

How Five Global Companies Turned A T&E Challenge Into A Financial Win



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INTRODUCTION

Travel expenses, procurement, time capture and paid time off account for as much as 40% of controllable expenses in your company — and all these costs are controlled by employees.

It can be a challenge to manage these expenses, track them cost-effectively in real time, reduce them and maximize productivity in the process. The case studies included in this paper were collected to illustrate how five companies, who are leaders in their fields, are successfully meeting this challenge.

These case studies have been compiled for you by Geac® with our compliments. As a global enterprise software company, our focus is on providing business leaders with the tools and services needed to enhance business performance. Geac solutions currently support over 18,000 customers worldwide, including 40% of the Fortune 100.

CASE STUDY 1:

Company: A.T. Kearney

Description: One of the world's fastest growing management consulting firms. By automating their T&E, procurement and time capture systems, A.T. Kearney reduced unnecessary purchases by 3%, increased preferred supplier benefits by 2%, and decreased unnecessary travel by 5% for an overall first year savings of \$9 million.

Reported By: Jim Haddow, Chief Procurement Officer

Jim Haddow is responsible for A.T. Kearney's Global Procurement Activities, negotiations and contracts. He has over 25 years of consulting and industry experience, encompassing global procurement, demand management, supply chain management, business planning, and commercial business development. His specialties include strategic sourcing, demand management systems, performance management, strategic planning and financial and economic analysis. Here is his report on how A.T. Kearney automated its T&E, procurement and time capture systems.

A.T. Kearney has 60 offices in 37 countries and over 5,000 employees. As a global company, the job of our consultants is to travel worldwide providing high-level consulting expertise. Our teams generate revenue through billable hours spent with clients, so we mandate that individuals have to account for their time and expenses on a weekly basis. All this information rolls into our global finance system. Historically, everything was done manually, locally by office.

The company's old billing system involved a multi-step process. Consultants were required to record their billable client hours and their travel expenditures manually. After documenting the expenses and time-related information, consultants then sent the reports to the appropriate financial arm of each A.T. Kearney office, where the data was re-keyed into the reporting system. We began evaluating service providers capable of automating our reporting features and standardizing our billing processes, because this procedure was not only extremely time-consuming, but prone to error.

After considering various applications, we chose Geac Extensity Timesheets and Extensity Expense Reports. We valued the Extensity technological capabilities, which provided an easily accessible Web-based solution for our global offices and traveling consultants. In addition, Extensity's 100% Java architecture was compatible with the company's Microsoft-based systems. The solution was rolled out globally to 60 offices

A.T. KEARNEY CASE STUDY 1 CONTINUED

in 37 countries for over 5000 employees.

When we were doing these tasks manually, it took weeks to get information about how many hours people were working, where they were working, and the expenses they were incurring. Now, we capture this information weekly into a system that makes it easy to prod anyone who's not in compliance. If an employee's name shows up on the list on Monday, he or she gets a call from a Director of Operations saying, "Hey! Where is your information?" Now, no one can get behind in reporting their time and their expenses.

In our business, we have to charge back to our clients, so we have to provide a system that fully captures and documents all details. The reason we chose Geac Extensity is that, historically in the finance area, we got complaints from our line of business leaders like "Why did so-and-so purchase this? Do you know who approved these expenses for this individual?" It forced us to be backward looking. Now, we can access one platform that captures all of that information and generates weekly reports. It's easy to track. Now, we are able to look at things pro-actively before expenses are incurred, purchases are done and people travel. We have tools that not only management can review, but that all the different lines of business can use to manage day-to-day activities and make approvals.

The lines of business now have the capability to address some issues as never possible before. There was always the question regarding a traveler who went from Chicago to New York. They sent in their expense report and receipts, then audit verified the information. But one question was still unanswered: "Did anyone formally validate that they had authority to make that trip?" The time and expense tools and applications themselves are now making the individuals more fiscally responsible for what they're buying and spending.

We are amazed how these new tools have enhanced everyone's understanding of patterns that weren't previously clear. Once employees started putting in the required explanations for expense, time and procurement, the auditors started catching things. The result has been a change of patterns based on this new understanding. The lines of business now have more control to monitor, understand what's going on, and stay current on what individual employees are doing.

