Worldwide Travel and Expense Management Software Market Shares, 2019: Analytics Drives a New Travel Paradigm

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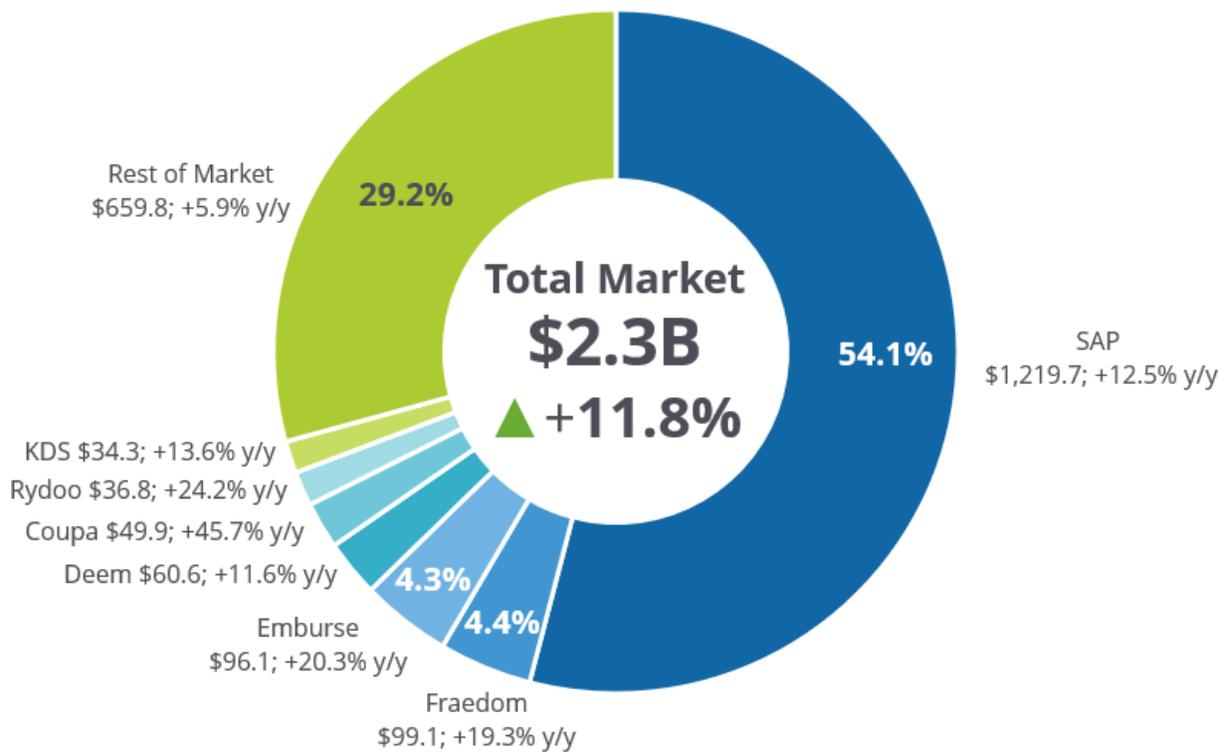
THIS IDC MARKET SHARE EXCERPT FEATURES SAP

IDC MARKET SHARE FIGURE

FIGURE 1

Worldwide Travel and Expense Management Software 2019 Share Snapshot

Note: 2019 Share (%), Revenue ($M), and Growth (%)

Source: IDC, 2020

The content for this excerpt was taken directly from Worldwide Travel and Expense Management Software Market Shares, 2019: Analytics Drives a New Travel Paradigm (Doc # US46529920). 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 Figure 1 and Table 1.

EXECUTIVE SUMMARY

This IDC study reviews the competitive market for travel and expense (T&E) management software in 2019. The travel and expense management software market grew to $2.3 billion, an 11.8% increase over 2018's $2.0 billion.

The travel and expense management process has two sides: the manager/administrator and the business traveler. The T&E manager has a difficult job managing, validating, and analyzing the travel spend. The business traveler is often faced with his/her own set of difficulties interacting with the system, navigating the internal booking, and reporting processes and tracking expenses in real time. Further:

- **Globalization capabilities:** Most organizations, large and small, need their travel and expense applications to support transactions across the globe. Major tax and regulatory changes will greatly impact T&E in the coming years, making international reconciliation even more of a challenge. T&E software vendors must include enhancement to tax management and multicountry and multicurrency capabilities in their near-term product road maps.

