PROMEDICA PRAHA decreases employees' expenses by 40 % thanks to expense@work

PROMEDICA PRAHA is the largest equipment supplier for hospitals in the Czech Republic. It is an important partner for all clinics, hospitals and diabetes specialists, supplying everything from surgeons' gloves to X-ray devices, echocardiographs or other diagnostic equipment.

Challenge

PROMEDICA PRAHA employs around forty area- and key-account managers who are constantly on the go, taking care of their customers. The company also employs project managers, who spend approximately half of the year on business trips abroad, even outside EU, having business meetings with suppliers, choosing new products for the company's product portfolio, etc. Furthermore, top management also spends a lot of time travelling and meeting with key customers and suppliers. Therefore every month the accounting department must process hundreds of receipts for employees' travel and other costs and assign them to particular divisions or projects.

'*By the end of every month all the area- and key-account managers need to be reimbursed for hundreds of receipts for their travel and other costs. Our single cash desk couldn't deal with such strain in such a short time which resulted in long queues*,' says Olga Probst, head of the financial department at PROMEDICA PRAHA. '*Close control over the budget and spending, by individual expense type and by division was too complicated and was therefore performed much later, even after several weeks' delay. Moreover, this complex reimbursement process created too much pressure on our accountants.*'

Solution

After some organisational change during late 2011 it was decided that there should be more strict control over travel expenses, since these amounted to a significant part of a division's overall costs. However, it turned out that the current system of expense reimbursement did not enable the company effectively to decrease these costs. Therefore the company started to search for a software solution which would allow it continuously and effectively to control, approve, categorise and assign these costs to individual divisions.

A combination of American Express debit/credit cards and a software tool for entering and approving employees' costs into the accounts would be a solution. During 2012 PROMEDICA PRAHA started to search in the market for available solutions discovering that there were only two possibilities available – Concur and expense@work.

> *' The expense@work solution gave our sales director a very effective tool that significantly helped both to decrease our employees' expenses and increase their efficiency.'*
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> **Olga Probst**
> Head of Financial Department
> PROMEDICA PRAHA GROUP a.s.

'*Both offers from LLP Group and Concur were very similar. Both products provided exactly what we needed for a comparable price. However, LLP offered a Czech language version of its expense@work solution, which was crucial for us, and the*

availability of a local support team was also a significant difference. While Concur didn't have a sufficient local support team, LLP provided us with an experienced team that was able fully to support us even after deployment of the whole solution. That was the turning point for us,' adds Olga Probst.

Implementation

Implementation was completed within a few weeks. During the expense@work implementation LLP had to establish an interface with the ERP system ABRA, where all accounting is performed, as well as with the American Express software, which serves as the data source for information about all payments.

Considering the large number of transactions performed, PROMEDICA PRAHA has demanded a daily load of all charge cards data. Thanks to this the check and approval of receipts is being performed continuously, with a maximum one day delay.

During the expense@work implementation process the approval workflow, approval privileges for individual employees as well as the system of assigning individual expenses to particular divisions and projects have been set up. Therefore, individual area- and key-account managers' expenses are being approved directly by a respective division manager for each employee. If the particular expense is not approved, it is not reimbursed to the employee. Moreover, division managers can continuously check the actual spend from all approved budgets and instantly apply necessary actions in case budgets are not achieved. Compared to the previous process this is a major improvement strongly supporting better budgetary control.

The company's sales director, as well as other members of the top management team have access to a summary of all expenses and budgetary performance, which they can control in a real-time, responding to the changing situation in the market if necessary.

Additionally, employees have the responsibility to enter the purpose of each particular expense and assign it to a particular customer. Thanks to this it's possible instantly to check the usefulness of each expense.

Benefits

- 50 % decrease in number of processed receipts
- 40 % decrease in small expenses
- One year return on investment in expense@work solution
- Instant control over employees' expenses
- Continuous budgetary control by expense type

'*The introduction of expense@work at our company initially provoked resentment in our employees. However, after the first year it has turned out that, thanks to this system, the overall expenditure reimbursed to our employees dropped by 40 % and the number of processed receipts decreased by 50 %. Employees are automatically forced clearly to justify every single expense and they have to do it straightaway. Moreover, they know that if the expense isn't legitimate, the division manager won't approve it, and this expense won't be reimbursed to them,*' said Olga Probst. '*expense@work provided our sales director with a very effective tool that significantly helped both to decrease our employees' expenses and increase their efficiency. Even though, after two years of operation, the number of receipts is increasing, we still have our expenses under control.*'

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