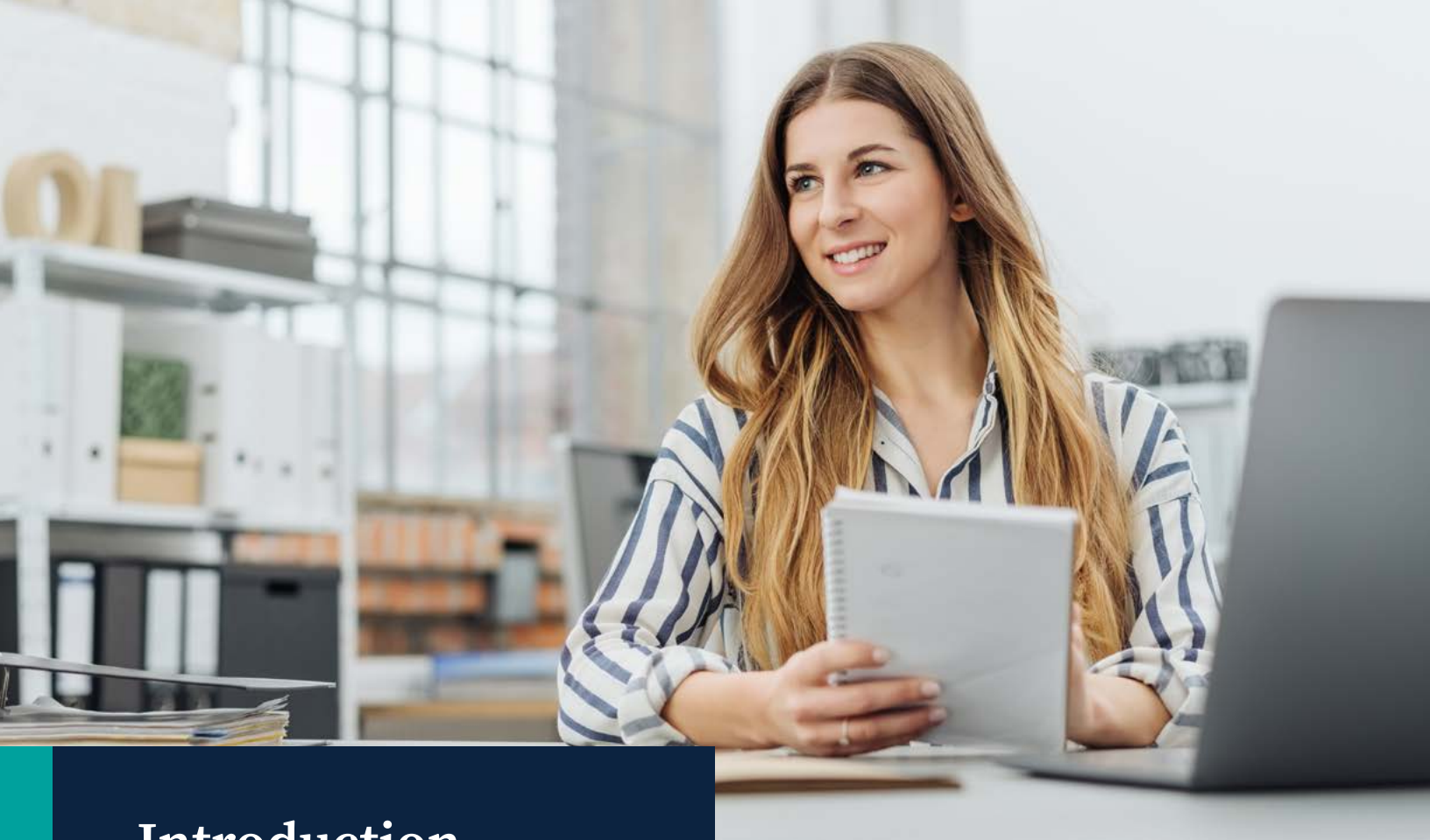




3 Ways Dedicated Expense Vendors Outshine FMS Suites



Introduction

Organizations must make several decisions when evaluating expense management solutions before they even get to the point of creating a vendor shortlist. First, there must be a discussion of what approach to take: a solution or an all-in-one FMS (financial management system) platform. FMS providers encourage their customers to adopt their expense solutions by touting easier integration and lower cost. On the surface, these both offer compelling benefits.

