fyle

Understanding the evolution of expense management software

The year 2010 saw consumer-centric software take over the market. This changed everything for both legacy companies and cloud/SaaS startups that provided enterprise solutions.

It was also around the same time that end-user experience became a key market driver for all applications. Consumerization played a vital role in blurring boundaries around "everyday applications" and "at-work applications."

This meant that every time there was a new application in the market, users expected a better experience.
This resulted in a sharp dip in acceptance rates for non-optimal user experience, even for B2B apps.

According to G2, over 100 different software have attempted to solve expense management for more than twenty years. However, in 2021, the problem still persists.

This whitepaper discusses the evolution of expense management and how Expense Management Software (EMS) should solve the problem of expense management looking into the future.

Let's start with a quick recap of the evolution of expense management systems.

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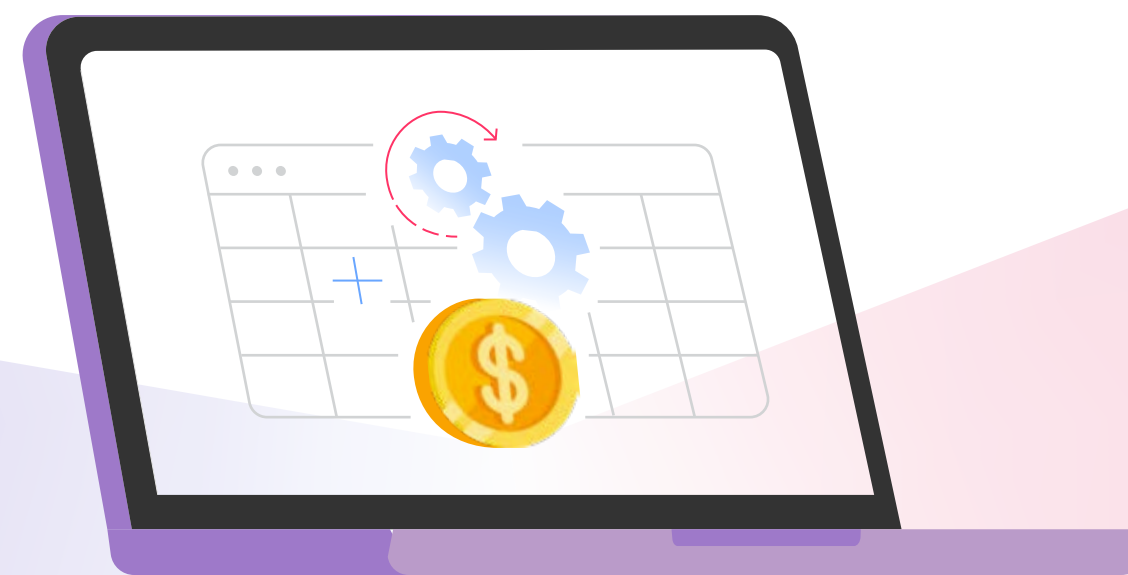
Paper-based systems

The earliest and most common method of managing expenses was with physical ledgers.
Many small businesses use this method to process expense reports till today.

Spreadsheets

Enterprises were the first to move from physical records of books to digital ledgers/desktop-based ledgers or spreadsheets. The simplicity and versatility of spreadsheets are the reasons why over 750 million users rely on them for different processes today.

However, for expense management, spreadsheets require users to do the same amount of work, have the same amount of discipline, and pay the same amount of attention, but on a computer. ERP and Network systems were a step up from here. They streamlined processes and reduced the time taken to complete tasks.

ERP and Network Systems

ERPs digitized expense data. But, they heavily depended on the discipline of employees, approvers, accountants, and Finance teams at different points in time to close tasks. Also, they required on-premise infrastructure, limiting their use only to the office. As a result, bottlenecks, delays, communication barriers, and data non-utilization were not unheard of.

Made for and sold to business decision-makers, enterprise software products were always designed to simplify processes for management, not end-users.

The end-user expectation from ERP systems was to spend less time on manual tasks by streamlining and digitizing processes. But, with the cloud revolution, EMS vendors started to focus on the non-operational aspects of managing organizational expenses.

Cloud technology powered with inputs around experience allowed users to perform specific tasks from mobile applications. This brought about a paradigm shift in the evolution of EMS.

