

Market Share

Worldwide Travel and Expense Management Software Market Shares, 2020: Travel Down But New Opportunities Emerge

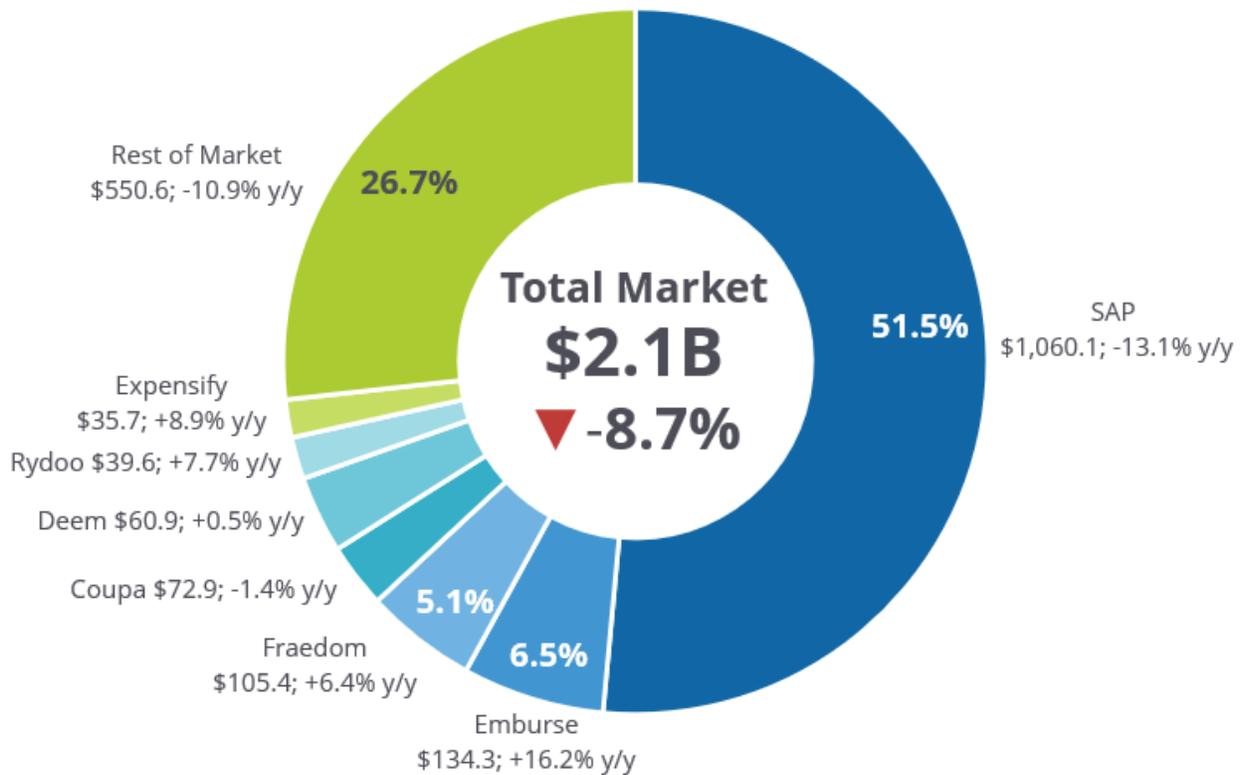
Kevin Permenter

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IDC MARKET SHARE FIGURE

FIGURE 1

Worldwide Travel and Expense Management Software 2020 Share Snapshot



Note: 2020 Share (%), Revenue (\$M), and Growth (%)

Source: IDC, 2021

IN THIS EXCERPT

The content for this excerpt was taken directly from Worldwide Travel and Expense Management Software Market Shares, 2020: Travel Down But New Opportunities Emerge (Doc # US47980421). All or parts of the following sections are included in this excerpt: Executive Summary, Market Share, Who Shaped the Year, Market Context, Appendix and Learn More. Also included is Figures 1, 2, 3, and 4 and Table 1.

