IDC MarketScape: Worldwide SaaS and Cloud-Enabled Travel and Expense Applications for Midmarket 2022-2023 Vendor Assessment

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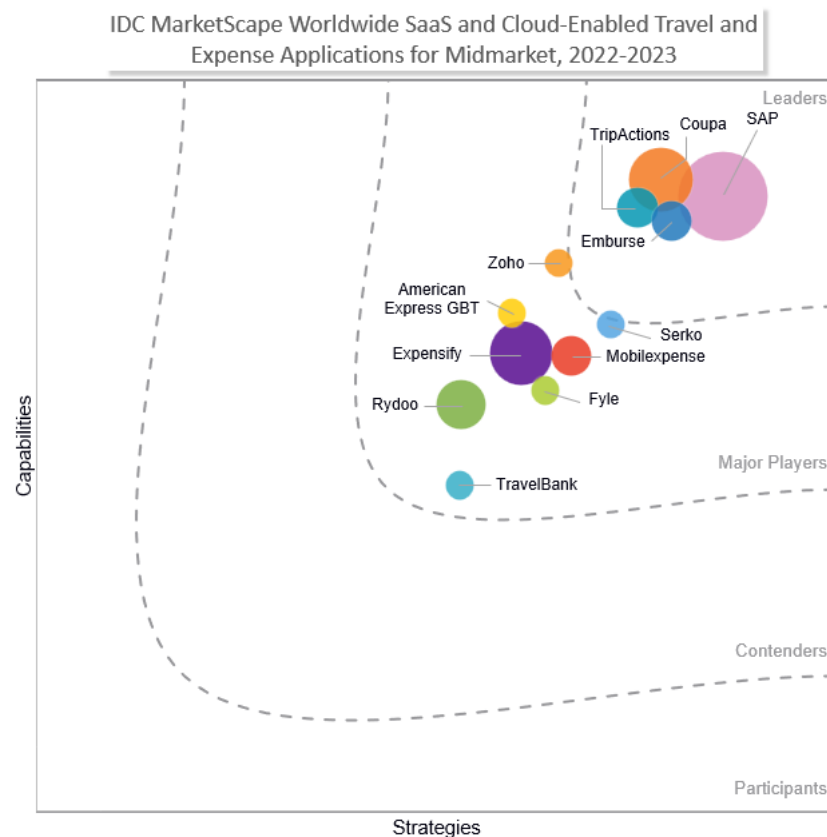
THIS IDC MARKETSCAPE EXCERPT FEATURES SAP

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide SaaS and Cloud-Enabled Travel and Expense Applications for Midmarket Vendor Assessment

IDC MarketScape Worldwide SaaS and Cloud-Enabled Travel and Expense Applications for Midmarket, 2022-2023

Source: IDC, 2022
Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide SaaS and Cloud-Enabled Travel and Expense Applications for Mid-Market 2022-2023 Vendor Assessment (Doc # US49022322). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

Expense management is still a mostly manual process for many companies. Many travel and expense (T&E) software users still utilize spreadsheets to support key T&E processes including expense management, reimbursement, and approvals. In addition, we are currently seeing the business travel world changing shape drastically over the past 24 months, becoming more dynamic and complex. Here are a few examples of this transformation:

- Health and safety will play a much larger role, as will pre-trip approvals. As a result, businesses will need software tools to cope with new aspects of business travel.
- The global awareness for ESG issues like sustainability, diversity, and accessibility is increasing and, as a result, so is the focus on adding these features to corporate travel software packages.
- Businesses find themselves supporting a large remote worker base and are now using business travel to bring their teams together to establish/maintain culture.
- The demand for a completely digital experience from booking to approvals to expense reporting is becoming a must-have for businesses. Travel departments must strive to not only streamline operational challenges associated with T&E but also provide employees with a pleasing modern T&E experience.
- We are seeing a greater acceptance of corporate cards both physical and virtual as a means of streamlining employees' traveler experience and to add greater controls for the travel administrator.

As a result of these changes, we have seen investment in expense management increase significantly, even as the world continues to deal with travel disruptions. In the past 24 months, we have seen over a billion dollars invested in travel and expense management software vendors in all stages from start-up to Series C and D funding rounds and even IPOs. We have also seen organic investment in expense management over the past 24 months, with major software vendors adding/enhancing their T&E offering. This investment has been limited to traditional T&E vendors; we have seen investment in T&E application adjacent software domains like procurement, accounts payable, payment processing, and even payroll.

