IDC Case Study

Driving Business Value Through Travel and Expense Management Maturity at Constellation Brands

Sponsored by: Concur

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IN THIS CASE STUDY

This IDC Case Study is based on an interview with Christopher DeCosmo, a United States-based expense systems manager at Constellation Brands, a leading producer and marketer of beer, wine, and spirits. The study details Constellation's implementation of Concur Travel and Expense Management software solutions, the challenges solved by the implementation, and the benefits received within the finance department and throughout the greater organization.

SITUATION OVERVIEW

Organization Overview

Constellation Brands (NYSE: STZ and STZ.B) is a leading international producer and marketer of beer, wine, and spirits with operations in the United States, Canada, Mexico, New Zealand, and Italy. Constellation is a Fortune 500 company and one of the top-performing stocks in the S&P 500 Consumer Staples Index. Constellation is the number 3 beer company in the United States and the world's leader in premium wine. Founded in 1945 and based in Victor, New York, Constellation has grown to become a significant player in the beverage alcohol industry with more than 100 brands in its portfolio, sales in approximately 100 countries, over 40 facilities, and approximately 9,000 employees.

IDC interviewed Christopher DeCosmo, Constellation's United States-based expense systems manager, to get a deeper understanding of how Concur Travel and Expense Management solutions transformed these processes and impacted the larger organization. The views, opinions, and positions expressed by the authors of this publication and those providing comments are theirs alone and do not necessarily reflect the views, opinions, or positions of Constellation Brands Inc.

Challenges and Solution

Challenges

Prior to adopting Concur, expense management at Constellation was done with Excel-based spreadsheets that were handled by an extensive staff in the accounting department. Other basic Word forms were used for certain types of benefit expenses, causing the expense management process to occur on a manual basis. Travel was wholly reliant on Constellation's travel department, and travelers had to call in or email to book travel with a member of the travel department. In 2006, the company decided to move forward with an automated expense solution with Concur Expense and followed this with Concur Travel in 2007. The goal was to modernize Constellation's approach to travel and expense management (TEM) by pushing these services out to the larger organization, thereby gaining efficiencies.

Solution

DeCosmo started at Constellation in April 2007. The company was just launching Cliqbook in Concur Travel. Concur Expense had been implemented the previous year. Already, the company found that it was more efficient to automate the process and have staff submit expenses via Concur instead of through spreadsheets. It also provided a greater level of security, specifically with regard to travel, because DeCosmo's team was able to put constraints on staff travel bookings:

> *In addition to the other tools available to our travel department, we're able to keep track of our employees more effectively. Then of course we have greater oversight and governance over these processes such that we can jump right into an expense report that's held indefinitely within this system to look up documentation that's supplied without having to thumb through boxes of expense reports.*

DeCosmo cites that 3,559 employees regularly use Concur Expense reporting, with 1,764 using mobile apps to either submit or approve expenses. 3,488 employees are booking travel through Concur, and 1,383 are using Concur mobile apps to further manage their travel. Of these, the average Constellation employee submits 15 expense reports per year and travels on seven business trips. With 40% of its 9,000 employees engaged in regular expense reporting and travel, utilizing a dedicated travel and expense management package at this volume is a requirement:

> *Once staff get over the initial learning curve of getting used to Concur, most are finding it's easier than having to deal with paper expense reports. A spreadsheet report was always just a week-by-week thing, so you had to have a different report for every week. With Concur, you can have one report that can span a whole month if necessary.*

In addition, the combination of accessing Concur on mobile further streamlines the new reporting process since staff can enter expenses at the point of expenditure wherever they are:

> *Concur Mobile just blows it out of the water. [Putting] the receipt capture process at the forefront makes it that much more efficient for people. Even if they are not filing or even building their expense reports, they are able to get those receipts loaded into the system, either tied directly to specific expenses or just put into the receipts stored within Concur. That way they don't have to go through the proverbial shoebox at the end of the trip and try to figure out where everything is. It's already loaded up in the system. I think that takes a lot of time in the long run.*

For travel booking, Constellation still maintains an East Coast-based travel department and a relationship with a dedicated travel management company, but these resources have been repositioned in light of staff being able to manage their travel directly through Concur:

> *We do have a back office that's 24 x 7, and the travel partner we have is 24 x 7. It's just a different level of service. I would say it's much faster for them to be able to [book directly]. At the very least, they can price things out faster. They can throw in the parameters of a potential trip and get an idea of the general cost and toss it up to their manager to see if it's okay.*

Results

The company still has its own internal travel department as well as an outside travel partner; however, most staff book their travel directly through Concur. Agents are available for more complicated and international travel booking and directly service executives and CXOs.