EXECUTIVE SUMMARY

The pandemic severely impacted the corporate travel industry in 2020. Between the global lockdowns that cascaded throughout the first part of the 2020 and the travel restrictions that many businesses had to deploy to keep themselves safe and limit the risk to their businesses, 2020 will go down as one of the most disruptive years in recent memory. In detail:

- **Cancelled events and trade shows.** Major conferences and trade shows were cancelled in 2020 around the globe, including some of the largest events such as the E3 Conference, Salesforce Dreamforce, and Mobile World Congress. The impact of these major nodes of corporate travel is still being assessed. However, it is safe to say that billions of dollars were lost in sales opportunities, fundraising efforts, and product marketing traction.
- **Content cutbacks.** The major carriers announced reduced services (e.g., number of flights and number of routes), passenger seat restrictions on current flights, and employee layoffs. This happened for carriers around the globe, essentially all at once. Corporate travelers who were willing to travel often found it difficult to find the necessary flights, hotels, and cars to carry their trip safely.
- **Global lockdowns.** By the end of April 2020, about half of the world's population was under some form of pandemic safety-related lockdown. Only essential businesses could operate, and only essential workers could travel during this time. While the ultimate efficacy of these lockdowns on public health has yet to be fully explored, the impact on corporate travel was severe and immediate.

There is no doubt that the travel and expense (T&E) market was heavily impacted by the travel bans and restrictions, but throughout it all, there were areas of growth to be found:

- The hybrid and remote working models added greater complexity to the process of expense management, ushering in new expense types with personal protective equipment (PPE) and expenses for home office setups (i.e., keyboards, monitors, and internet access). This change in the expense mix prompted many businesses to seek out tools with additional expense management and auditing functionality.
- Many organizations took the recess of business travel to reevaluate their current vendor and travel partner relationships. In essence, it was an opportunity to swap out old legacy systems and replace them with new cloud-native systems.
- Some organizations were burned by terrible customer experience from the prior vendors at the height of all the confusion and cancellations. These businesses sought to replace the current T&E vendor with one that provides better customer support or a better user experience overall.
- More businesses took the opportunity to add new features to control spend or provide more duty of care-related functionality and controls. This was an especially powerful differentiator for software vendors with preexisting ties to new emerging areas within T&E such as auditing, sustainability, virtual cards, and duty of care.

This IDC study reviews the competitive market for travel and expense (T&E) management software in 2020.

"While business travel was down, many organizations took time to update/augment their expense management systems and accelerate their digital transformation journeys. Those T&E vendors that have either deep integrations or native expense management functionality were able to find pockets of growth, even amid the global travel slowdown," said Kevin M. Permenter, research manager for Enterprise Applications with IDC.

ADVICE FOR TECHNOLOGY SUPPLIERS

Technology suppliers of travel and expense management software should consider the following:

- **See the ecosystem as a differentiator:** For many end-user customers, the first stop when selecting additional tools to extend functionality are the ecosystems of their financial applications. This is an opportunity for the application vendor to add value to its solution, thereby increasing the "stickiness" of its product. In other words, the more invested a customer is in a software vendor's direct offerings and its adjacent functionality, technology, and services, the more value it derives from the ecosystem, making the customer less likely to seek alternatives. As more organizations look to recurring revenue and customer retention as key metrics of the digital age, they must learn to harness the ecosystem to drive those metrics in a positive and profitable direction.
- **Notice how convergence adds visibility:** The traditionally siloed nature of financial activities such as treasury, accounts receivable (AR), accounts payable (AP), expense, tax, and digital payments is rapidly changing. These walls will break down, allowing for more coordination, collaboration, and communication among these financial activities. Customers, more and more, are demanding a single view of their company's financial position. The rise of cloud has made this desire much more attainable in recent years. Vendors must take this desire into account when establishing their product road maps, building their application programming interface (API) strategies, and developing mergers and acquisitions (M&A) strategies.
- **Lean into expense functionality.** The drop in business travel did not necessarily slow the tide of business expenses and reimbursement payments to employees. However, the mix of expenses shifted very quickly. Now more than ever, businesses need advanced expense management capabilities to pair with travel management functionality. These two systems do not necessarily need to emanate from one single vendor. Instead, vendors must focus on delivering a seamless travel and expense experience through a native expense management application or via a deep integration with a modern expense management platform.
- **Lead with your 2020 successes.** In so many ways, 2020 was an unprecedented year. However, many T&E software vendors rose to the occasion at the most critical times for their customers. During discussions with leaders from many travel and expense management software vendors, there were many examples of vendors stepping up and providing access to PPE, helping companies negotiate travel for stranded employees, and rapidly building modules to address pandemic-specific problems. It is time for vendors to lead with those stories to show potential and current customers their compassion and ingenuity in the face of adversity.
- **Enhance sustainability features.** The pandemic has prompted many businesses to consider the environment, mental well-being, and a healthy life as a bigger priority. Vendors looking to gain momentum as business travel returns must consider adding more sustainability features.