Being a global company brings extra challenges: local regulations, expenses that aren't permitted in some countries, but are permitted in others, confidentiality laws, customs requirements, currency differences, per diem laws, language requirements. Geac's Extensity was built for global users. It includes a feature you can turn on and off to accommodate varying regulations and local languages. We are able to tailor things to fit users in different countries. The system works very well handling the

A.T. KEARNEY CASE STUDY 1 CONTINUED

idiosyncrasies. We even upload current exchange rates every night.

The exception parameters in Extensity are another valuable feature. We can use it for every expense type, by country, and maximum levels. If I'm in a country and put in my expense for an individual meal, and it's above a certain level, the system automatically throws up an exception asking for more explanation. That information helps our auditors, and guides employees to be a little more fiscally conscious about their spending habits when they're on the road.

Previously, consultants had to wait approximately three weeks before receiving reimbursement for travel expenditures. Since we implemented Geac Extensity Expense Reports, we have decreased reimbursement time by 75%. In addition, we have streamlined billing and expense reporting processes, as well as standardized spending guidelines. We have realized a decrease in errors from 50% to 5% per 3,000 weekly time sheet submissions. In addition, we have reduced unnecessary purchases by 3%, increased preferred supplier benefits by 2%, and decreased unnecessary travel by 5%—for an overall first-year savings of \$9 million.

CASE STUDY 2:

Company: Ernst & Young

Description: One of the world's biggest professional services organizations, Ernst & Young's automation of time capture allowed them to reduce the financial reporting and billing cycles by up to 2 weeks

Reported By: Alastair Munro, Programme Director

Alastair Munro's role at Ernst & Young covers programme and project management for the Infrastructure Group. His projects have included corporate merger planning, setting up Shared Service Centres, changing the firm's legal status to Limited Liability, and planning and implementing improvements to Ernst & Young's in-house processes and systems. He tells how his division tested the initial implementation of a program to automate the firm's time and expense systems.

Ernst & Young in the UK has about 7,000 people, over 400 partners and has recently broken a billion dollars (U.S.) in revenue. Ernst & Young is a global firm, operating in about 130 countries, with 110,000 people. Worldwide, we are the second largest of the big four and have a simple one-line vision: to be the best in our chosen markets, which include audit, tax, corporate finance and general advisory services. We're split roughly 50/50 between the compliance side and the advisory side.

Ernst & Young wishes to operate more globally and knew it would be a good idea to have a common front-end for capturing payment expense. We went through a competition to select a vendor that could provide us with this common front-end.

We live or die by our ability to quickly capture the chargeable time we've put in for clients and to bill it back to them. It's not rocket science, and of course, as one of the big accounting firms, we must have extremely good systems. On our old system, employees entered their time and expense claims on a laptop and then printed out a hard copy, gave it to their assistant, who gave it to somebody else, who then took it to someone else, who batched it up and input it into the system. It's clear that we had a strong business case for putting this process into integrated software. It would improve our performance, speed up our expense claims and so on. That's exactly what it did.

Here are three of the main issues driving our decision.

1. Business Policy: In a partnership like Ernst & Young, every individual partner has a

ERNST & YOUNG CASE STUDY 2 CONTINUED

lot of leeway to do what he or she wishes. The firm can lay down business policy from the center, but if it can't be enforced through the systems, there is very little chance of seeing that policy carried out in practice. Enforcing our business policy was very important.

- 2. Workflow:** We did not want to be printing out hard copy pieces of paper and casting them all around the UK, keying them into another system, finding huge amounts of data keying errors, etc. We wanted good electronic workflow.
- 3. Time Capture:** Of our 7,000 people, there could be two, three or even 4,000 on client sites wanting to dial back into the parent system to upload, and in the meantime, wanting to update their payment expense information in a disconnected mode on their laptops. That ability was important to us and not everybody provided it. But on the basis that we would potentially roll this system out to users across the whole of Ernst & Young, we needed something that didn't work for just a 5, 10, 50, 1,000 employee company; it had to work for thousands of people.