Expense report processing time is reduced since the process is housed within one application and workflow. Staff do not need to email their manager, wait for approval, forward the paper report, and hope that it was properly submitted. DeCosmo cites that the leading problem with expense reporting – lost receipt reconciliation – has been cut significantly. Furthermore, he is planning to implement ExpenseIt next year, which would allow for receipt image capture from mobile devices. *"A receipt in Concur doesn't get lost because the staple fell out,"* DeCosmo cites.

> **"A receipt in Concur doesn't get lost because the staple fell out."**

The sections that follow detail additional results pertaining to expense management.

Anytime, Anywhere Access Streamlines Back-Office Processes

The ability to access Concur Travel and Expense Management services from any device is cited as a key value:

> *[Concur] provides mobility, not just with the Concur mobile app, which is fantastic, but insofar as people can access Concur from anywhere. They don't have to be at a company PC or logged into our VPN. You just go onto your home computer, to ConcurSolutions.com, and you're there. People can do this wherever and whenever they need to.*

Zero On-Premise Footprint Reduces IT Costs

The benefit of utilizing a cloud-based travel and expense management solution was summed up as follows:

> *[Concur] doesn't take up any space on our servers. Considering the fact that in Concur we have 10 years' worth of receipt images, it's nice that we don't have to house that. We pay Concur to store our historical data, and our internal IT group does not have to manage it.*

Reduction in Staff Time Devoted to Reconciliation

Concur usage has resulted in a decrease in the time staff devotes solely to the A/P process. In North America, what used to require two to three full-time employees focusing 100% on expense reporting reconciliation now requires a total of one hour per week:

> *Concur allows A/P reps to focus on invoice processing and reconciling payments associated with invoices. None of them ever have to touch expense reporting. That frees them up to be able to do other work.*

Faster Auditing, Faster Payments, More Security

Constellation plans to increase head count in its finance support center, which holds auditing responsibility. There are currently three employees handling audits an average of five hours weekly. Yet expense reporting has grown from 31,000 expense reports submitted in 2008 to 56,000 submitted in 2015. A total of 390,000 expense reports have been processed through Concur since DeCosmo started at Constellation in 2007.

Constellation has the ability to generate reports to facilitate the selection process for audits and to ensure work can be done in the required time frame to ensure timely payments. The Concur workflow reduces the up-front processes, giving staff more time to address auditing, and the fact that company data is housed in one system makes it easier to audit and pay staff and credit card companies:

> We're able to get our payments directly to Amex without having to necessarily go through the employee. It also increases our speed of payment with Amex.

Achieving Compliance

Financial compliance is better achieved using Concur. An example is being able to set up receipt requirements within the system to reclaim VAT.

The department also has a G/L department code validation table within the system that automatically checks whether a department chargeback code has been correctly assigned to the staff member in question. The system will automatically block somebody from submitting something that isn't aligned.