MARKET SHARE

Table 1 displays 2018-2020 worldwide revenue and 2020 growth and market shares for travel and expense management software vendors. Cloud applications dominate this submarket of financial applications because of pure-play cloud vendors such as Emburse, Coupa, and Expensify.

TABLE 1**Worldwide Travel and Expense Management Software Revenue by Vendor, 2018-2020 (\$M)**

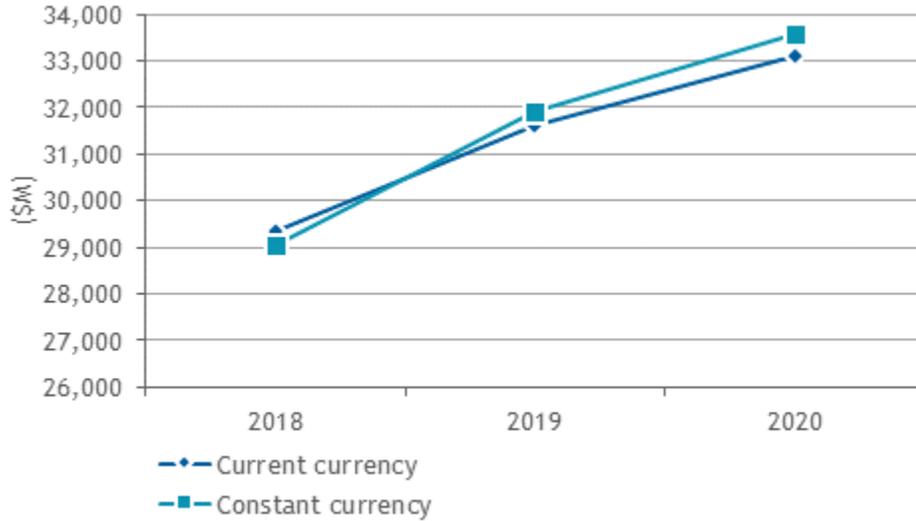
	2018	2019	2020	2020 Share (%)	2019-2020 Growth (%)
SAP	1,083.7	1,219.7	1,060.1	51.5	-13.1
Emburse	101.2	115.5	134.3	6.5	16.2
Fraedom	83.0	99.1	105.4	5.1	6.4
Coupa	54.3	73.9	72.9	3.5	-1.4
Deem	54.3	60.6	60.9	3.0	0.5
Rydo	29.6	36.8	39.6	1.9	7.7
Expensify	26.7	32.8	35.7	1.7	8.9
KDS	30.2	34.3	34.4	1.7	0.4
Workday	25.3	31.9	32.0	1.6	0.4
Infor	31.2	33.3	30.0	1.5	-10.0
Other	498.5	518.4	454.2	22.1	33
Total	2,018.0	2,256.2	2,059.4	100.0	-8.7

Source: IDC's Worldwide Semiannual Software Tracker, April 2021

IDC includes constant currency measures in our Market Share documents to provide an indication of overall market developments, excluding the effects of fluctuating exchange rates. The value of the U.S. dollar was up marginally against other currencies in 2020 over 2019. This is an important distinction as readers of this document digest its content, considering constant currencies (see Figure 2).

FIGURE 2

Worldwide Financial Applications Software Revenue, 2018-2020: Current Currency and Constant Currency



Source: IDC's Worldwide Semiannual Software Tracker, April 2021

In terms of the market performance by region, the Americas holds the largest share of revenue with 55.3% of the travel and expense management software market. The revenue from EMEA (including Western Europe and CEMA) makes up 32.4% of the market. Asia/Pacific (including Japan) (APJ) represents a 12.3% share of revenue in the market (see Table 2).