- **Intelligent workflows:** When it comes to time and expense management, organizations want to increase efficiency, reduce time spent tracking and entering information, and minimize the lag between the actual spend and the processing. Intelligent workflows for travel booking, itinerary management, approvals, and receipt processing differentiate applications in the market. Technology vendors are increasingly using robotic process automation (RPA), computer vision, and natural language processing to automate travel and expense tasks and guide decision making.

- **Analytics capabilities:** To help manage, control, and optimize spend, businesses are interested in extensive analytics as part of their travel and expense applications. Business intelligence and analytics improve visibility into employees' travel and spending patterns in addition to their travel management. Analytic tools combined with artificial intelligence and machine learning capabilities are increasingly important to detecting and combating fraud.

- **Risk management:** More energy is being devoted to travel risk management and duty of care at the enterprise level. Specifically, T&E applications are beginning to help travel managers assess and manage travel risk by providing access to real-time employee location data and integrating itinerary data and security alert information.

This IDC study reviews the competitive market for travel and expense management software in 2019.

"Enterprises need to leverage advanced technologies to augment their capabilities for streamlining approvals, combating fraud, and maintaining compliance. Many of these technologies have taken large leaps forward in terms of usability and accuracy over the past 12 months. However, the market has a desire for more innovation from enterprise travel and expense software vendors," 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:

- **Prioritize the user experience:** As the T&E processes are done in a relatively uniform way, vendors will likely find limited opportunity for differentiation related to the actual functionality of the software packages. The real battleground will be related to the user experience the vendor's software can provide. In fact, data from IDC's most recent *SaaSPath Survey* of over 2,000 survey respondents reveals that "ease of use" is the most important vendor selection criteria among T&E software users.

- **Create intelligent workflows:** IDC predicts, "By 2021, 90% of new packaged enterprise applications will have embedded decision architecture that automatically detects and evaluates conditions and makes decisions about how to respond." Organizations are using embedded intelligence, RPA, computer vision, and natural language processing to automate travel and expense tasks and guide decision making. Intelligent workflows save time, increase operational efficiency and, more importantly, add a layer of big data analysis that human beings simply cannot duplicate. Intelligent workflows for travel booking, itinerary management, approvals, and receipt processing differentiate applications in the market.

- **Enhance analytics capabilities:** Businesses are interested in analytics as part of their travel applications. Business intelligence and analytics improve visibility into employees' travel and spending patterns, in addition to employee travel management. With this added visibility, organizations can build more detailed and accurate spending budgets and forecasts.

- **Integrate digital payments:** The T&E market is quickly moving away from paper-based payments, which are especially prominent in the United States. Adoption is driven by additional control on the part of the organization and convenience for end users. Software vendors should take the lead on incorporating digital and virtual card payments into their solutions.

- **Add more risk management:** More energy is being devoted to travel risk management. Specifically, travel applications are beginning to help travel managers assess and manage travel risk by providing access to real-time employee location data and integrating itinerary data and security alert information.

- **Focus on fraud management:** Combating fraud is top of mind for travel managers. Travel managers are fighting hard to reduce rogue spending and other fraudulent activity. Many T&E software vendors have enhanced current capabilities or launched an individual product to address fraud.

- **Emphasize the ecosystem:** The travel management process is best when it is integrated with other back-end systems like accounts payable, customer relationship management (CRM), and enterprise resource planning (ERP). The connection allows data to flow quickly and securely between these back-end systems, giving the user real-time access to information needed to make better decisions. Travel application vendors must be aggressive in building out their partner ecosystem to include other related enterprise applications. Specifically, it is essential for vendors to utilize application programming interfaces (APIs) to create prebuilt integrations that streamline the data flow between systems.

MARKET SHARE

Table 1 displays 2017-2019 worldwide revenue and 2019 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 SAP Concur, Emburse, Coupa, Deem, and Expensify.