Integration between the different elements of the suite should reduce IT headaches both during implementation and on an ongoing basis. At first glance, this makes sense, compared to integrating unrelated vendors' products.

Similarly, bundling multiple solutions from a single vendor enables economies of scale and permits add-on functionality to be included within the FMS suite at an incremental fee. This can nominally provide a cost benefit over choosing point solutions.

However, when you dig deeper into the FMS expense offerings, these selling points become less clear. Opting for an all-in-one solution may not be in the customer's best long-term interest, especially in terms of **innovation** (both on the back end and for end users), **integration**, and **cost**.

01. Innovation

FMS vendors' primary focus is understandably on their core financial products, as these are the cash cow for the organization and the hub of all other solutions. As a result, development dollars and innovation resources are concentrated in this area. This leads to two issues: first, the level of both innovation and functionality may be significantly lower than for a best-of-breed solution.

This may pose a manageable challenge for organizations with very straightforward expense reporting requirements. However, organizations with more sophisticated needs (international VAT compliance, advanced compliance rules, allocation splits, cash advances, and/or pre-approvals), may find that FMS expense modules can't support their level of complexity.

This lack of innovation also impacts the end-user experience. Many function-specific FMS solutions focus on the back office and have a small number of users who are specially trained on the solution. Expense management software is used organization-wide, sometimes just a few times a year. As end users have become accustomed to easy-to-use, high-quality, fully-mobile, consumer-like apps, even for business applications, they expect expense solutions to offer a similarly seamless and user-friendly experience.

A lag in rolling out functionality such as automatic optical character recognition of receipt transaction data or app-free mobile access could lead to considerable friction

with business travelers. Since frequent travelers are often an organization's most valuable employees, removing unnecessary friction in the travel and expense process is paramount. Innovation's availability and pace also matter. The large-scale and mission-critical aspects of FMS solutions naturally choke the release cycle. Instead of incremental updates and enhancements every few weeks, releases are concentrated into major six-monthly or even annual releases. For customers, this means slower time-to-market for new features, while the rest of the solution is developed, integrated, and tested.

This technology area morphed from ERP/financial management/HR providers' dominance to cloud TEM specialists who are currently forging innovation through improved functionality, reporting functionality, travel booking integration, and superior usability.

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FMS suite providers are starting to fight back with improved capabilities in expense management within their latest generation of cloud FMS suite(s); however, it is not their intent to out-innovate TEM domain specialists because of wider R&D priorities focused on the suite.

CHRIS PANG, GARTNER

(Source: Market Guide for Travel Expense Management Software, Gartner)



02. Integration

Integrating disparate vendors' applications in previous generations of enterprise software could often be a complex and costly process, requiring cumbersome middleware applications to connect the various platforms. However, with the advent of cloud solutions, software vendors have recognized that straightforward interoperability with other vendors' solutions is critical.

Offering a closed ecosystem is more likely to lead to reduced revenues, not increased revenues, as customers avoid being locked into a single vendor that may not best suit

their requirements across the board. As such, FMS vendors will integrate with competing solutions, often through APIs and off-the-shelf connectors, such as Dell Boomi, Informatica, Mulesoft, and others.

As a result of these integrations, data passes just as seamlessly between different vendors' solutions as with those from a single vendor. Information transmits in near-real-time with no errors. There is also nominal need for the internal IT team's involvement with either solution and thus there are no tangible integration benefits for an all-in-one solution.



03. Cost

Cost is another area where the ability of FMS providers to offer bundle discounts has been an attractive selling point for suite solution providers. As with other areas, these claims also need to be scrutinized more carefully, and organizations should ask themselves several questions before committing to a major implementation.

Many of these questions revolve around purchase cost versus return on investment and total cost of ownership. As previously stated, many FMS-bundled expense management software solutions need more capabilities and deep functionality of standalone solutions.

This can lead to several challenges. First, they may need help to automate as much of the functionality as possible with a specialist solution, which could impact the amount of time (and labor cost) to process expenses.

