

OPTIMIZING EXPENSE MANAGEMENT: A COMPREHENSIVE MULTI-CARD PAYMENT SOLUTION WITH EXPENSE REIMBURSEMENT



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The Significance of Expense Management in Uncertain Times

In today's uncertain economic climate, effective expense management holds great importance. Closely monitoring corporate spending is crucial to ensuring that a business can meet its financial obligations and make use of its cash reserves, especially when sales and revenues are declining.



Without proper oversight, unchecked or unplanned spending can chip away at a company's profitability, hinder strategic opportunities, necessitate unforeseen debt, or even result in business closure.

However, managing expenses is no small task for most businesses, especially global companies.

Several challenges are common:

- Tracking and controlling field transactions can be difficult
- Business travelers often spend significant time compiling and submitting expense reports
- Accounts payable (AP) reconciliation is complex and time-consuming
- Decision-makers lack access to essential spending insights
- Sophisticated fraudulent activities and "bad actors" pose an increasing threat to businesses

One effective approach to streamline expense management processes and regain control over corporate spending is to consolidate multiple card programs into one unified multi-card solution. This whitepaper outlines the steps to achieve this efficiency.

Understanding Business Expenses

Managing expenses can be daunting due to the diverse nature of business expenditures. Companies incur both direct expenses, such as raw materials, and indirect expenses like labor, administrative fees, travel expenses, subscriptions, and discretionary spending. While direct expenses are straightforward to link to essential operations, indirect expenses can be harder to track as they do not directly correlate with specific outputs.

Moreover, certain expenses, like fuel, hotel charges, airline tickets, and subscriptions may be incurred in the field or at the point of sale in a decentralized, employee-driven manner. Budget owners often remain unaware of such expenditures until they are reported post-purchase.



Regardless of the purchasing method, businesses must ensure they have the necessary funds to pay suppliers, a means of executing payments, and a process for reviewing, approving, and initiating payments.

All the while, businesses strive to pay for purchases efficiently, mitigate fraud risks, and make sound financial decisions to preserve capital.

The Predicament of Conventional Expense Management

The conventional approach to managing corporate expenses is often cumbersome, error-prone, and risky. The repercussions of poor expense management can be substantial:

- Financial strain can result from overspending or misallocation of funds, potentially leading to cash flow issues and financial instability.
- Cash flow disruptions may occur, making it challenging to cover essential operational costs and hampering growth opportunities. Prolonged cash flow problems can impact credit rating and increase borrowing costs.



- Inaccurate financial reporting hinders a business's ability to assess its financial standing and plan strategically.
- Budget overruns and "maverick" spending can impede a business's ability to achieve financial goals and strategic objectives.
- Non-compliance with regulatory spending requirements can lead to fines, penalties, and legal complications.
- Poorly managed supplier relationships can disrupt supply chains, weaken negotiation positions, and harm a business's reputation.
- Low staff morale and reduced productivity can result from perceived mismanagement of company resources, leading to employee turnover.

Addressing these challenges necessitates a re-evaluation of expense management practices.

Why Expense Management Is Challenging

Expense management poses significant challenges for businesses for several reasons:

- **Complexity:** Corporate expenses encompass various categories, including operational expenses, procurement, employee expenses, and sales and marketing expenses. Managing this diversity requires different strategies and tools, and accurately categorizing transactions adds to the complexity. Many businesses use card programs without standardized reporting, necessitating manual data tracking.
- **Proliferation of Payment Cards:** While payment cards offer convenience, many businesses issue various cards to meet different needs, such as travel, fuel, and purchases from specific retailers. Some businesses even allow employees to charge business expenses to their personal cards, leading to fragmented oversight. Managing multiple card programs involves tracking transactions, and each program may have distinct reporting mechanisms, which requires separate reconciliation processes.
- **Manual Processes:** Manual tracking, monitoring, and reporting of expenses are cumbersome and prone to errors. Closing financial books often requires a considerable amount of time. Manual processes also hinder the enforcement of corporate spending policies, as employees may interpret them differently or be unaware of their existence.

