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Travel and Entertainment (T&E) Expense Management Industry Overview

Businesses, nonprofits and public sector organizations spend approximately \$179 billion in the US and \$600 billion globally each year for employee-related travel and entertainment costs. Added to these direct costs is the cost of processing and reimbursing employees, which can add another \$15-\$70 per transaction. Approximately 15% of organizations in the United States and 7% outside the United States use some type of specialized software tool or outsourced administrative support to handle reporting, processing and reimbursements. In the US, approximately 26% of these organizations use an outsourced solution.

A number of factors make this an especially opportune time for our business. The domestic and global market for expense management is growing by more than 30 percent year over year. The global market for automated expense management solutions is estimated to be \$3.6 billion of which 15-40% has been captured in the United States and 8% has been captured worldwide. Software-as-a-Service (on-demand solutions) is estimated by IDC and Aberdeen Group to become a \$14 billion market by 2011.

Travel and entertainment expenses are the second largest indirect cost for most organizations, accounting for as much as 24 percent of total controllable expenses, and as companies conduct more international travel, there is increasing demand for a solution that can provide the necessary control. A recent FutureWatch study found that 27% of companies intend to increase the number of countries in which they do business in 2007.

Around the world companies are developing and striving to enforce travel policies more consistently than ever before. National and international reporting and compliance regulations, Sarbanes Oxley among them, have motivated companies to tighten financial controls, monitor compliance, and track spend more deliberately and accurately. These pressures will continue to intensify as global markets expand, providing significant opportunities for us around the world.

In a survey conducted by Aberdeen Group in 2007, 84% of finance professionals reported that automating expenses contributes to savings around T&E, and more than half of those surveyed consider their expense management solution to be the most accurate source of travel and expense data. Approximately 20% of those surveyed said they expect to move to an automated T&E solution in 2007. Finance leaders are clearly focused on the dual priorities of savings and reliable, actionable data.

Moving to an automated T&E solution can provide a ROI within six months, along with increased employee satisfaction, which drives the solution's success. Automated expense management solutions support a company's IRS and SEC regulatory compliance efforts, especially pertaining to Sarbanes-Oxley. As organizations increase their global footprint, strive to consolidate business processes across the enterprise, and seek a single source of reliable data, an on-demand approach to T&E will be critical.

For more information, please visit www.gelco.com