The Cloud revolution - Enabling professionals to manage processes from anywhere.
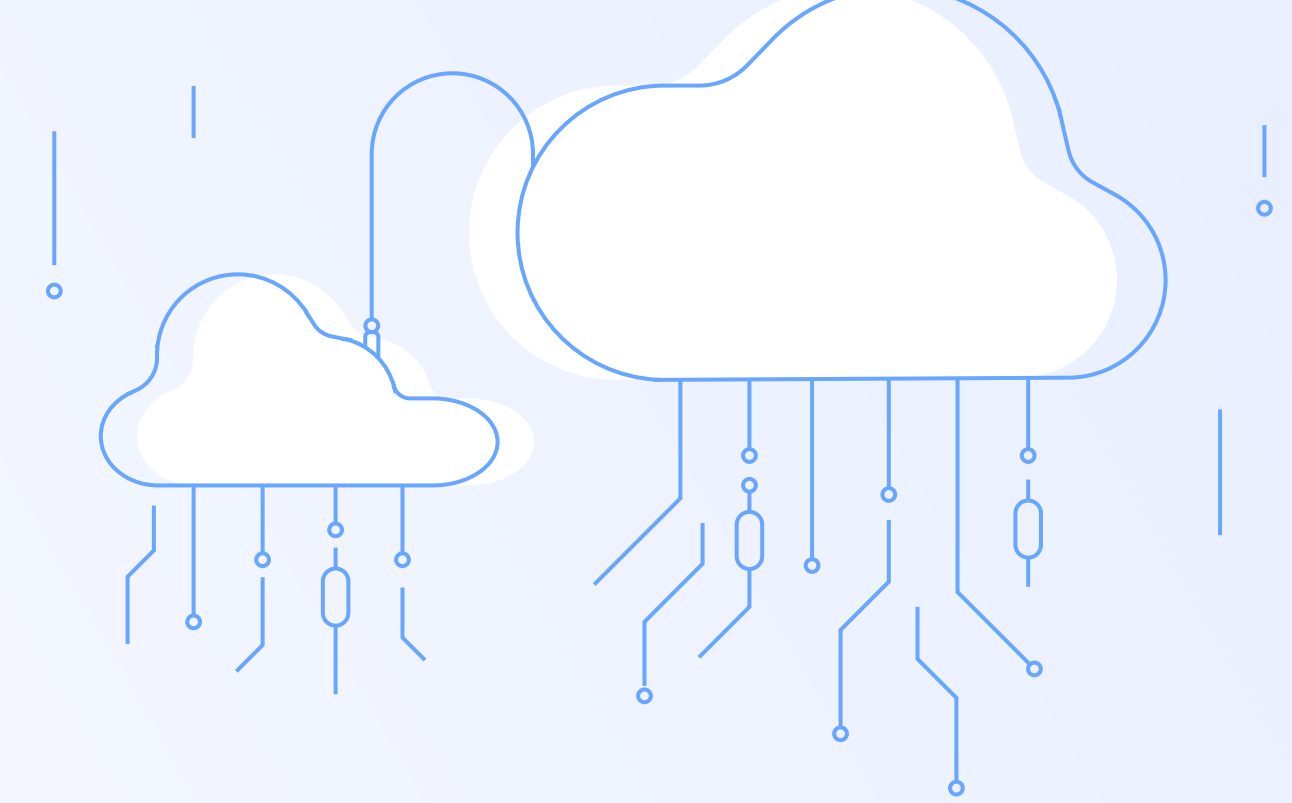
According to a research by Statista, the worldwide adoption rates for Fintech products have been rapidly increasing since 2015. This indicates that the traditional knowledge workers have now started to trust, experiment, and accept technology as a tool to improve process efficiency and overall productivity.

Being able to work from anywhere and from a device of their choice, which the cloud made possible, was a revolutionary experience for professionals all over the world. Some of the other obvious benefits of cloud computing that professionals leveraged are:

- Borderless and seamless collaboration
- No massive IT infrastructure and specialized staff
- No significant upfront capital investment
- Robust security for sensitive data

With the new benchmark for user experience, the last real innovation was developing mobile applications to transform B2B applications into on-the-go applications.

In the Fintech world, Expensify picked up on the trend of building an application with a mobile-first approach. Then, for the first time, employees could take a picture of their receipts using OCR technology. They also did not have to worry about the safekeeping of receipts. They could track business expenses on-the-go, add relevant details to the claim form, and submit reports easily.

Finance teams also saw automated compliance for the first time with business rules technology. With a new void set to fill, many Expensify alternatives offering a similar or slightly different experience flooded the market, with little to no innovation in over a decade.

In 2021, AI and automation work together to do expense management without human intervention.

Employees expect an Instagram or Snapchat standard ease of use from at-work applications as well. Even the best-intentioned expense management software fails if employees have to be trained to use it.

The easier it is for end-users to submit receipts and expense reports on time, the faster it is for the company to achieve compliance, visibility, and control. Technology like the OCR receipt scanner makes it easy for employees to track and save receipts.

Software like Expensify have had OCR tracking for receipts since forever but still require employees to manually fill out the purpose of the expense, category, other details like check-in date, check-out date, currency, city, and other fields marked necessary by the company.

In case of a violation, the employee has to either reach out to the accounting team to understand the violation or re-enter all the information hoping that it works out the second time it works the second time.

This translates to poor employee experience, suffering compliance, delayed submissions, and ultimately, long reimbursement cycles for the organization.

OCR is old news for EMS now.

AI has mastered receipt data extraction and moved on to being connected with everyday apps like G-Suite, Outlook, and Slack for receipt tracking. It's time businesses also evaluate whether their current EMS has genuinely empowered them to put an end to all their expense management challenges.