Against these criteria, Geac's Extensity won the competition. We are hugely risk averse and are very aware of what happens to accountants who get it wrong. You have only to look at Enron, Anderson, etc.

Our pilot was begun with 240 people scattered across the UK. Having fully implemented last November, we're still capturing information. But we've certainly reduced head count. All the people who used to handle the hard copy forms, of course, are now doing more productive things. Some of them have taken retirement. Other operating costs were reduced, such as the cost of paper.

One of the key wins for us is earlier and more comprehensive information.

In our old system, it would take us up to three weeks to get the information. In our new system, you can put the information in up to 8:00 p.m. on a Friday night when we take the system down for maintenance, and on Monday morning, at 6:30 or earlier, that information is in the ledgers for billing and for following up with queries. From our point of view, the power of that cannot be overstated. At best, we've moved from 15 to 20% missing timesheets a week in the old system down to 3% with the new one. The system is consistent with the firm's e-vision, and we are getting fairly consistent application of our business policies, which is crucial.

People are no longer saying "so and so, sitting next to me, was allowed to do X and you're penalizing me." We are enforcing the same policies across the firm. One of our greatest gains is the ability to move from quarter of an hour granularity to point one of an hour.

CASE STUDY 3:

Company: Office Depot

Description: Largest seller of office supplies in the United States, now reimburses employee expenses in 48 hours instead of the six weeks it took before automating their T&E systems.

Reported By: Cathy Kollman, Director of Accounts Payable

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Office Depot is a network of more than 1,000 retail stores, with a presence in 22 countries around the world. Office Depot has developed into a company with annual revenues in excess of \$11 billion. With employees generating more than 120,000 expense reports per year, we needed a solution that would automate the process via the Web to not only speed the reimbursement, but to meet our initiative to Web-enable financial processes.

We spent the greater part of a year evaluating software vendors offering solutions for automating the T&E process. The primary reasons we wanted to automate reimbursement for travel and entertainment expenses was to improve the process for our employees, improve the reimbursement experience, and shorten the time for them to get their money back. In our evaluation, we found that Geac's Extensity was the best product on the market to meet these requirements, and it is a Web-enabled tool we liked.

In the past, our reimbursement process took anywhere from four to six weeks. This process was taking so long, employees often had to pay their expenses before being reimbursed. In addition, our process used paper that had to be mailed to the corporate headquarters, then manually entered into the system. Not only was this slow, but the process gave us no real control.

Using the Geac Extensity Expense Reports, our employees are now able to get their reimbursements within 48 hours. Not only are they paid back within 48 hours, but they also have the opportunity to choose direct deposit, and have corporate pay their card expenses up front to American Express. Now, they no longer have to pay for

OFFICE DEPOT CASE STUDY 3 CONTINUED

anything out of their own pocket. This has raised employee satisfaction to a very high level.

This solution is a huge time saver over the labor-intensive manual process. It has improved accounts payable and financial processes by giving us an automated front-end control over travel and entertainment expenses that did not exist before. The reporting system allows us to have even tighter control over how we're spending our dollars and provides information to our managers that was previously unavailable. This system has also greatly improved the time it takes for us to complete an audit process.

The Geac Extensity Expense Reports produced a considerable return-on-investment through reduced administration, data entry time and postage costs. Employees love the software's intuitive, Web-enabled interface that they can use right at their desktop. This choice has not only saved us money, but also significantly increased employee satisfaction.

CASE STUDY 4:

Company: Raymond James Financial

Description: One of the largest financial services firms in the United States. Raymond James found a way to automate T&E processes and finally get employees to comply with complex global expense policies.

Reported By: Elizabeth Eriksen, Assistant Vice President for Accounting Operations

Elizabeth Eriksen is Assistant Vice-President for Accounting Operations at Raymond James Financial. She's been with Raymond James for six and a half years, and currently focuses on system implementations, while supervising 38 people in four departments. She shares information about her company, its challenges, the selected solution and the result.