Midmarket Dilemma

Midmarket organizations have several challenges that make expense management particularly difficult. Many midmarket organizations often operate in multiple countries requiring employees to engage in international travel. Expense management becomes increasingly complicated, the more countries you engage. When the complexity of travel increases, often midmarket organizations find themselves with limited resources to cope with the changes. Midmarket businesses are also very keen on technology that allows them to do more with less. As such, automation and workflow management

tools become highly prized in this customer segment. The buying cycle is more complex among midmarket companies often requiring more stakeholders.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

The vendor inclusion list for this study was selected to accurately depict the vendors that are most representative of any given T&E functional buyer's selection list. Vendors were further investigated to ensure that their offerings qualified as "SaaS or cloud enabled" and the vendor had won recent deals. Further, participant companies were asked which other vendors they most often compete against in deals. Also the T&E software must be able to be purchased and implemented separately from other associated financial/ERP software. Preference was given to companies with revenue of more than $10 million and/or that were on our watch list of companies within this market.

The vendor inclusion list for this study was selected to accurately depict the vendors that are most representative of any given software application on buyer's selection list based on the following:

- Vendors must have a SaaS or cloud offering – on premises-only applications are out of scope.
- Software application can be purchased separately (not only functionality built into a larger system) and is available off the shelf without required customization.
- Software application has capabilities for travel management features, including pre-trip approvals, travel booking, itinerary management, and travel policy management, and expense management features, including receipt management, workflow management, and expense payment management.
- The vendor provides an integrated/embedded user experience (UX) for both travel and expense management either via native application or through a dedicated partnership.
- The vendor had 2022 revenue in at least two countries.
- The vendor had at least $5 million in 2022 T&E management software revenue.
- The vendor has had a minimum of one travel and expense product in the market for at least three years.
- The vendor must have a significant footprint with business with 100-999 employees.

ADVICE FOR TECHNOLOGY BUYERS

Travel and expense applications are evolving rapidly as vendors invest research and development dollars into bolstering, augmenting and, in some cases, redesigning their applications. The applications must align with the new digital enterprise and its preferred way to absorb technology. The vendors must work to align their go-to-market strategies and product development strategies with the new digital enterprise. While the vendors in this study may vary widely in size, experience, levels of support, and sales model, the goal for all the vendors listed in this study is the same – create/curate a differentiating user experience. To do that, the user experience must go beyond the software to include the sales process, accounting management, implementation, and post-implementation support. As a buyer in this market, here are a few of the key questions to consider during the buying process:

- **Begin by looking inward.** Before making purchasing decisions on software, here are a few key questions to ask regarding the internal resources and processes:
    - What are some of the issues I would like to resolve with this new system?

- Are the issues technology related?
- What are my internal support resources and capabilities?
- How should we define success for this implementation?
- Which internal stakeholders should we include in the evaluation processes?
- How will a new system change my organization?

- **Select the right partners (internal and external).** The first step in the journey to implementing finance and accounting system is developing a strategy and plan for the implementation. This includes doing due diligence in finding the right vendor. Here are a few key questions to ask regarding the software vendor:
  - Does the vendor have experience with my type of product, service, and company size?
  - Can the vendor show me a hands-on demo with my organization's "live/real" data to show the benefit to the business?
  - Does the vendor understand the regulations that will impact my business? How are these regulations reflected in my current product and how will it change in the future?
  - What is the vendor's strategic investment outlook for the next three to five years? Why? How will that change and enhance my business?

- **Consider the foundation.** T&E applications vendors have seen many iterations from a technology architecture standpoint. Even among cloud vendors, there are many different varieties of software architectural approaches. IDC believes that taking time to understand the foundation of the software and its advantage (or limitations) is of critical importance during the buying decision. Here are a few key questions regarding the software vendor:
  - What is the data flow design within the current solution?
  - What kind of APIs are available now from this vendor? RESTful? SOAP? GraphQL?
  - What kind of developer tools does the vendor provide (e.g., sandbox, dedicated portal, low-code/no-code tools, and database management tools)?
  - Is any part of the software currently built on a microservice architecture? If so, which parts?

- **Take ownership of the implementation.** For the best results, organizations must take a very active role in the actual implementation of the software. T&E software touches upon a lot of other back-office systems (budgeting and planning, accounts payable, payroll, sales management, talent management, etc.). As a result, extreme attention must be given to how the T&E system is set up and how it interacts with other systems within your organization. Here are a few key questions to ask regarding the software implementations:
  - What levels of support are available and are they geographically available for my business?
  - How should I set up the service-level agreement (SLA) before signing any contracts?
  - Can the system integrate with my company's other IT systems and those of my partners?
  - Which IT system needs to be integrated and to what degree?
  - How are we set up to deal with frequent product updates?