The need for intelligent automation in Finance

OCR was primarily meant for digitizing paper receipts. Today, payments are usually cashless and receipts, primarily electronic. Also, OCR is outdated, covering only one of the many use cases for receipt tracking. This means that in today's world, simply having OCR technology will just not suffice.

Consider some everyday bills employees need to save for reimbursements, like Uber, food delivery, and cell phone. All these receipts are generally sent to the employees via text message, email, or made available on the respective apps.

Tracking these receipts with an OCR scanner or the download-upload routine for e-receipts is a very time-consuming and tedious process. Besides, this multi-step process for tracking a single receipt is a colossal waste of time.

Fyle solves this by being present inside apps that employees use every day. This means employees can

- ✓ Text Fyle the receipts
- ✓ Share directly through Gmail or Outlook inboxes
- ✓ Select multiple receipts and bulk upload to Fyle
- ✓ Share via Slack
- ✓ Or just email it to Fyle

This enables employees to track business receipts from wherever they are without even logging into the EMS app. All tracked expenses sit inside a draft report, checked for compliance, auto-filled, and in a ready-to-report state.

This doesn't just improve the current experience with tracking receipts but also extends it to apps where receipts reside. This truly turns expense reporting and expense tracking into a real-time, seamless experience.

When tracking receipts becomes as simple as forwarding a photograph, employees will likely track expenses like it's second-nature to them.

At Fyle, we've seen this happen over and over again. Here's a case study on one of our customers, TST Constructions, who reduced their reimbursement cycle from 59 days to 20 days.

Case Study

The finance team at TST Construction was searching for a platform that fits their core goal - making the expense process as easy as possible for the employees.
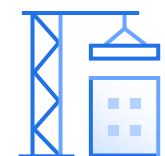
7
Locations
across US

200-500
Employees

$10M - $40M
Bonding Capacity

Construction
Industry

Projects:
Site / Civil, Industrial, Roofing, Specialty, Renovation, Emergency Response, Environmental

Challenges at TST Construction for Finance:

- Company outgrew usefulness of Excel-based templates for employee expense reporting.

- Collecting physical or pdf scans of receipts from employees.

- Every expense was checked for compliance manually making the process time consuming and prone to administrative errors.

- Allocating expenses to applicable project required significant manual effort.

- Corporate card reconciliation was completely manual and turned into a nightmare for the finance team.

- Finance had to constantly follow up with employees to remind them about submitting expenses.

Challenges at TST Construction for Employees:

- Field employees place low priorities on submitting low cost expenses with the receipt and expense forms.

- Frequent "receipt reminders" from accounting team created adversarial relationship between home office and field employees.

Why did TST Constructions choose Fyle?

While all other solutions just felt like accounting solutions, Fyle stood out. This is because of Fyle's undivided focus on both the Finance teams and employees' user experience.

Brad Salter, the CFO at TST, believes in automating the mundane, be it for on-ground workers or his finance team. With Fyle, that came easy. Finance could set up workflows and automate them while employees never wasted any productive hours tracking expenses.

TST's all new expense management with Fyle

1700+
Expenses reconciled

500+
Expense reports processed

59 → 20 days
Reimbursement cycle

Our biggest problem was that field workers didn't turn in their expenses. They found it insignificant to expense small bills and save multiple receipts. Thanks to Fyle, field workers could now turn in their expenses from anywhere. This helped us close books faster and is clearly visible in how our reimbursement cycle has improved.

Lynette Arnold, Accounting Manager at TST Constructions

Key Features Used:

Automatic reconciliation

Real-time analytics

Expense tracking from everyday apps

Customised project-led approvals

Experience driven compliance - The new standard in expense management

In Gartner's 2019 strategic technology trends report, it was predicted that all applications would be people-centric. This meant that businesses would now build products around solving a problem for a person in a way that he/she wants.

This was further defined by hyper-automation and multi-experience. This means people wouldn't need to go to a particular place or use a specific device or application to accomplish certain tasks. They should be able to do it anywhere, from any device or app, and whenever they want.

In Gartner's top strategic technology trends for 2021 report, this still holds. Sadly, most solutions in the expense management space have not caught up with these trends yet.

New-age EMS like Fyle offer a superior standard of user-experience that drives behavioral change by eliminating manual work and frustration from expense management.

Additionally, the enormous amounts of expense data provide valuable insights for policy control. These insights are seldom utilized as the amount of time and work behind arriving at the insights is enormous.

An EMS collects and uses data in a context-aware manner. This helps deliver real-time analytics and insight into org, or even multi-org-wide spends to Finance teams. This further also allows teams to skip the manual work and focus on optimizing finance performance using data-backed insights.

Superior customizability to suit unique accounting needs

Businesses often have to change or tweak their processes to accommodate the limitations of EMS. For instance, in Expensify, admins can create basic expense rules that are made on a per-person basis. The system doesn't allow the creation of rules for a policy, department, project, or employee grade.

