP process.

Others may opt to form a committee of various internal stakeholders from travel, expense, finance and frequent and infrequent travelers to collect their wish lists of requirements. Key stakeholders should look at functionality and solutions available today from providers and perhaps invite a couple of those companies to present to the full committee or designated representatives. They also should ask providers to detail roadmaps for future enhancements and use of AI.

In today's fast-changing T&E ecosystem, companies will find an array of options and opportunities that can help to modernize travel and expense to solve long-standing issues and support the growth that companies expect.

Global business travel is predicted to reach \$1.48 trillion in 2024, up 11% over 2023, according to the GBTA's latest annual [Business Travel Index Outlook](#). Business travel spending is forecast to grow 10% in 2025 and reach an unprecedented \$2 trillion by 2028. As companies spend more on business travel in coming years, it will be even more critical for each to select modern technology and innovative partners who can support such growth. ■

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About Center



Center is a software company modernizing corporate card, travel, and employee expense management with one integrated solution. Our corporate card and connected software gives businesses real-time visibility into all employee spending, automates manual accounting tasks, streamlines travel booking and expensing, and provides finance teams with the controls and data needed for optimal decision making. With a usage-based business model requiring no upfront investment, our card-first experience combines self-service configurability with first-class deployment to ensure customer success. Center is a privately held company headquartered in Bellevue, WA with team members nationwide.

For more information, please visit getcenter.com