TABLE 2**Worldwide Travel and Expense Management Software Revenue by Region, 2016-2020 (\$M)**

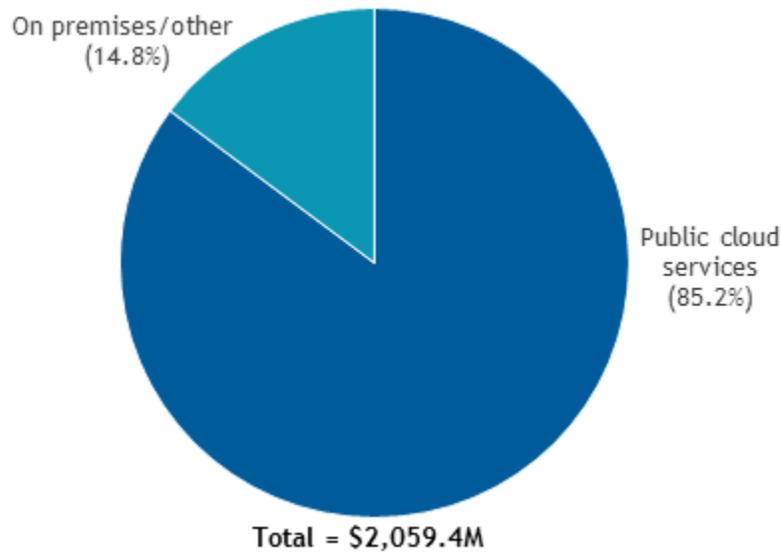
	2016	2017	2018	2019	2020	2020 Share (%)
Americas	862.4	971.5	1,103.2	1,226.1	1,139.0	55.3
EMEA	520.7	599.7	674.6	756.5	666.5	32.4
APJ	188.9	215.9	240.1	273.6	253.9	12.3
Total	1,571.9	1,787.1	2,018.0	2,256.2	2,059.4	100.0

Source: IDC's Worldwide Semiannual Software Tracker, April 2021

Figure 4 presents the revenue split between public cloud software and on-premises/other software in the travel and expense management software market. On-premises/other software makes up 14.8% of the market share, while public cloud software accounts for 85.2% of the market. In 2020, we saw the remote working trend begin to assert itself toward the end of year, allowing cloud solutions to dominate the market in terms of deployment types. Public cloud adoption in T&E is ahead of other enterprise application categories as organizations realize the benefits of improved availability, the ease of scaling, and real-time information such as exchange rates.

FIGURE 4

Worldwide Travel and Expense Management Software Revenue Share by Deployment Type, 2020



Source: IDC's Worldwide Semiannual Software Tracker, April 2021

WHO SHAPED THE YEAR

Market Movers

As previously mentioned, the fastest-growing vendors were driven by their ability to adopt new technologies. The most notable examples are discussed in the sections that follow.

Emburse managed to maintain solid growth in 2020. This momentum was due, in part, to the investments that Emburse made into its technology throughout the year, including receipt transcription, a suite of global payment solutions, and virtual card integrations. Emburse also invested resources into growing its ecosystem, which now includes integrations with Triplog, Amazon Business, and Mastercard.

MARKET CONTEXT

Significant Market Developments

The significant market developments impacting the T&E management software market are as follows:

- **Multiple layers of uncertainty.** The uncertainty that the business world experienced in 2020 had multiple layers beyond the pandemic itself. As mentioned previously, a modern financial solution is essential to weathering the storm of uncertainty. In 2020, we saw the regulatory landscape continue to shift and become more complex with new lease accounting, e-invoicing, and payment mandates throughout various global markets. We also saw the geopolitical

landscape in constant flux. In North America, for example, trade tensions between the United States, Canada, and Mexico threatened to impact U.S. businesses. Mother Nature added to the 2020 uncertainty, which negatively impacted the global supply chain. For example, the Atlantic hurricane season saw a record number of named hurricanes in 2020 wreaking havoc on key Caribbean and U.S. ports and infrastructure. Last, we saw extremes in the global capital markets that have not been seen in more than a decade. All this uncertainty created a financial minefield that business of all sizes had to negotiate.