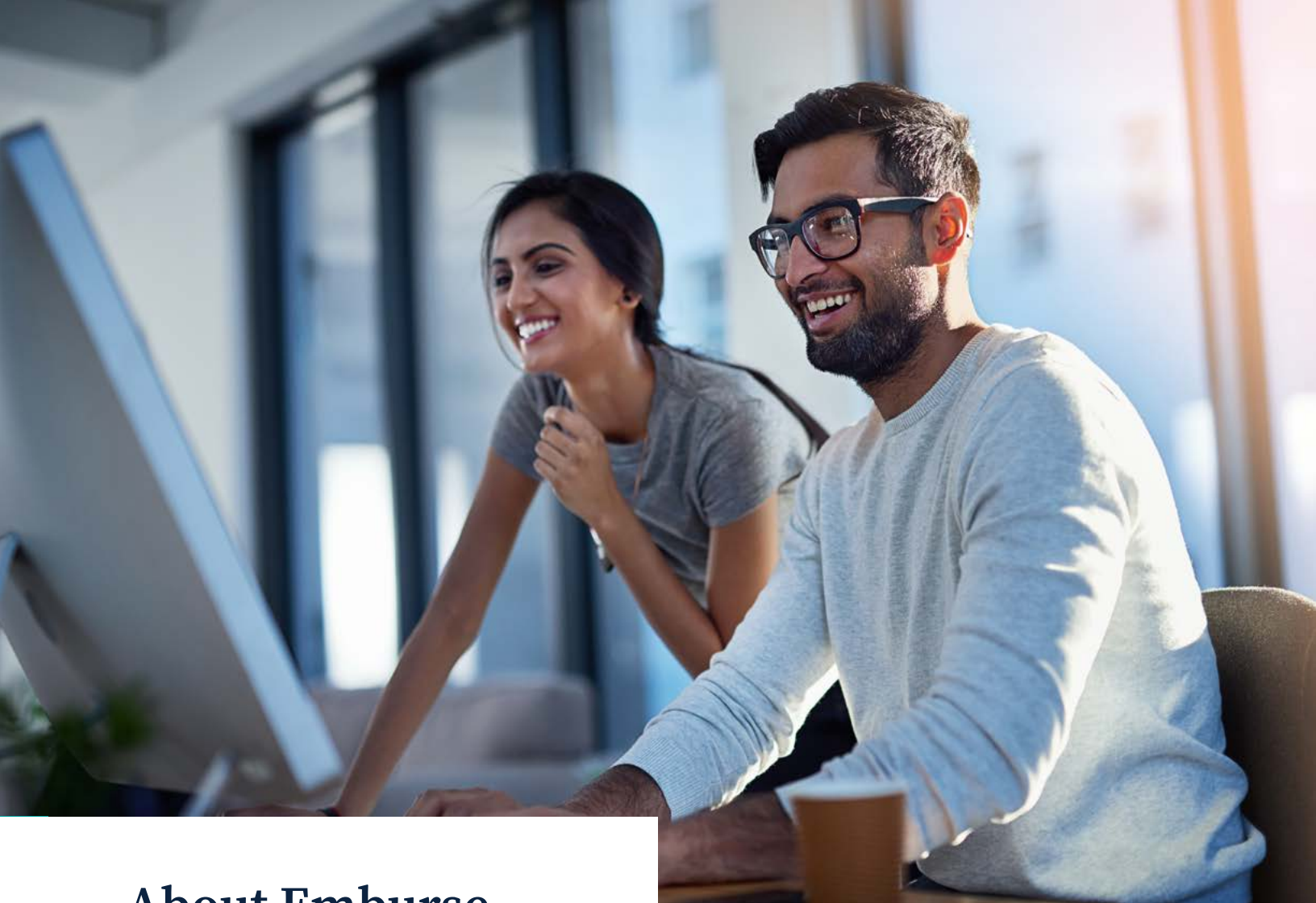
A more considerable financial challenge could come through a less-robust FMS expense solution's lack of analytics capabilities. An expense solution's impact on cost control is far greater from the insight it provides into spend (and how it's used to reduce unnecessary spend) than the actual automation of manual processes.





Summary

If your organization is becoming increasingly agile and strongly emphasizes implementing efficient, cost-saving solutions, a dedicated expense management system is the best fit for you. You will have an integrated solution that will continue to innovate and adjust to your business needs as you grow, while also offering your employees an intuitive, mobile experience.



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