TABLE 1

Worldwide Travel and Expense Management Software Revenue by Vendor, 2017-2019 ($M)

	2017	2018	2019	2019 Share (%)	2018–2019 Growth (%)
SAP	961.3	1,083.7	1,219.7	54.1	12.5
Fraedom	66.1	83.0	99.1	4.4	19.3
Emburse	57.2	79.9	96.1	4.3	20.3
Deem	47.9	54.3	60.6	2.7	11.6
Coupa	24.7	34.2	49.9	2.2	45.7
Rydoo	24.9	29.6	36.8	1.6	24.2
KDS	26.2	30.2	34.3	1.5	13.6
Infor	27.3	31.2	33.3	1.5	6.8
Deltek	27.8	31.6	33.0	1.5	4.5
Expensify	22.8	26.7	32.8	1.5	22.6
Other	500.8	533.6	560.6	24.7	138.2
Total	1,787.1	2,018.0	2,256.2	100.0	11.8

Source: IDC's Worldwide Semiannual Software Tracker, April 2020

IDC includes constant currency measures in market share documents to provide an indication of overall market developments excluding the effects of fluctuating exchange rates. The valuation of the U.S. dollar was relatively stable over the course of 2016 and 2017 compared with most other currencies and continued to be stable in 2019. The valuation of the U.S. dollar compared with most other currencies dropped slightly in 2019 compared with 2018.

This is an important distinction as readers of this document digest its content. Considering constant currencies, IDC is seeing slightly weaker growth in software revenue than what the current currency revenue estimates indicate (see Figure 2).

WHO SHAPED THE YEAR

Market Movers

This Excerpt was prepared for SAP but also included the following vendors: Fraedom, Emburse, Deem Coupa, Rydoo, and others.

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.

SAP Concur

SAP Concur showed strong growth in 2019 driven by product enhancements and regional advances. In April 2019, SAP Concur announced user experience enhancements in Concur Invoice were now generally available. In April 2019, SAP Concur announced an SAP Concur China Development Center in Shanghai, China. This announcement was a part of a greater effort to continue momentum within the rapidly growing Asian markets. In October 2019, SAP Concur announced the launch of its new U.S. Public Sector Resell program, allowing government and education organizations access to a network of preferred partners.

Mergers and Acquisitions

The market for travel and expense management software is in constant flux. Companies within the market are consolidating at a rapid pace. A few examples of 2019 mergers and acquisitions in the T&E software market are:

- In January 2019, Exact, supplier of ERP software for small and midmarket businesses in the Benelux, acquires SRXP, the Dutch expense management cloud software. With the acquisition, Exact expands its footprint in the Western European market and enhances its expense management capabilities.

- In March 2019, Certify and Chrome River Technologies announced they will be merging in a transaction that is valued at over $1 billion. The combination creates a multifaceted suite of products with exceptionally broad capabilities for monitoring, managing, and analyzing corporate expenses.

- In March 2019, MobileXpense acquired eBuilder Travel, the travel and expense management software provider in Sweden. This acquisition allows MobileXpense to increase its market presence in the lucrative Nordic region while adding to its R&D portfolio.

- In June 2019, Fortino Capital Partners announced its investment in Declaree, a Dutch expense management software vendor. Fortino has now had its hand in three such ventures in the Western European expense management market in the past 12 months including MobileXpense in Belgium and eBuilder Travel in Sweden.

