

CWT Podcast episode 3

Imagine if expense reporting disappears

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Christine Kashkari (CK): Hello, and welcome back to business travel on the fly, the monthly podcast that dives into issues affecting those of us who spent a lot of time up in the air, out of the office and away from home on business trips. I'm Christine Kashkari. Whether you're a seasoned Road Warrior, or on your first work trip, you'll hear from experts in the studio, who will unpack the biggest issues affecting business travelers and the future of corporate travel. On this episode, we're going to tackle one of the veins of work trips that unites business travelers the world over, and that's submitting an expense report.

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Dave Holmes (DH): Expense reports, for most people are a pain. But I do think now technology is going to improve upon that, it's going to be a much more interactive experience.

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CK: That's Dave Holmes, Vice President for payments at CWT. Later in the show, he'll tell us how to make expense reporting disappear. Okay, maybe not quite that, but at least how to make the pain of expense reporting go away.

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CK: But first, we want to share this month's Top Tips. Since we're talking expenses. They're literally about tips on tipping, whether you're a first time or frequent business traveler, it's one of those things that's sensitive and confusing, because the culture of gratuity differs so much by country.

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I'm Patrizia from Sao Paulo. Tipping in Brazil is not the same as it is in the US. Here, when you eat in any restaurants, not including fast food places, they will typically include a 10% tache de service to your bill. People here usually pay it, however, if you choose not to pay it for any reason, you can ask the server to make sure it is not included in your bill. This is different from when I travel to the US on business where I've been advised to leave 15 to 20% tip for the server. A friend of mine said she was traveling on business in Florida. And she was asked by the waiter if she had any problems with the service because she didn't leave a tip. But the thing is, she didn't realize the tip was not included in her bill.

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I'm Alicia and I live in Singapore where there is no culture of tipping. Most restaurants add a 10% service charge on top of goods and services tax, which is like a value added tax in other countries. So there isn't a real need to add any additional tips unless you want to. Because I'm so used to the no tipping culture in Singapore, I have to do my research around traveling. Some countries have strong tipping cultures and service staff actually depend on these tips to get enough wages for the day. I also don't want to come across as rude. If I fail to tip in the restaurant overseas. At the end of the day, be kind and treat your service staff right. A little bit of graciousness, and the society can go a long way.

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I'm Scott and I'm from the US. If there was ever a land for tipping, it would be the States, it's in the culture. On the one hand, we don't typically sneak in the service charge on a restaurant bills. However, it's good for people traveling to the US to know that tipping is not exactly voluntary, it's a bit more mandatory. If you don't want to be chased out the door or kept from leaving take tips into account on your travel budget, and no, 10% is not going to cut it. 15 to 20% of your bill minus taxes is standard. Of course you can always give more. And one could argue that a culture of strong tipping results in better service because your servers are working for their tips.

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CK: To be clear, America is still the land of the free, except when it comes to tipping. Our next guest will go beyond the politics of gratuity and walk us through the equally daunting world of payments and expense reporting. He'll show us why this process need not be as tedious as it is today with the right technology. Joining us on the podcast is Dave Holmes, CWT's Vice President for payments. He has parlayed a love of travel and technology into a career at the forefront of all that's transformative in global payments.

Hi, Dave, thanks for joining us today.

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DH: Hi, Christine. How are you?

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CK: I'm good. Thank you. And we're very glad to have you with us.

DH: Glad to be here.

CK: So first of all, how did you get involved in travel and payments?

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DH: I always actually had a passion for travel. It was interesting, as I was growing up, my father was a secret service agent. So as you can imagine he would travel quite a bit. And I remember being fascinated listening to his stories about the really cool places that he would travel to and the opportunities that he's had to visit and meet with other people. So as an adult I was very excited when a professional connection let me know that UATP was looking for someone to manage their commercial relationships with airlines in Latin America. The role required quite a bit of travel, which was great for me, and at the same time it allowed me to learn how the payments industry worked. And I developed a passion for it.

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CK: I guess a follow up question is, did your dad ever share with you who he was protecting? Or was that you know, a secret?

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DH: He actually did. So he was on a couple of presidential details, including Carter's, Reagan's, Bush's and Clinton's, so it was a very interesting way to grow up, as you can imagine.

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CK: So I know that this is probably not going to be a secret to you as well. We're interested to know what are the traveler pain points when it comes to payments and the expense reporting process?