Raymond James Financial has more than 2,000 locations worldwide and 58 subsidiaries. This includes two broker-dealers, which have 1,700 branches and 5,000 financial advisors, plus 3,000 associates in international headquarters. Most of those are in the United States, with about 15 located in Europe.

Originally, expense reports were manually routed to a manager for approval, and then sent on to Accounts Payable for review against our very comprehensive travel and expense reimbursement policy. This meant meeting such rules as per-person, per-city, and per-meal limits. It would take about two to three times as long to review an expense report as it would to review a regular vendor disbursement for hundreds of thousands of dollars. Reports without problems regularly took five days just to reach accounts payable. If there was an issue on an airline ticket, or a problem with a hotel transaction, that expense report would be walked up to Corporate Travel for verification, resulting in additional processing time.

The big problem was that our travelers and approvers were unaware of the policy limits due to its extensive nature, and there was no positive or extreme enforcement to make sure it was followed. In addition, associates and managers alike are willing to break the policy limit of a \$65 dinner in New York to sign a \$6 million, \$60 million or \$600 million deal.

Expenses were billed to individuals and paid by individuals and required at least one level of managerial approval for every charge. This included airfare, hotel and car, not to mention pizzas, doughnuts, bagels, hockey tickets, golf tickets and fishing trips, cell phones, DSL connections, BlackBerries, and more. Delayed approvals made employees angry, and since they were paying their own expenses, reactions could be strong.

RAYMOND JAMES CASE STUDY 4 CONTINUED

It was obvious we needed a Web-based solution to finally take control of T&E. During the evaluation process, we analyzed available solutions as well as build vs. buy. Many of our current systems were home grown and we felt that our expense policy was so complex that we couldn't find a system to fit our needs. Cost analysis was also a big part of our decision.

Our choice, after a lengthy and time-consuming search, was Geac's Extensity Expense Reports. Surprisingly, it handled all our per-person, per-city, per-meal variables. We had to customize a few areas to meet business rules pertaining to hotels and per person limits. This system has reduced maverick spenders. In fact, employees are amazed when the system pops up to tell them they cannot spend more than \$50 for dinner in, say, Sacramento. It also gives our travelers a chance to reduce the dollar amount down to the limit, so that they don't show up on the dreaded "exception report."

Originally, we processed about 25,000 expense reimbursements a year through a paper-based system. Now, we generate more reports with less processing. We have also moved from individual bill, individual pay to individually bill, central pay, which makes our associates quite happy.

Frequent users of the system absolutely love it and can't get enough of it. It's saving them considerable time and they are just amazed.

CASE STUDY 5:

Company: Thomson Corporation

Description: This leading global provider of integrated information solutions decreased the amount of time employees were spending creating and approving expense reports by over 50%.

Reported By: Frank Scalzo, Manager of Application Services (Corporate Financial)
Maggie Lagana, Director, Treasury Operations

Frank Scalzo has been with Thomson Corporation for five years and is responsible for domestic cash management, corporate accounts payable, travel and entertainment data management, bank relationships and corporate liquidity and management. Maggie Lagana has over 21 years of experience in cash management and is responsible for domestic cash management, bank relationships and corporate liquidity management. Together, they tell the story of the transformation Thomson has made in their expense report handling.

Today, Thomson Corporation is a \$17.4 billion global leader in integrating information solutions to business and professional customers, and employs 43,000 in 46 countries.

At Thomson, we wanted to eliminate the physical movement of paper and automate the authorization and approval function of expense reporting. We needed a system that enabled exception policies to be loaded and could also be deployed to a server instead of desktops. With 45,000 employees worldwide, we were looking at automating to achieve improvements in numerous areas:

Reduction of our cost-per-transaction:

- Workflow automation
- Less time spent filing and approving
- Less paper to move
- Eliminate the keying process
- Faster reimbursement to employees

T&E policy enforcement and improved compliance:

- Catch policy violations
- Ensure preferred vendors are used
- Monitor the “cowboys”
- Eliminate “maverick” spending

THOMSON CORPORATION CASE STUDY 5 CONTINUED

Data warehousing:

- Get meaningful, versatile reports that allow us to “slice and dice”
- Access corporate-wide data
- Use data to negotiate discounts with preferred vendors

Impact on employees:

- Reduce employee receivables
- Provide incentive for employees to submit T&Es
- Elimination of CBCP cards
- Anytime/anywhere access to the system

We wanted electronic delivery of Amex transactions to eliminate the need for someone to take the receipts, and needed a system that allowed employees to track the progress of their expense reimbursement reports without calling accounts payable to ask “when am I going to get paid?” In addition, it was important to track electronic payment within three to five days of approval of the T&E report.