FIGURE 2

Worldwide Financial Applications Software Revenue, 2017–2019: Current Currency and Constant Currency
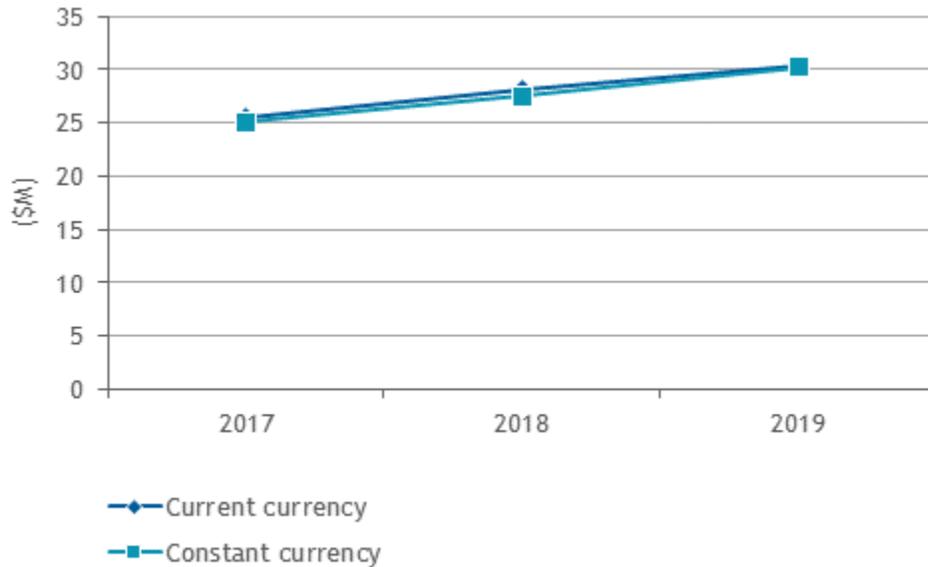
Source: IDC's Worldwide Semiannual Software Tracker, April 2020

In terms of the market performance by region, the Americas holds the largest share of revenue — 54.3% — in the travel and expense management software market. The revenue from Western Europe and CEMA (EMEA) makes up 33.6% of the market. Asia/Pacific (including Japan) (APJ) represents a 12.1% share of revenue in the travel and expense management software market (see Table 2 and Figure 3).

TABLE 2

Worldwide Travel and Expense Management Applications Revenue by Region, 2015–2019 ($M)

	2015	2016	2017	2018	2019	2019 Share (%)
Americas	746.7	862.4	971.5	1,103.2	1,226.1	54.3
APJ	163.6	188.9	215.9	240.1	273.6	12.1
EMEA	450.8	520.7	599.7	674.6	756.5	33.5
Total	1,361.1	1,571.9	1,787.1	2,018.0	2,256.2	100.0

Source: IDC's Worldwide Semiannual Software Tracker, April 2020

FIGURE 3

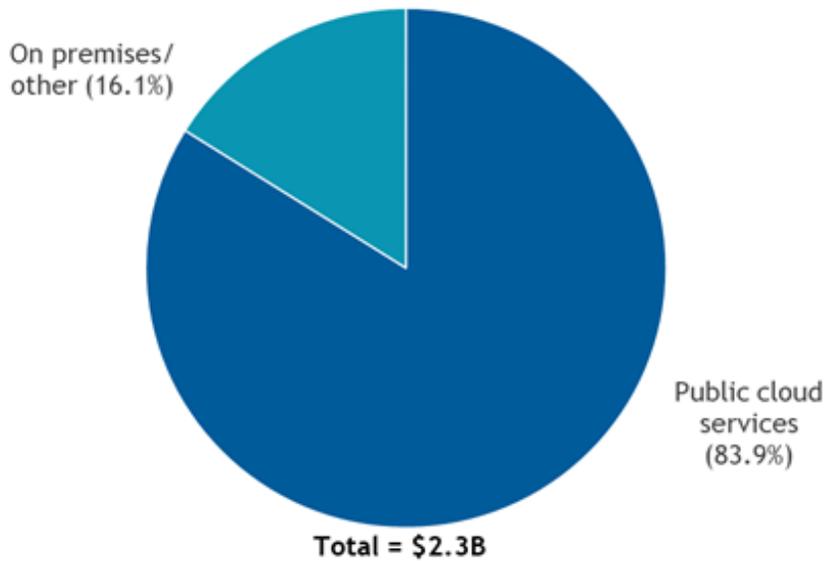**Worldwide Travel and Expense Management Software Revenue Share by Region, 2019**
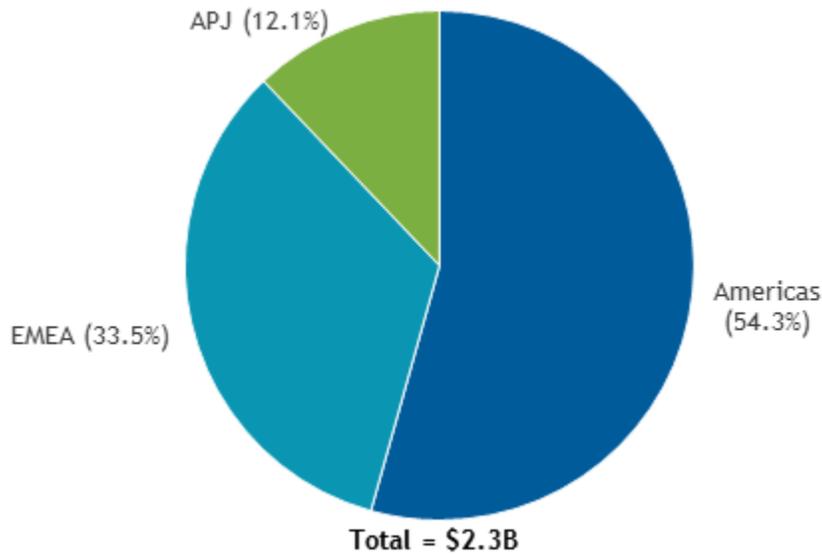
Source: IDC's Worldwide Semiannual Software Tracker, April 2020