- **Note that post-implementation is critical.** In many ways, the success of any SaaS implementation hinges on what happens after the implementation is up and running. This is where change management takes center stage and the people's side of T&E management becomes essential. Here are a few key questions to ask regarding the post-go-live phase of software implementations:

- Do we have a strategy to encourage rapid adoption among employees?
- Do we have the right amount of training for employees to master the new features within the system?
- Are we communicating the purpose and benefits of the system change to the relevant employees?
- Have we aligned existing policies and procedures to enable the adoption of the new workflows?

This IDC MarketScape assists in answering the aforementioned questions and others.

VENDOR SUMMARY PROFILE

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

SAP

After a thorough evaluation of SAP's strategies and capabilities, IDC has positioned the company in the Leaders category in the 2022-2023 IDC MarketScape for the worldwide SaaS and cloud-enabled travel and expense applications for midmarket market.

SAP Concur is the provider of integrated travel, expense, and invoice management solutions. SAP Concur solutions integrate travel and expense processes and data to help companies manage employee spending on an end-to-end basis, improve transaction visibility, and optimize policy compliance. This automated and integrated approach is designed to provide greater accuracy and richer reporting formats.

The SAP Concur mobile app guides employees through business trips, charges are directly populated into expense reports, and invoice approvals are automated. By integrating near-real-time data and using AI to analyze transactions, businesses can see what they're spending, improve compliance, and avoid possible blind spots in the budget.

Quick facts about SAP include:

- **Employees:** 112,632 (SAP overall as of September 20, 2022)
- **Globalization**: SAP Concur customers in 150 countries and supported by 30 offices worldwide
- **Average implementation time:** 4-20 months
- **Industry focus:** SAP Concur presence across 26 industries
- **SaaS:** Multitenant SaaS platform
- **Product update cadence:** Multiple times a day
- **Pricing model**: Based on number of users and consumption
- **Partner ecosystem:** Over 300

Strengths

- **Experience with small and midmarket businesses:** SAP Concur has a very large customer base of smaller businesses. This allows SAP Concur to customize their approach to the needs

of smaller businesses. Also small business users can readily tap into the large community of smaller businesses also using the SAP Concur platform.

▪ **Integrated approach:** SAP Concur over the years has made investments to present users with the ability to tie travel, expense management, and invoicing all from the same vendor-sharing data through APIs. This is appealing for businesses looking for simplicity in managing employee spend management.

▪ **Broad ecosystem:** SAP Concur boasts a partner network featuring over 300 partners. In addition, SAP Concur can tap into the even larger pool of partners presented by SAP ERP and other related SAP products. SAP Concur's investment continues with recent announcements of partnerships for internal resources like Qualtrics and external partners.

Challenges

▪ **Embracing new architecture:** SAP Concur faces the ongoing movement to a service-oriented architecture with full hyperscaler hosting. Discussions with SAP Concur reveal that significant progress is already being made toward achieving this goal, for example, AWS/hyperscaler migration. This new architecture allows SAP Concur to make considerable improvements for its software delivery model.

▪ **Rapidly changing market:** Travel, invoice, and expense management is evolving rapidly as the number of new entrants and new go-to-market models continues to grow. Competition for incumbent travel, invoice, and expense management software vendors can now be found in new quarters including accounts payable, travel management, and B2B payment service providers. SAP Concur focuses on delivering services to meet customers' needs globally; and developing in areas to ensure it serves future business needs.

Consider SAP When

Consider SAP if you are looking for fully integrated travel, invoice, and expense applications for deployment across the globe, complex/varied travel and expense requirements, or other SAP HANA cloud applications to increase control by adding intelligence, drive scale, maintain operational efficiencies, and proactively manage employee spend.

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

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 MarketScape 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

- *Worldwide Travel and Expense Management Software Market Shares, 2021: Data Management Forms New Foundation for T&E* (IDC #US48515722, August 2022)
- *Worldwide Travel and Expense Management Software Forecast, 2022-2026* (IDC #US48515422, August 2022)
- *IDC Market Glance: Travel and Expense Software, 1Q22* (IDC #US48516522, March 2022)
- *Market Analysis Perspective: Worldwide Travel and Expense Software, 2021* (IDC #US47859721, September 2021)

Synopsis

This IDC study provides an assessment of the leading SaaS and cloud-enabled travel and expense applications and discusses the criteria that are most important for companies to consider when selecting a system.

"IDC believes that vendors looking to capture market share, or even to maintain their current market positions need to focus on data management concerns of their clients. Building out essential data management features like advanced APIs and AI-based automation capabilities will form foundational software elements to compete in this highly dynamic space," says Kevin Permenter, research director, Financial Applications at IDC.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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