On the contrary, new-age EMS allows customization of literally anything - expense forms, approval workflows, user roles, payments and reimbursements, integrations, and more!

Traditional softwares

Finance manually collects all information

Stores all data in a physical file

Finance reaches out to the account manager

Tedious and cumbersome process

Finance plans to add a new field in the expense form

Finance gets charged extra or it's technically impossible

Account manager suggests a workaround

Fyle's admin controls

Add custom fields in expense form

Select field type as text, numbers or multi-select

Centralized storage of receipts, expenses, reports, approvals, payments

All this, with plug-and-play ease of use.

Finance teams can now automate their existing or desired processes precisely as they want and with no compromise.

Custom Configuration

Customization for	Name	Code	Status	Actions
▾ Categories	Flight	FL001	ON	
	Economy	FL002	ON	⊕ Add Subcategory
	Business	FL003	ON	
	First Class	FL004	OFF	
▾ Projects	Micro Techno	P-MT-01	ON	
	TK Tech Park - NY	P-TK-01	ON	⊕ Add Budget
	TK Tech Park - FL	P-TK-02	OFF	
▾ Cost Centers	Sales US Travel	CC01SUST	ON	
	Acme HQ - NY	CC00HQ	ON	⊕ Add Cost Center
▾ Holidays	Christmas - 25th Dec	NA	ON	
	New Year's Eve 31st Dec	NA	ON	⊕ Add Holiday

Employee Information	Field Type	Status
Department	Multi-select ⌄	ON
	Add options for users to select	
	Option 1 - Marketing	
	Option 2 - Operations	
	Option 3 - Sales	
	Option 4 - Engineering	
	Option 5 - Product	
	Option 6 - CEO's Office	
	Option 7 - HR & Admin	
Business Unit	Multi-select	
Employee ID	Text and numbers	ON
Holidays	Date	ON
Bank details	Text and numbers	ON
Primary Approver	Email	ON
Secondary Approver	Email	OFF

⊕ Capture additional information

Expense Information	Field Type	Status
Department	Multi-select ⌄	ON
	Add options for users to select	
	Option 1 - Birthday	
	Option 2 - Anniversary	
	Option 3 - Sales meeting	
	Option 4 - Customer meeting	
	Option 5 - HR meeting	
	Option 6 - Office party	
	Option 7 - Quarterly offsite	
Date of spend	Date	
Merchant	Text and numbers	ON
Employee ID	Text and numbers	ON
Check-in date	Date	OFF
Check-out date	Date	OFF
Breakfast	Yes/ No	ON

⊕ Capture additional information

Custom Configurations

Add custom categories, Projects, Cost Centers, holidays with custom information like Codes, sub-categories and enable or disable them with ease.

Employee Information

Create additional fields to capture specific employee information for clean audits and accounting. Quick and complete integration with your HRMS and Fyle will automatically update employee information, including managerial or approval changes.

Expense Information

Collect specific, additional, custom data at the time of expense submission. Better yet, let our data extraction engine do its magic and capture it automatically for you.

Automated compliance, distributed control

Fyle allows you to set up granular rules based on which the system performs real-time compliance checks on expenses as the employee submits them.

In case there is a violation, the system throws up policy violation details, helping employees fix it with easy-to-understand and actionable instructions. This enables employees to rectify any violations before they can submit reports for approval.

Policy Details

User Properties

Departments
IT Services ▾

Expense Properties

Cost Centers ▾   Projects ▾

Amount

Amount Limit ▾

Actions on policy violation

☑ Flag expense while allowing users to provide an explanation

☐ Pre-submission warnings

☐ Flag as critical and restrict expense submission

☐ Cap to match amount limit

☑ Get additional approvals

Notify specific approvers ▾

Finance 1

Finance 2

SAVE

📋 **Department Budget**   `ON ●`

Purchasing/ Engineering

$20,000
Amount Limit

Limit Type: **Quarterly**
Limit Threshold (%): 75

📋 **Project Budget**   `ON ●`

Matt&Wills

$20,000
Amount Limit

Limit Type: **Weekly**
Limit Threshold (%): 75

⊕ Add Budget

Automated credit card reconciliation

An AI-powered expense management software brings all data related to cards to one screen.
This makes the process of reconciliation easy for both employees and Finance teams.

Reconciled Expense
With project and options to determine whether they are billable to clients

Card Provider

One - time integration

Automatic Daily Customized Feeds

Auto creation from transaction

Auto matching to expense with transaction

Any Receipt (Paper/ Electronic)

Easy ways to track receipts

Employee

Credits/ Reversals/ Refunds
Auto matching with original transaction

All receipts and bank statements are automatically matched and reconciled within a few clicks.
This saves the accounting team from having to verify and approve tons of transactions manually.