- **Limited Visibility:** Stakeholders across the organization require visibility into expenses, but achieving a comprehensive view can be daunting for global companies. Diverse tax regulations and regulatory standards further complicate expense reporting. Many legacy systems do not integrate seamlessly with spend management software, and some businesses allow employees to use personal cards for business expenses, obscuring visibility.
- **Unexpected Events:** Economic turbulence, natural disasters, and other unforeseen events can disrupt financial forecasts and require rapid adjustments to spending plans.
- **Fraud:** Identifying and preventing fraudulent activities, both internal and external, requires careful view of each expense report and purchase. Managing numerous purchasing cards presents a significant fraud risk.

Given these complexities, it's evident why businesses encounter difficulties in managing expenses.

Simplifying Expense Management With Multi-Card Solutions

An effective strategy for regaining control over expenses is consolidating all card programs onto a single platform.



Multi-card payment programs with expense reimbursement streamline both front-end and back-end processes related to card spending.

Multi-card solutions with expense reimbursement simplify expense management by providing cardholders with a single corporate card for all business expenses. These cards incorporate customizable controls that enforce spending policies at the cardholder level, eliminating the need for on-the-go policy recall.

Even more, they introduce unlimited approval workflows, replacing labor-intensive AP processes and guaranteeing that expenditures remain within established budgets. With automated reporting, businesses gain access to real-time spending tracking across different categories. Proactive monitoring systems also alert AP managers to unapproved purchases and potential fraud. The standardization of payment data further simplifies spending reconciliation, facilitates dashboard creation, and enhances expense analysis.



Some multi-card solutions even enable the issuance of virtual cards to temporary workers, reducing the number of expense reports field workers must submit and the number of plastic cards that require management.

Multi-card solutions with expense reimbursement effectively mitigate the challenges of expense management, offering businesses a comprehensive toolkit to streamline their financial processes and regain control over expenditures.

Simplified Expense Reporting

A multi-card solution that includes expense reimbursement offers several advantages:

- **Simplified Purchasing:** Multi-card solutions eliminate time-consuming, manual reporting for cardholders and complex approval workflows for AP staff. A single corporate card can cover all business expenses, digitizing the purchasing process and reducing manual data entry. AP staff can instead focus on data analysis and building supplier relationships.
- **Accurate and Transparent Reporting:** Multi-card solutions with expense reimbursement facilitate expense tracking and monitoring, even while on the move. AP staff can monitor expenses in real time and consolidate all spending data into one place for analysis, categorization, reconciliation, and identification of trends. Real-time monitoring reduces fraud risk and automates policy compliance enforcement.
- **Robust Controls:** These solutions empower AP staff to customize and enforce controls at the cardholder level, automatically applying policies in the field with a detailed transaction trail. Personal cards are no longer required for business expenses, preventing overspending and ensuring adherence to budget constraints.
- **Faster Reimbursements:** Multi-card solutions with expense reimbursement free cardholders from the hassle of compiling and submitting expense reports. Manual review and approval processes are eliminated, preventing reimbursement delays.

- **Improved Negotiation Power:** Consolidating all expense data provides businesses with more leverage when negotiating terms with suppliers. Some suppliers may offer discounts or favorable terms for prompt card payments.

These benefits underscore why an increasing number of businesses are adopting multi-card solutions with expense reimbursement to automate their expense management processes.

Take Control of Your Expense Management

Expense management remains critical in today's uncertain economic climate. By consolidating multiple card programs into one unified solution, businesses can reduce administrative burdens, enhance spending visibility, mitigate fraud and wastage risks, and fortify their position with suppliers. While these times may be challenging, businesses proactively enhancing their expense management processes will emerge stronger and better prepared to weather the storm.





About Corpay

Corpay transforms the way distribution companies pay their suppliers with a holistic approach to payments. Their configurable AP payment solution meets the needs of companies that have complex approval workflows, multiple locations, bank accounts, and payment methods.

Corpay is designed to immediately generate time and cost savings in your vendor payment process. Join this webinar to learn how payment automation will enable you to become a key revenue strategy for your company, starting with a seamless implementation into your ERP.

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