Our existing system had a central bill, central pay environment in which we paid the bill for everybody in the corporate office. We’d have a flat T&E volume for the first three quarters, then in the fourth quarter of the year, we’d have a spike in T&E expense. My question was, “Where’s everybody going in the last quarter of the year?” Clearly, centralizing was not the way to handle it.

So, we went to an individual bill, individual pay program. You can imagine what a culture shock that was. When we told corporate employees they had to pay their own bills, they responded: “You’ve got to be kidding! I’m not paying my own T&E. That’s ridiculous.” So, we still had to find a better vehicle. We also wanted Internet access anywhere, anytime. So, if someone was traveling internationally, they could access the system, and by the time they got back to the US, their T&E report would be processed and paid and the money was waiting for them to pay their bills.

Once we implemented Geac’s Extensity Expense System, we gained control over all these systems. Now we can slice and dice data across the system. We see not only corporate data, but we can see it across all of our groups of 43,000 employees. We can use information to go to the suppliers and negotiate better discounts. We can see who is not complying with policy and we can also build new policy, where appropriate.

We are also taking advantage of the system’s ability to handle Amex online payments, as it makes it really easy for employees. We could say: “even though you have an individual bill, individual pay program, you can have your assistant easily pay your bill online. You don’t have to write a check.” They thought this was the greatest

THOMSON CORPORATION CASE STUDY 5 CONTINUED

thing since sliced bread.

Our Geac Extensity system today has about 5,000 users live, and by the end of the year, we expect that to be about 15,000. It's the biggest system in our entire organization.

There are many ways to calculate the ROI on this implementation. My method was to take the three employees that were most involved in the process of the expense report, the creator, the approver and the account manager, their average salaries, then the average time it took each employee to go through their particular process. Here is what we learned:

The creator went from 30 to 15 minutes. The approver went from 15 to 5. The accounting function went from 30 to 15 and actually we can probably reduce some of these numbers even further now. The bank fee went from 50 cents to 35 cents. The cost for T&E went from \$30.75 to \$14.10. This is based on averages for 30,000 expense reports. As the system moves out, we're going to have a lot more than 30,000 expense reports a year. The first year's cost reduction was 54%.

Here are some actual quotes from employees after using the system.

- "I'm getting paid too fast, my wife is spending the money."
- "Extensity ROCKS!!!!"
- "What used to take me hours takes me minutes."

And one of our chief cowboys actually came up to me and said, "This is cool."

The final count is that we decreased the amount of time our employees were spending creating and approving expense reports by over 50%. We lowered associated bank fees by 30%, and reduced the number of expense reports submitted by almost 60%, for a 54% overall reduction in cost.

ABOUT GEAC: MANAGING PERFORMANCE, MEASURING SUCCESS

There's no better solution for automating employee-based financial processes than Geac's Extensity application suite. This Web-based, global tool can transform your management and tracking of business travel and expense reporting, billable and payroll time capture, check request and procurement. Extensity is designed to help your enterprise control costs and improve employee effectiveness, so that every employee can have a positive impact on the bottom line.

Licensed to more than 1,000,000 users worldwide, the Extensity suite is the selected solution in over 18,000 firms, including 40% of the Fortune 100. Here are just a few of them.

Alliance

Cisco Systems

Deutsche Bank

Gannett

HBO

John Hancock

Lawrence Livermore National Laboratory

Maytag

Merck

Ogilvy & Mather

SC Johnson

Sybase

T. Rowe Price

The Coca-Cola Company

Wyeth

Evaluate this proven solution today.

Find out more about how Geac's Extensity application suite can transform your management of controllable expenses.

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