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DH: Yes, I think the biggest thing, if you think about pain points, it's really three things:

One, remembering to hold on to those pesky receipts, dealing with policy exceptions. So filling out, for example, the explanations or justification sections within a specific item on an expense report. For example, a meal, you know, who was there, what was it for? All of those different elements that you have to capture. And then lastly, most importantly, I think it's our own procrastination. You know, let's admit it. We've all been in situations where you've gone on a business trip for a week, you've had great meetings, but now it's Friday evening, and you're on that flight home. And the only thing that you can think about is getting home to spend time with your family, or starting your fun weekend. And so the last thing on your mind is that little monster of an expense report that you know, you'd have to do in 30 days. So you just put it off, right? So on Monday, you forget about the expense report, and start tackling your email inbox. And of course,

that's right, when you get called into your next meeting and have to go on to your other trip. So then it creates this vicious cycle.

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CK: Right, and then before you know it a month has passed by and HR is calling.

DH: Exactly right. And we've all been there.

CK: Yep, guilty. But let's back up a little bit and try to store at some of the common but confusing terms in your business. So first, what are lodge cards? And what are ghost cards?

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DH: Sure. So lodge cards and ghost cards are pretty much used interchangeably. And it makes sense to do that actually, because they mean the same thing. It's a simple account used to pay for travel by multiple individuals within the same company or organization.

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CK: What about virtual cards and mobile payments? How are those different?

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DH: So a virtual card is a single use credit card that is generated each time a transaction needs to be made. The virtual card uses encryption technology to link it to a master credit card account that may be managed by a bank, which contains credit limit information and other important details. The single use nature of the virtual card is really important because it does help against fraud against misuse. And it can also allow banks to add additional level of data elements and features to ensure that the card can only be used when and where the company authorizes it. Mobile payments are different and that in most cases, the mobile payment will be associated with a card that can be used multiple times, you get a lot of the same data protections and fraud protection that are associated with a virtual card with a mobile payment. But it does allow for continued use as opposed to the virtual card which is 100% locked down for that individual transaction.

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CK: So what do most companies and business travelers here use today?

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DH: So in the US it very much is a credit card market. Over 95% of all air travel transactions, for example, are paid for with a credit card. But we are starting to see companies adopt newer

technology like virtual cards. And I was reading some statistics a little bit earlier that stated that about approximately 27% of corporate travel or corporate travel managers are now integrating a virtual payment program into their travel policy.

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CK: That's really interesting, because my next question is on China, which apparently has a different experience than what we're having here. Because one of the stats that I saw recently said that 92% of people in China's largest cities use mobile payments, and almost 50% in rural areas do so. I mean, those are incredible numbers. So apparently credit cards are not really common. Not in physical stores, not when they're making online purchases. Can you talk a little bit about mobile payments penetration in China, and whether that's where you see us heading at some point in the future?

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DH: Yeah, so it's a very good question. And I think what you saw in China, with respect to the rapid adoption of mobile wallets and mobile payments in general, was really born out of the fact that you had a massive influx of the population that had increased purchasing power and elevation into the middle class. And so you needed a commensurate level of payment innovation to support that. And like other emerging markets, China was able actually to leapfrog existing or legacy payment technology by actually building from scratch payment innovations and payment solutions that were able to leverage the most modern forms of payment and the most modern technology that was available at the time. And so because of that you saw a big prevalence and a big preference for mobile payments and mobile wallets. But getting back to the US, I do think you're now starting to hit a critical mass in terms of availability at point of sale of mobile payment capabilities. And I do think in the US over the next coming years, we will see a tipping point in terms of mobile payment acceptance.

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CK: There's another interesting component here. That's fascinating to me. And that is how in China, they can pay for purchases using WeChat, which is a messaging app. So it'd be like us using Facebook Messenger here to buy stuff is that something that business travelers can look forward to?

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DH: This whole notion of conversational commerce is one that I think is interesting, and frankly, ripe, potentially, for innovation within the travel space and integration into the travel space. If you think about chat capabilities that many travel suppliers are now looking to introduce, the next logical step certainly associated with that is to include payment functionality to basically complete that transaction. So it's not just a conversation via a chat bot to talk about, for example,

availability for a certain transaction or to service an existing booking. But rather potentially, by integrating that payment capability, you can have then a more complete end to end solution based on that conversational commerce approach, which obviously has a lot of potential positive implications for the traveler experience.

