Top Trends from Center's 2023 Expense Management Survey

In our 4th annual survey, we heard from 300+ US finance leaders about their experience with travel and expense management tools. Here's what we learned.

This is our fourth year tracking the expense-related tools, priorities, and challenges faced by today's finance teams. In that time frame, we have seen a number of significant changes, as companies of all sizes have adapted to the rippling effects of COVID-19, supply chain shortages, expanding and contracting work forces, and economic uncertainty.

Our first survey, in 2019, illuminated the frustration with time-consuming manual accounting tasks and the desire for more scalable processes and more time to spend on strategy and planning. The pandemic proved to be a forcing function, with the drastic shift to remote work spurring investments in new tools and technology to fix inefficient workflows and increase efficiencies. In 2021, we saw companies thinking ahead to the return of business travel and considering improvements to their booking tools and travel policies.

This year, our survey of 300+ accounting and finance professionals from a range of industries demonstrated that despite lingering economic uncertainty, companies are indeed spending and traveling. This aligns with CNBC's recent CFO Council findings that corporate capital spending and headcount are likely to hold steady or increase in 2023. Here are three key findings relevant to companies of all sizes.

Company sizes as defined in this report	
Small	<100 employees
Mid-sized	100-1,000 employees
Large	1,000+ employees

1 Digital expense management solutions are gaining traction, but key challenges persist.

Tools and processes

Roughly a third (32%) of companies—and 38% of large companies—still manage expenses with some combination of spreadsheets, paper, and manual processes. Overall, this is a sizable improvement from 2021, when 48% of companies and 60% of large companies reported still using spreadsheets, paper, and manual processes.

When we launched our first survey in 2019, we found that mid-sized companies felt the pain of inefficient tools and processes most acutely, and they now appear to be leading the charge of digital transformation for key finance processes. Only a quarter of mid-sized companies still rely on spreadsheets and manual processes today, and this number dips to 16% for companies with 500-1,000 employees.

While the overall number of companies embracing digital technology is growing, large and small businesses still lag in replacing manual processes with more modern expense management solutions.

40% of respondents reported employee time filling out expenses and collecting receipts as their most significant challenge

Top challenges

Though the specific pain points reported by companies shift each year, expense management remains a challenge for companies of all sizes. Process complexity persists, and this year employee time spent filling out expenses and collecting receipts—a new top issue— was reported by 40% of respondents as their most significant challenge. Time spent creating and analyzing expense trends and data (31%) and credit card reconciliation (27%) rounded out the list.

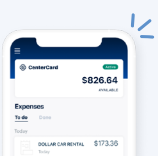
This year, nearly a quarter (23%) listed time to close the books as their top challenge, and the most commonly reported time to close was 10 days, consistent with our findings in previous years. We would expect this key metric to be decreasing given the emphasis on digitizing processes over the past four years, so this points to an opportunity for finance teams to more fully capitalize on the benefits of advanced automation and real-time expensing.

Expense policies remain another challenging area, with 38% of respondents reporting that broad understanding of the policy remains their biggest hurdle, and another 30% noting that employee awareness of the policy is the most pressing issue.

Perhaps as a result of these lingering pain points, nearly a quarter of respondents are unsatisfied with their existing expense management tools and processes.

When asked what would motivate them to change, respondents cited better employee experience for expense submissions and/or approvals (51%), automating accounting processes (47%), and lower costs (42%) as the most compelling reasons.

Significant opportunity exists for companies of all sizes to address persistent expense management headaches, lighten the load on employees, and shorten their monthly close with intelligent expense management solutions.



2 Distributed teams are on the rise—and so is corporate card distribution.

More than half of respondents have increased the number of corporate cards at their company over the last 3 years. They also reported that their teams are increasingly distributed—57% of workforces are either hybrid or remote, which means that employee purchase decisions continue to be decentralized.

Mid-market companies again lead the way, distributing corporate credit cards most frequently and reporting increased distribution at a rate far outpacing their small and large counterparts. Only 14% report not distributing any corporate cards to their teams.

48% of small companies and **23%** of large companies don't distribute corporate cards

Distributing corporate cards is one of the most effective ways to get a handle on employee spending, and small and large companies in particular have significant opportunity to improve.

Why don't companies distribute credit cards?

1. Corporate cards are too difficult and complicated to manage.
2. Having employees use their own cards keeps them "on the hook."
3. Having employees use their own cards helps with float.
4. Employees prefer to use their own cards for points, miles, and rewards.

Many of these objections can be addressed by choosing the right corporate card program, and the business benefits of doing so are significant.

Source: Four Common Objections About Corporate Card Programs (and How To OverCome Them), Center

3 Travel spending is significant, and growing.

A year ago, we found that respondents were anticipating a return to business travel, and this year's results demonstrate that was certainly the case. Nearly a third of companies spent more than $250K per year on business travel, and 16% spent more than $500K per year. When we look at large companies alone, roughly half spent more than $250K a year, and nearly 20% spent upwards of $500K.

Looking ahead, across companies of all sizes and industries, about half expect business travel to increase in the next 1-3 years. This finding makes intuitive sense as companies continue to adjust to hybrid workforces and travel as a necessity to keep teams connected and productive.

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What are companies spending on?

	2021 % of total spend	**2022** % of total spend	**YOY Increase**
Overall business travel & entertainment	30%	35%	17%
Air travel spend	14%	18%	29%

**Source: CenterCard data, January - December 2022*

Despite lingering fears about COVID-19 and macroeconomic uncertainty, businesses are spending significantly on travel, and those numbers are expected to increase. Investing in the right tools to manage expenses effectively should be a top priority for companies of all sizes.

About Center

Center is a software company helping businesses gain visibility into and manage employee spending. Our leadership shaped the first wave of spend management innovation, and created Center to deliver a more cost-effective and modern way to automate expense processing for mid-market companies. Center Expense, our core offering, is an integrated corporate card and expense solution used by small and medium businesses to save time, improve operations and compliance, and deliver real-time insights to finance teams for better decision making. To learn more, visit getcenter.com.