Manage Cards

Export ▾   Delete Card Transactions

	Card Provider	Bank	Account Number	Employee
☑ AMEX	Amex	American Express	xxxx-3112	Assign to ✎

	Card Program	Total Cards	Assigned Cards	Unassigned Cards
	Corporate Gold	3	2	1
	Corporate Platinum	5	3	2

	Card Provider	Bank	Account Number	Employee
☐ Master Card	Master Card	Citibank	xxxx-9340	Assign to ✎
☐ VISA	Visa	Bank of America	xxxx-7890	Assign to ✎

⊕ Add New Card

Card Statements

ADMIN
FYLE - US

Statement Name: May Statement 1
Date: May 30, 2020
Debit Convention: Yes

+ Add New Statement   All Statements ▾

☐	EXPENSE ID	SPEND DATE	DETAILS	AMOUNT
☐	E/20/233	May 13, 2020	Software	$504.00
☐	E/20/115			
☐	E/12/106			
☐	E/03/091			

← Expenses

Expense Details

Date	June 14, 2020
Amount	$215.00
Cost Center	- - -
Project	Project Sapphire
Details	Dine-in Lunch

Audit Trail

July, 19
20:30
Expense Created
Created automatically via card feed
Details:
• Non-Reimbursable: True
• Sub-Category: Food
• Purpose: Lunch (Card Transaction)

Comments (0)   ⌃

Multi-card program management

Finance teams can manage multiple card programs from providers like American Express, VISA, Mastercard, Diner's Club centrally, easily - and on one unified dashboard.

Automatic Expense Creation of Card Transactions

To help employees automate the mundane, corporate card expenses are directly saved as expenses and automatically mapped with the corresponding credit card transactions.

Since expense matching is automated, the major chunk of reconciliation happens automatically and in real-time.

Fyle records credit card spends and automatically matches them with transactions from the bank's statement. Once reconciliation is complete, Fyle automatically sends all reconciliation data to your accounting system without any additional human effort.

Full integrations with accounting or other software of your choice

Integrations aren't new. Expense management softwares usually offer a wide range of integrations. The common frustration among Finance teams is about how the integrations work. They are almost always loosely connected, which means most of the work has to be done manually.

Since technology is ever-changing, the lack of innovation from EMS vendors to improve integrations is becoming more of a curse than a boon since the systems are connected, but they just don't talk as expected.
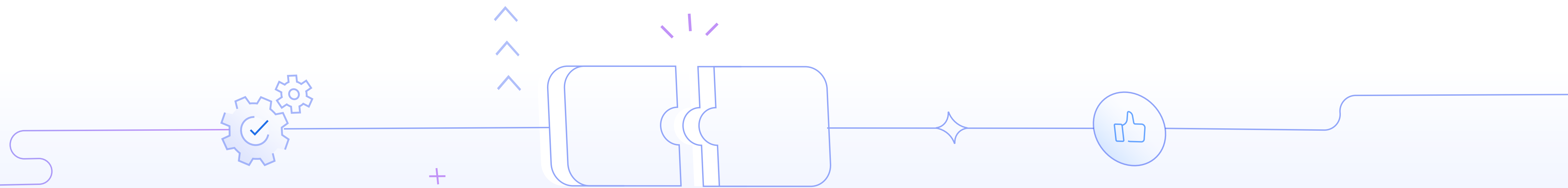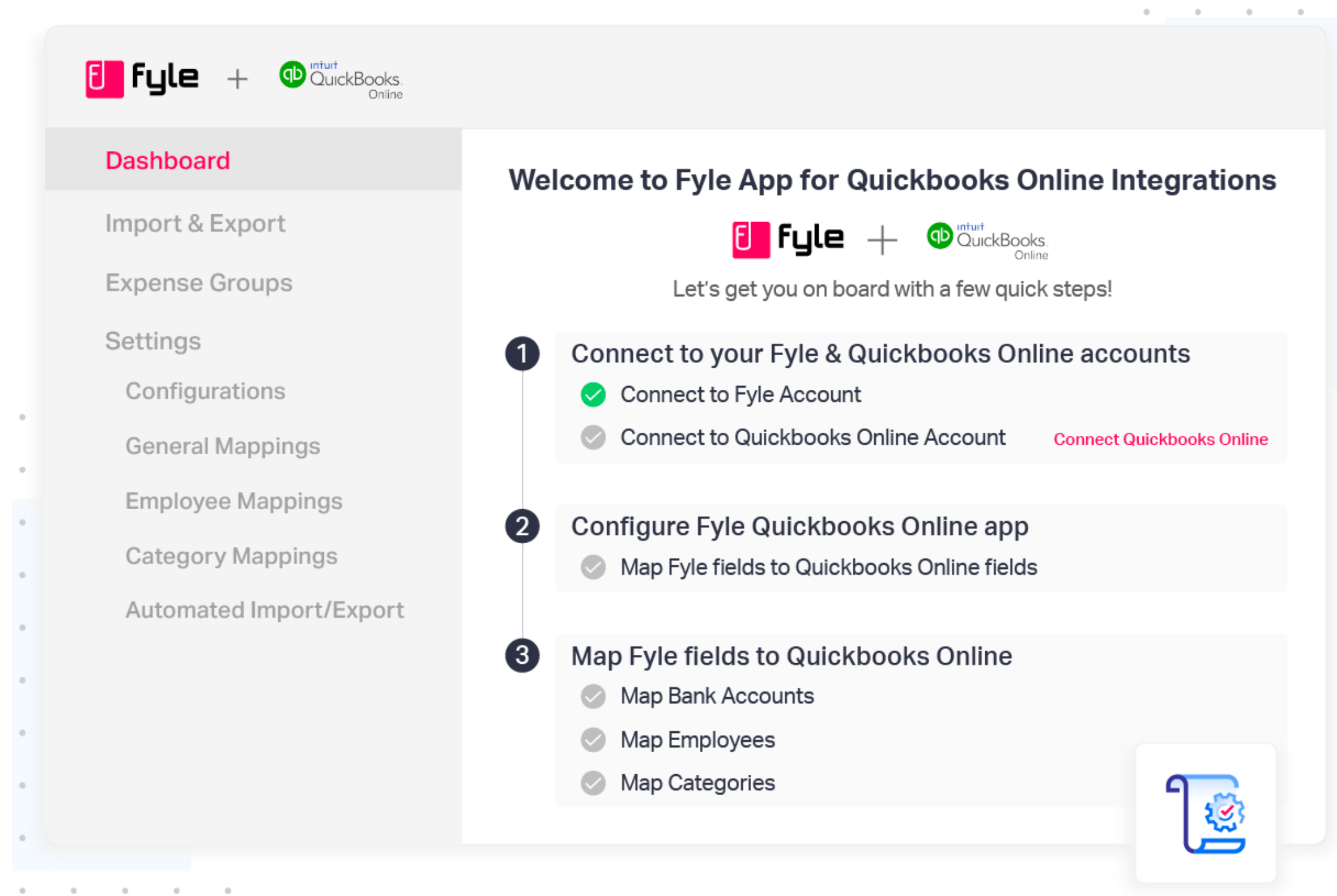
On the other hand, Fyle has existing, tight-knit integrations with multiple accounting and productivity software like Quickbooks, NetSuite, Sage, Xero, G Suite, Outlook, & Slack.

