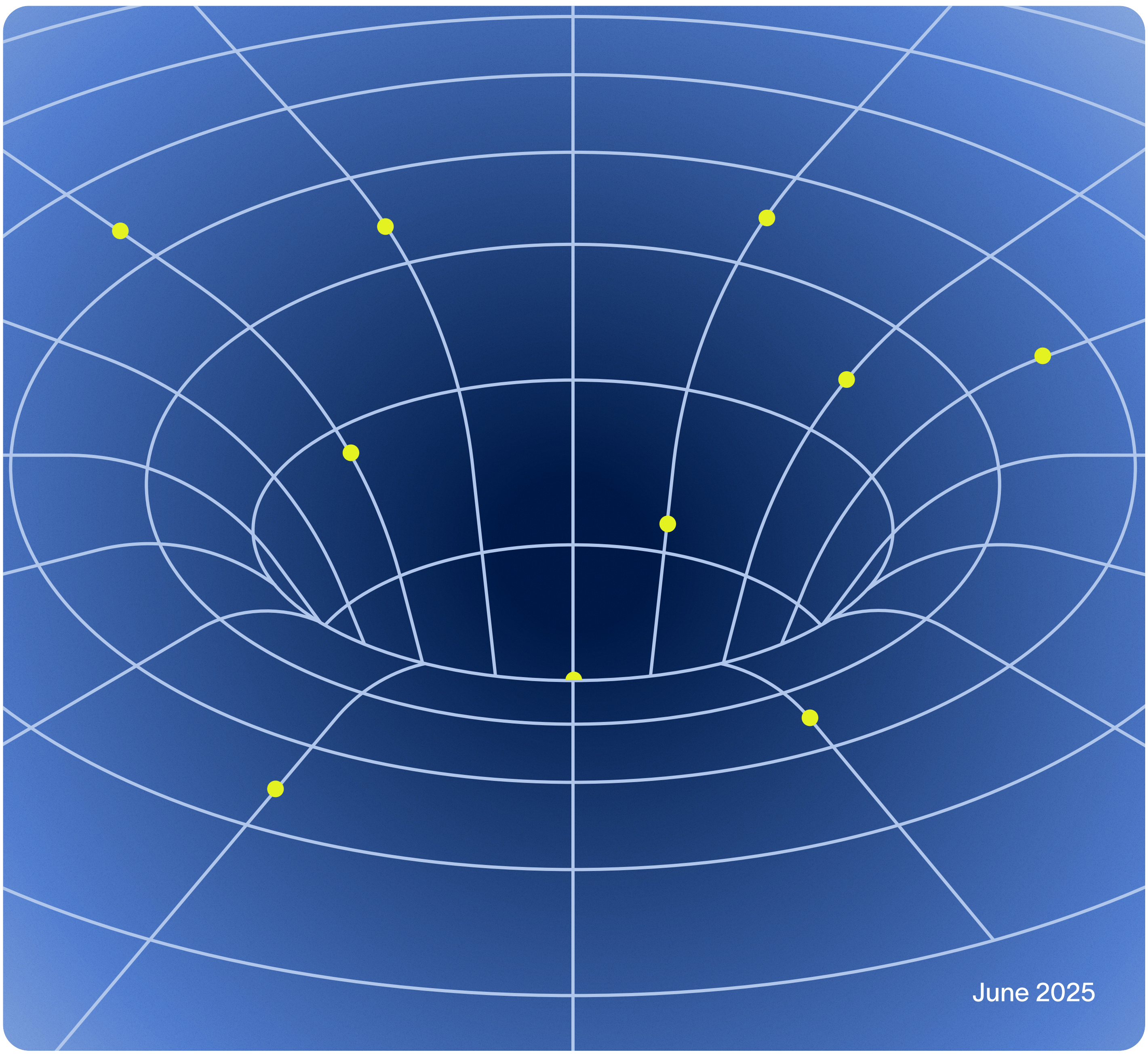
ramp

How legacy spend tools cost enterprises millions

New Ramp data reveals the cost of status quo



Calculating the true cost of inefficient expenses at scale

Many large businesses don't realize that outdated, inefficient spend management systems are quietly draining millions from their bottom line. On top of that, employees waste thousands of hours carefully collecting receipts, submitting expenses, and approving them. Yet fraudulent and out-of-policy spend still slips through the cracks.