- **Emissions moved into the spotlight.** The global shutdown, while difficult, had an unintended side effect that lowered carbon emissions from business travel. As a result, the topic of sustainability and carbon footprint has been featured more prominently in the discussion about business travel.
- **Business expense mix.** The mix of employee-related business expenses prior to the pandemic were massively skewed toward travel-related expenses. During the pandemic, we saw business expenses shift toward remote work-related expenses such as office equipment, desk accessories, stationery, and software subscriptions. According to many conversations with T&E software vendors, the overall volume before and after the pandemic were similar, but the mix was quite different.
- **Virtual meetings.** Many organizations have adopted virtual meetings in lieu of face-to-face interactions with clients or coworkers. This has helped to grow the profile of virtual meetings and enhance the general corporate comfort level with virtual meetings. As a result, there will be more attention given to travel justification and pre-trip approvals.
- **Application programming interfaces.** APIs allow developers and managers the opportunity to quickly add/modify data flows into and out of the software application. This allows travel booking systems to be more flexible as business needs change over time. Traveler data can be shared seamlessly between related systems such as CRM, HCM, ERP, and expenses. This adds a layer of process efficiency, enabling travel managers to do more with less. Modern APIs provide more reliable integration across enterprise applications.
- **Adoption of new distribution capability (NDC).** NDC is a new, more modern communication protocol that allows airline service providers to deliver richer content to online travel agencies, GDSs, and travel management companies via APIs. This new standard clears the path for airlines to facilitate more personalization – potentially offering different travel rates/benefits for specific companies or even job roles. NDC will demand innovation from travel booking tools to incorporate this new level of personalization into their booking experience.
- **Digital payments becoming integral.** In 2020, IDC saw payment capabilities becoming more integrated into expense management. The market is quickly moving away from paper-based payments, which are especially prominent in the United States. End users are embracing virtual card payments and other digital payment methods. The driver of this trend is the additional control added by digital payment methods over more traditional methods.
- **Connected data.** The uncertainty brought on by 2020 has highlighted the inefficiencies that finance teams experience when seeing into and moving data from one system to the next. This inefficiency slows decision making at a time when speed is critical. As a result, finance teams are investing heavily in addressing their visibility and data management issues. There is also a vast amount of data across the enterprise and a growing need to connect it all in order to gain more visibility into how the business is performing. Once different internal and external data sets are connected, the organization will start generating new insights and predictions.

MARKET DEFINITION

Travel and expense (T&E) management software provides travel, expense, and invoice management services that work alongside financial accounting, human resources, and procurement systems to create a single, connected process for managing an organization's spend. This IDC study focuses on the expense management side of the T&E market, including expense applications' ability to integrate with travel management services and travel networks.

Travel and expense management software allows users to submit, process, reimburse, and track employee expenses. The software enables employees to input expenses for approval through a desktop, browser, or mobile application. Afterward, administrators can track expense reports, enforce company policies for expenses and travel, set up approval routings, and generate reports for specific projects or company departments.

RELATED RESEARCH

- *Why Trust Is an Enterprise Application Differentiator* (IDC #US47126621, April 2021)
- *IDC Market Glance: Travel and Expense Software, 2Q21* (IDC #US45754020, April 2021)
- *Enterprise Application Vendors Need an Ecosystem of Partners* (IDC #US47498021, March 2021)
- *Market Analysis Perspective: Worldwide Travel and Expense Management Software, 2020* (IDC #US45755020, September 2020)
- *Worldwide Travel and Expense Management Software Market Shares, 2019: Analytics Drives a New Travel Paradigm* (IDC #US46529920, June 2020)
- *Worldwide Travel and Expense Management Software Forecast, 2020-2024: Pandemic Impacts Travel and Reshapes Expense Management* (IDC #US46530020, June 2020)
- *IDC Perspective: Choosing a Travel Management Solution for the Post-Pandemic Era* (IDC #US46576820, June 2020)

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