Further, taking direct integrations one step further, all you need to connect Fyle with significant accounting software are your login credentials. This enables Finance teams to take complete control of all accounting data without depending on the IT department.
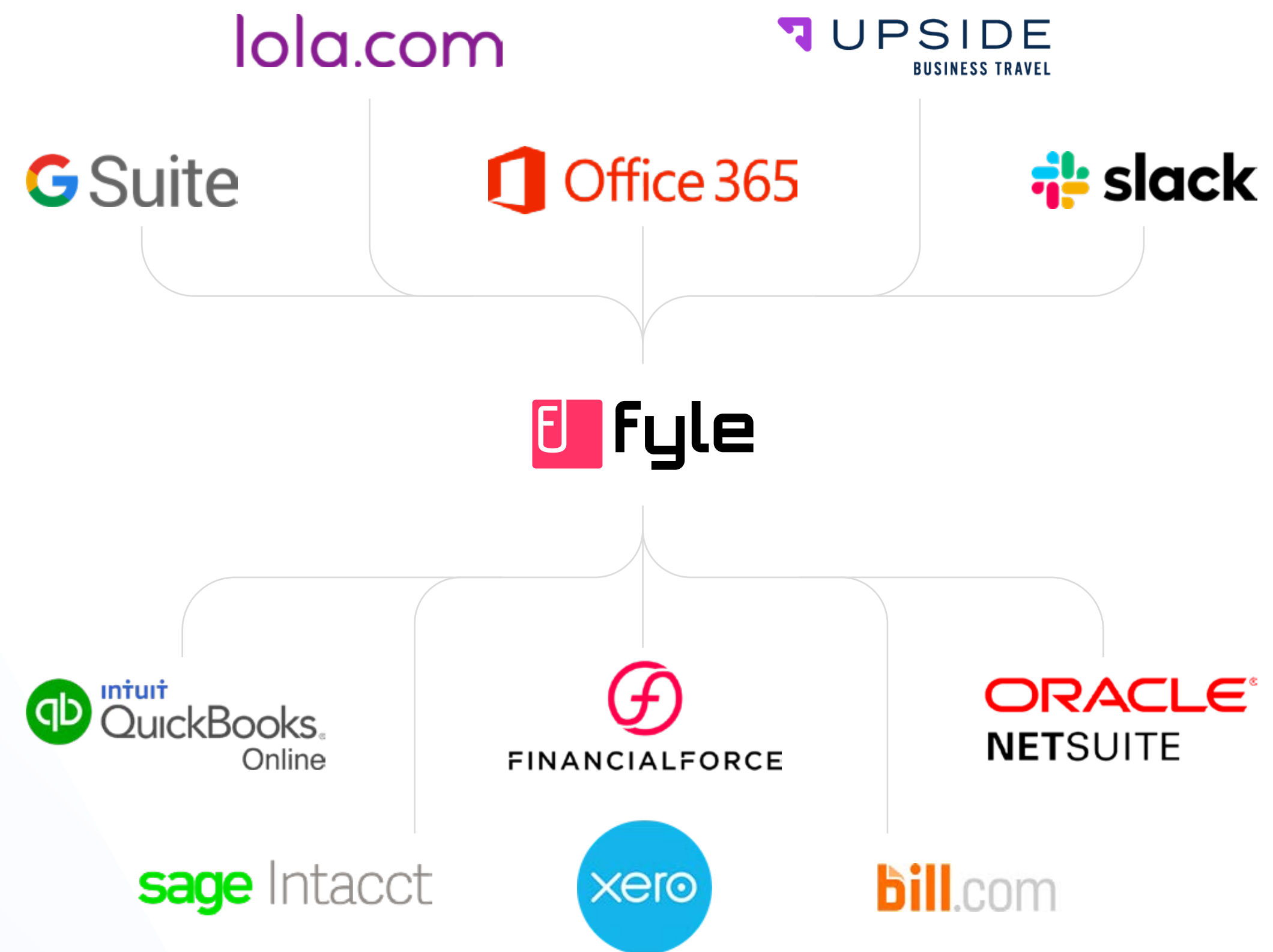
Once connected, Finance teams can move all data around employees, receipts, expenses, reports, approvals, payments, cards, compliance, and audit in and out in a highly secure and customizable format.