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CK: So all this innovation that we've just talked about, whether here or in China is pretty exciting when it comes to how we as consumers can pay for stuff today. But for business travelers, the other side of that, unfortunately, is a complicated and often unpleasant process of reconciling your expenses,. Can you tell us how the latest innovation in your field is going to make expense reporting, if not totally disappear, then at least make it more tolerable? Make it more, you know, 21st century.

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DH: Expense reports, for most people are a pain. But I do think now, technology, particularly some of the payment technology that we just have talked about, is going to improve upon that. And here's how it's going to work: virtual cards will now start to be able to be deployed within a mobile wallet. And what that means is that all of the data capture, and all of the improvements that a virtual card can provide can now then automatically be transferred into an expense report dynamically. So in the past, all of us had to enter in a lot of information, even if it was on an electronic expense reporting platform that was linked to a form of payment. So you were always having Transaction Details flow in. But there was always an extra step that was required. Now, you're going to have a dynamic approach to that where the virtual card will automatically populate the expense report on the go. And it will prompt you to take a picture of a receipt right then and there. So you're never having to remember to do anything, it's going to be a much more interactive experience. And so when you're doing something like that on the fly, it takes away the chore of it on the back end when you come back from our trip, because all of the information that's required for the expense report is captured there. And it would have been done dynamically throughout your trip process. The only thing that you'll have to do is perhaps enter in a couple of additional elements related to categorization of a type of vendors or for a meal, for example, or if you're entertaining, but the bulk of the heavy lift in terms of the pain point is going to be addressed by payment technology.

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CK: So one of the best parts of what you just said was that these are things that business travelers can do on the fly, because that's what we're all about. We're also all about tips here. So what are your top tips for travelers when it comes to expense reporting,

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DH: I think there's simple things that can be done just to make life easier. And the most, I think, important tip that someone gave me a couple of years ago was to inside of your phone, within your photo album, create a receipt section, and just make a habit of any receipt that you counter while you're on a business trip, just take a picture of it to digitize it, then if you need to integrate that into an expense report at some point, or if for whatever reason, there was an error in your expense reporting platform and the receipt somehow was misplaced, you always will have a digital record of it and then you can fall back on that if need be. The second would be to you know, encourage your travel manager to consider forms of payment for example, like virtual cards, because it takes away then the need for you to go through an expense platform or an expense process for those particular transactions. And it really helps in terms of the expense and reconciliation challenges around hotel payment. And then the third would be become familiar with mobile payment solutions. If you have an iPhone, most likely you do have the capabilities to deploy a mobile payment. So just try it out. Set up your own personal card or corporate card on the device. It's really easy to do and then the next time that you're out and have to pay for something, just hold your phone up to where you would normally swipe your card. And most likely, you're going to see the prompt come up that will bring up your mobile wallet and go ahead and give it a whirl.

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CK: Well, thank you so much, Dave, you've shared with us a lot of cool tips, and we appreciate you being on the show. Thank you.

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DH: Thanks very much, Christine.

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CK: Before we go, we hopped on an Uber in London, and spoke to Yan to get his take on how business is going, and why there's a much bigger worry for him than Brexit.

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Yan: To be honest, I think I'm not really sure that's going to affect the business. You know, it can affect like, maybe some of the drivers have to go home or something maybe you know, they need to leave or something there's nobody actually knows what's gonna happen in the future. I don't think that's gonna affect the business. I think what's affecting the business right now is the coronavirus to be honest. You don't know, it's like a give me like, a you know, I think to be honest, if you'd like airports and stuff, it's like, it's like,...

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CK: We hear you Yan, and certainly travelers and those who service them share Yan's concern about the current Coronavirus that's having a major impact on the business travel. So stay tuned for next month's episode, when we speak with Matt Bradley from the International SOS. It's the go to organization when it comes to medical and security emergencies involving traveling employees. We'll discuss what you need to know if you find yourself in a similar situation or need to be evacuated, how to arm yourself with facts and how to keep things in perspective.

And that wraps up this month's episode of business travel on the fly. We hope you enjoyed our show. If you did, please subscribe to business travel on the fly on iTunes, Stitcher or wherever you get your podcasts and help us spread the word by visiting my CWT on Facebook, LinkedIn and Twitter. Remember, we're all in this journey together. Until next time, when we talk to business travelers on the fly.