



**Case Study**

# Optimization via the Digitalization of Expenses

Food processing company leverages digitalization to transform costly, error-prone manual reimbursement claims procedure into an economic, accurate, and easy to navigate process..

## Challenges

Difficulties in efficiently processing employee reimbursement claims. The company's process relied heavily on manual inputs, causing time delays in closing requests and issues arising from human errors.

## Solutions

We were able to help design a rigid internal control process, systematized via a corporate expense and reimbursement management app.

## Impacts

Employees scanned their fapiao and recorded additional data directly on the app. The finance teams accessed this data in a centralized location and quickly approved and processed reimbursements.

### **CHALLENGE:** Slow, costly and error-prone manual claims process

A client operating in the food processing sector was finding it increasingly difficult to effectively manage the reimbursement claims of their employees who were regularly travelling for work around China.

The client did have a rudimentary reimbursement application and approval process in place, but it relied heavily on manual input. Employees collated information into an Excel template and subsequently requested approval via email, attaching scanned copies of all supporting documentation. The accounting team manually confirmed each transaction, checking the amounts had been recorded correctly, and carried out a sample-based assessment on the validity of the invoices (fapiao) submitted.

Their process relied on employees printing a hard copy of the fapiao and submitting it as a supporting document with their request, making it difficult to oversee if employees had submitted the same fapiao multiple times - either purposely or by accident. Our client was concerned that the current system made it difficult to identify such duplicate submissions.

The manual nature of the process also made it costly to maintain in terms of resources and did not allow the company to sufficiently analyze expenditure.

## SOLUTION: Switch to an easy, mobile-friendly, digital reimbursement app

We worked with our client's finance team and China GM to design a stronger internal control process that better suited their organizational needs. Moving away from manual work, the process was managed through a corporate expense and reimbursement app.

After we identified our client's exact needs and concerns, we were able to customize the app to address them in an effective way. The app allowed company employees to scan and import information about their expense directly into the app using OCR technology. Uploaded fapiao's were immediately validated within the tax system's server while e-fapiao's from apps such as WeChat and Alipay were directly imported and checked to ensure there was no duplication.

After the employees submitted their monthly reimbursement application, all the submitted data became available for their reporting line manager to assess, allowing the manager to approve or reject the claim through the app. Upon approval, the finance team could access the app data on their computer browsers and carry out any further checks. The process was now fast, simple, and well organized.

Additional features of the app included a software interface that is available in both Chinese and English allowing foreign and native employees to use it with ease. The app also makes advanced financial analysis simpler and collects a large amount of structured data for further use.

## IMPACT: Easy claims process, valid expense data, and reduced overheads

By implementing this new internal control process, our client was able to have better oversight of their internal control management, improve tax compliance, and streamline internal finance operations. They were able to achieve this within a months' time with minimal implementation costs and maintenance fees.

We worked with the client to automatically create and post relevant accounting transactions by designing a structure where the imported data collected in the app also reflected in their ERP system. In this case, our client benefited from both cost reduction through efficiency improvements, qualitative improvements to employee experience, as well as better data reliability and transparency.

The following chart better illustrates the benefits from our client's efficiency improvements. It exemplifies the time saved at each stage of the internal control process by adopting our new processes.

Assuming that the average cost of an employee in the organization is 150 RMB/hour, the monthly savings enjoyed is around 4,185 RMB. In contrast, the license cost of the expense management app is approximately 800 RMB/month (at a headcount of 20) saving our client almost 3,400 RMB/month.

### Monthly Time Saved on Claims Applications, Checks and ERP Entries (20 employees)





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