There is no point to integrations if they require a knowledge worker to do most of the work. Fyle's integrations enable viewing and moving data across software in real-time and right from the dashboard. Additionally, Fyle offers robust APIs that allow connections with HRMS and other software. This ensures seamless integrations and enhanced employee productivity.

fyle + **QuickBooks Online**

Dashboard

Import & Export

Expense Groups

Settings

Configurations

General Mappings

Employee Mappings

Category Mappings

Automated Import/Export

Welcome to Fyle App for Quickbooks Online Integrations

fyle + **QuickBooks Online**

Let's get you on board with a few quick steps!

1 Connect to your Fyle & Quickbooks Online accounts
✓ Connect to Fyle Account
○ Connect to Quickbooks Online Account   Connect Quickbooks Online

2 Configure Fyle Quickbooks Online app
○ Map Fyle fields to Quickbooks Online fields

3 Map Fyle fields to Quickbooks Online
○ Map Bank Accounts
○ Map Employees
○ Map Categories

The last leg of expense reimbursement is automated.

EMS should effortlessly integrate with your existing ERP, accounting, HRMS system, and bank portals. This helps bring all employee and expense data to a single platform. It also allows Finance teams to initiate payments right from your expense management dashboard.

Finance teams can also process payments to multiple employee bank accounts with the click of a button. This makes the entire process of expense reporting to reimbursements a truly effortless yet compliant one. Take a look at how Fyle handles ACH payments, the payment mode that is increasingly gaining popularity in the US.

Easy micro-deposit verification
Verify multiple employee bank accounts with micro-deposits from Fyle.

View transaction status in real-time
Track the transaction status of any given payment from your Fyle dashboard.

Process payments in bulk
Initiate multiple payments to different employee bank accounts with a single click.

Fyle enables a smooth-flowing expense reimbursement process, which improves employee experience and boosts financial productivity. Further, employees and Finance teams can view payment progress in real-time.

Before Fyle

After Fyle

Before Fyle

Expense

Lost or damaged physical receipts

Chase employees for submitting expenses

Reimbursement

Forgetting difficult/ confusing business rules

Late expense rejections/ forgotten approvals

Errors in accounting because of manual entry

After Fyle

Expense

Easy Expense Tracking

Automatic Policy Checking

Clear Audit Trails

Automated payment via ACH

Reimburse-ment

This helps you reduce turnaround time for employee expense reimbursements and gives your employees/ Finance teams more time to focus on other important job functions.

Beyond just support - Customer Success.

New age expense management software is built to solve problems that matter today. At Fyle, we listen to customers because our priority is first to solve their problems well. It's a win-win. A lot of our product roadmap is a direct reflection of our continuous customer conversations.

A software is only as valuable as the users make it. A stellar customer success and support team is vital for the efficient implementation, onboarding, and success of a solution. Our Customer Success team is hyper-focused to enable you to make the best use of Fyle to solve your expense management problems. Here's what Customer Success at Fyle translates to:

- 24*7 email support for all (In 2020, our average TAT to resolve a customer query was 1hr 7mins)

- In-app chat support (Business and Enterprise plans)
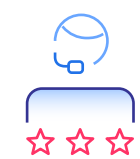
- Dedicated Success Manager for Enterprise customers who also help with customized, timely reports

Fyle's Customer Success team helps clients gain the maximum ROI from Fyle's suite of expense management features from implementation and onboarding to post-implementation support.