Expanding the Use of Concur Data

As higher-level staff start to see the power of Concur, there are requests for reporting that will impact other business processes such as employee benefits.
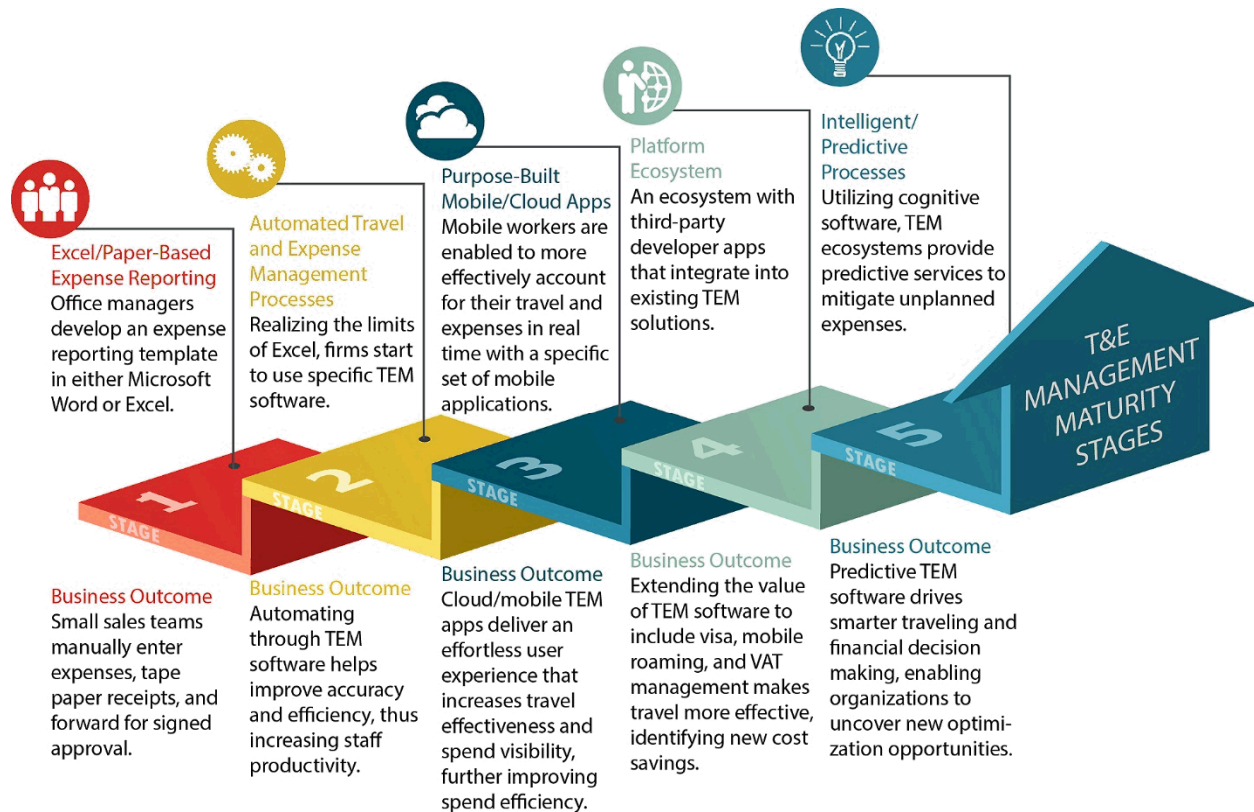
The Concur system has the ability to integrate with other Constellation systems such as employee benefit management. This provides Constellation with greater visibility into companywide T&E spend and provides Constellation with actionable data.

IDC's Travel and Expense Management Maturity Model

According to IDC's Travel and Expense Management Maturity Model, Constellation Brands demonstrates a consistent stage 3 approach to its TEM processes. The company's adoption of a cloud-based TEM solution from Concur, along with mobile apps that facilitate efficient workflows, is indicative of the stage 3 Purpose-Built Mobile/Cloud Apps Phase. Employees enjoy effortless user experience that increases travel effectiveness and spend visibility and at the same time improves companywide spend efficiency. For a detailed look at each of the five maturity stages, see the full Travel and Expense Management Maturity Model in Figure 1.

FIGURE 1

Travel and Expense Management Maturity Stages

Excel/Paper-Based Expense Reporting
Office managers develop an expense reporting template in either Microsoft Word or Excel.

Automated Travel and Expense Management Processes
Realizing the limits of Excel, firms start to use specific TEM software.

Purpose-Built Mobile/Cloud Apps
Mobile workers are enabled to more effectively account for their travel and expenses in real time with a specific set of mobile applications.

Platform Ecosystem
An ecosystem with third-party developer apps that integrate into existing TEM solutions.

Intelligent/ Predictive Processes
Utilizing cognitive software, TEM ecosystems provide predictive services to mitigate unplanned expenses.

Business Outcome
Small sales teams manually enter expenses, tape paper receipts, and forward for signed approval.

Business Outcome
Automating through TEM software helps improve accuracy and efficiency, thus increasing staff productivity.

Business Outcome
Cloud/mobile TEM apps deliver an effortless user experience that increases travel effectiveness and spend visibility, further improving spend efficiency.

Business Outcome
Extending the value of TEM software to include visa, mobile roaming, and VAT management makes travel more effective, identifying new cost savings.

Business Outcome
Predictive TEM software drives smarter traveling and financial decision making, enabling organizations to uncover new optimization opportunities.

Source: IDC, 2016

ESSENTIAL GUIDANCE

Automating a process is about making a transaction faster, but this Case Study demonstrates that there is far more value in travel management and expense reporting beyond faster transacting. Not only was Constellation able to automate its expense processing, but it is now starting to utilize its expense data in other ways, such as with benefits administration.

When planning to adopt a new travel and expense management solution to replace a paper- or Excel-based process or to modernize a preexisting system, IDC advises that organizations work with a partner that can fully host the service and accompanying data. While many smaller vendors have travel-related mobile apps or expense reporting tools, organizations need to work with a partner like Concur: one with a long track record of successfully managing both large and small customers and also that demonstrates it has the ability to link apps with back-office systems, all in an easy-to-deploy service that allows administrators the ability to run reports on the data that can meet a wider set of organizational needs. For more information on the Travel and Expense Management Maturity Model and organizational benefits, see *Driving Business Value Through Travel and Expense Management Maturity* (IDC white paper #US40880116, January 2016).

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