Figure 4 presents the revenue split between public cloud software and on-premises/other software in the travel and expense software market. On-premises/other software makes up 16.1% of the market share, while public cloud software accounts for 83.9% of the market. In 2019, we saw the trend of cloud solutions dominating 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 like exchange rates.

FIGURE 4

Worldwide Travel and Expense Management Software Revenue Share by Deployment Type, 2019

Source: IDC's Worldwide Semiannual Software Tracker, April 2020

MARKET CONTEXT

Historically, expense management applications were designed so that employees could log business expenses and keep expenses within the company's budget. Modern-day software vendors have shifted the focus toward actively managing employee spending habits and ingraining company policies in the decision-making process for travel and other expenses.

Significant Market Developments

The significant market developments impacting the travel and expense management software market are as follows:

- **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 2019, 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.

- **Growing adoption of virtual cards:** A virtual card is a one-time-use payment number that is linked to a corporate account. Virtual cards offer travel managers several benefits including improved control and visibility. Virtual cards can be configured to only allow use at specific locations and vendor types as well as limit card duration and maximum spending amount. Similar to physical corporate credit cards, virtual cards provide real-time visibility into travel spend.

- **Advancements in optical character recognition (OCR):** One of the major pain points for travelers is dealing with the mountain of paper receipts. It can be tedious and time-consuming to enter receipts manually. Computer vision and OCR are being used by businesses to capture the valuable information left on receipts in a streamlined process. There have been a number of advancements in OCR in the past 12 months, with expense management software providers pairing/augmenting OCR with AI and machine learning for more intelligent workflows.

- **Artificial intelligence:** Companies are already beginning to use AI to perform lower-level repetitive tasks like calculating the optimal pricing for complex travel demands, using chatbots to answer travel policy concerns, or identifying abnormal travel behaviors. AI will also be used by travel managers to build more accurate travel budgets and perform advanced risk/exposure analysis. IDC expects to see this technology continue to proliferate throughout the travel booking software industry.

- **Big data and analytics:** The travel department is inundated with data, but insights from that data can be hard to find. Sophisticated big data and analytics will allow travel managers to identify opportunities and make better decisions on travel policy. IDC believes that big data and analytics will become a must-have for enterprise-level travel booking software end users.

- **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 like CRM, HCM, ERP, and Expense. This adds a layer of process efficiency, enabling travel managers to do more with less. Modern APIs provide more reliable integration across enterprise applications.

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

- *IDC's Worldwide Software Taxonomy, 2020* (IDC #US45718419, January 2020)
- *Market Analysis Perspective: Worldwide Travel and Expense Software, 2019* (IDC #US43891419, September 2019)
- *Worldwide Travel and Expense Management Software Market Shares, 2018: Simplicity and Scalability Driving Competitive Differentiation* (IDC #US45122619, June 2019)
- *Worldwide Travel and Expense Management Software Forecast, 2019-2023: User Experience Driving Strong Market Growth* (IDC #US45122719, June 2019)
- *IDC Market Glance: Travel and Expense, 1Q19* (IDC #US44646519, March 2019)

About IDC

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