In conclusion

Like any other software, financial software also needs to keep user experience in mind. It has to be intuitive and powerful to record data accurately and use it in a context-aware manner to minimize manual work for the end-user, be it an approver, the Finance team, an auditor, or even an employee.

Here are some trends we see defining the future of T&E software:
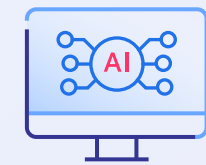
Rise in the use of AI-led technology: With companies going remote or staying socially distant, it has become imperative for businesses to adapt. Automated expense management software is becoming prevalent as it helps reduce mundane tasks while eliminating human error. It also helps centralize expense management processes that are effective for both remote and in-office teams.
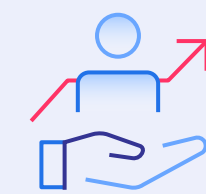
Employees come first: Systems that can record and verify expenses without any human intervention will gain prevalence. The future will see systems that will do all the work for users. This will help them to stop thinking about the process and trust the system to do it. This is true for all users who interact with the software.

Driven by data: Most expense management systems, for instance, spreadsheets or RPS systems, are built to solve workflow problems. However, expense management is not just a workflow problem. It is an experience and data problem. A lot of generated data is never utilized because it becomes the job of humans to sift through that data. As we advance, systems that can extract data at scale and derive valuable insights will dominate the EMS ecosystem.
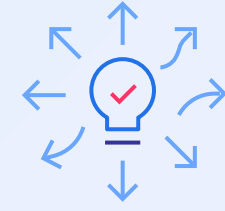
Context-aware: Data without context is of no use. From now on, systems that can collate data to provide information relevant to different personas will gain interest. This is because it will help reduce the need for user discipline or effort to get work done.
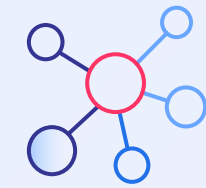
Hyper-connected: Hyper-connectedness enables users to accomplish a particular task from inside their everyday applications or whatever application they prefer to use. For example, being able to file expenses from Slack, G-Suite, or WhatsApp creates a one-click experience for completing the process without the need to go to a particular app or device.
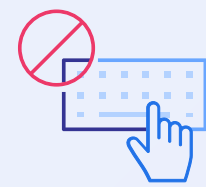
Reduced manual work: This is the core reason why automation even matters - to reduce human effort. Every stage of the process generally brings along a set of challenges for the stakeholders involved. The only way to overcome them is by focusing on delivering an exceptional experience. This approach drives behavioral change, as we have seen happen over and over again.

Real-time accessibility: Last but not least, real-time accessibility. It is not a futuristic need; it is already a standard expectation. Relevant data and ways to do a task/process need to be made available to users in real-time, from anywhere and any device.

This is also what we're trying to do at Fyle. We are building an expense management software that truly simplifies and automates every step of the process to make Fyle just a system running smoothly in the background.

Let Fyle do all the heavy lifting while ensuring you achieve data-driven financial productivity. Get in touch to understand how Fyle can help you achieve your expense management goals.

A handy checklist of essential features to look for in an expense management software in 2021

	Employees	Finance department
✅	**Intuitive mobile app** A fast and easy-to-use app to report expenses on-the-go	**Cloud storage** Access, view, and approve expense report from anywhere
✅	**Reporting in bulk** Ability to report multiple expenses at once	**Automatic card reconciliation** Reconcile expenses without manual interventions
✅	**Accurate receipt scanning** OCR-based scanning to cut down manual data entry	**Approval workflow** Customizable workflows to suit your company hierarchy and needs
✅	**Receipt management** Stress-free receipt tracking and storage	**Real-time fraud checks** Ensure compliance with automatic policy checks
✅	**Mileage tracking** One-click tracking and logging of work mileage	**Policy configuration** Set up complex company policies within the system
✅	**Automatic report submission** Report error-free expense reports on-time	**Data analytics** Accurate, real-time insights into employee spends
✅	**Email plugins for online receipts** Submit expense report directly from the mailbox	**Accounting software integration** Seamless integration with preferred software

Closing Notes

In 2021, expense management looks very different from how it looked 20 years ago. We hope this whitepaper helps you understand how a new-age EMS automates expense management end-to-end, taking over all manual tasks that don't require human expertise.

Expense management with Fyle is as simple as sharing this whitepaper with your peers.

Fyle is a trusted expense management automation partner for Finance teams across 83 countries and counting!

freshworks   3CX   ROYAL ENFIELD   astound COMMERCE

We're backed by some of the leading Venture Capital firms like Tiger Global, Steadview Capital, and Recruit Holdings. We've raised over $10 million in venture capital over the last five years.

We are a team of about 80+ people passionate about ensuring not a second of your time is spent managing business expenses.

Get a demo with us to find out how we can help you automate reconciliations, payments, and everything expense management while delivering a phenomenal experience to your employees.

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