The real costs are far higher than they seem—research from IDC estimates Fortune 500 companies could save $40 million every year by automating spend management. Despite this, enterprises continue using legacy tools like SAP Concur or American Express, which require excessive manual work to file and approve expenses and fail to enforce compliance.

As leaders are hit from all sides by margin pressures, resource constraints, new risk exposures, and mandates to modernize operations, these losses are no longer an acceptable business cost. Companies need to act now.

Ramp pulled new, unique data to quantify how much time and money global organizations can save by switching to a modern solution that eliminates slow, error-prone expense workflows.

What’s inside

Cost #1: Unchecked out-of-policy spend

One enterprise reduced out-of-policy spend by

$5.6 million

Submitted transactions that are in policy

95%

Imagine the marketing team attended an industry conference in Las Vegas. After a team dinner, three marketing colleagues drift off to the nearby bar and rack up a $250 tab. Their company's expense policy only allows alcohol purchases at client dinners but, unaware of that nuance, all three put down their company cards.

Without better guidance, the marketers include the bar tab in their expense reports. Then it's up to their manager to notice the $80 in unallowable expenses buried among the line items for reports that each total more than $2,000. And if they do catch it, do they want to push the issue with their reports or do they just let it go?

Example company
All of the calculations below are based on an enterprise with:

- 10,000 employees
- $5 billion in annual revenue
- 55% of employees submitting a report monthly
    - 5,500 reports/month or 66,000 reports/year
- Average hourly wage of $36, the U.S. average (a conservative estimate—your company's average wage may be much higher).

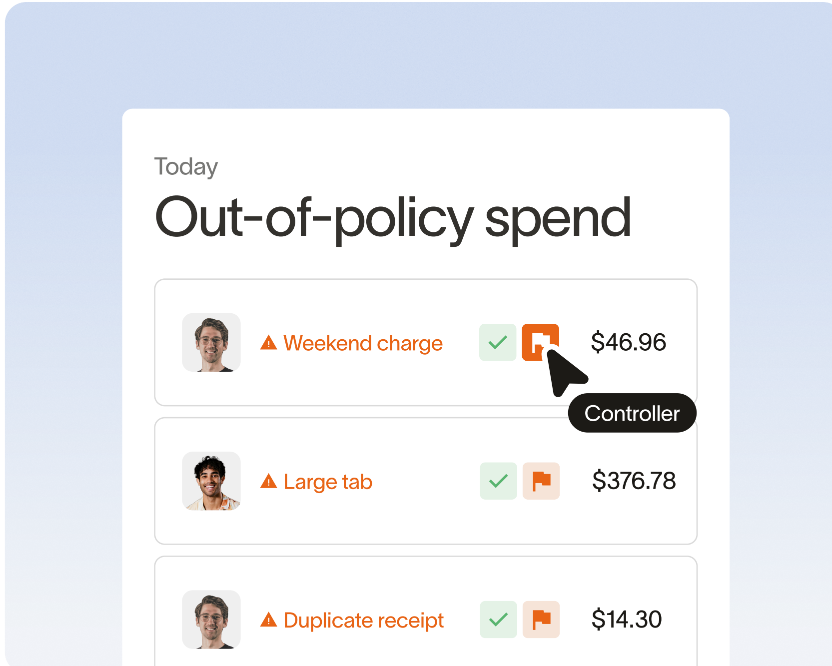
What if the card could block those transactions at the bar before they ever went through? It could prevent this uncomfortable and potentially costly situation.

Better spend management starts with proactive controls that let finance admins prevent certain types of spend they define at the point of transaction. This can eliminate many of the time-consuming headaches brought by non-compliant expenses.

But legacy cards lack the granular, configurable controls to support this. By design, legacy cards approve all transactions because more spend means more money for the issuer. Finance is left to deal with problems once the expense is filed. This leads to awkward conversations and, more importantly, employee time wasted issuing warnings or requesting repayment.

Proactive card controls are a powerful driver of savings. One leading enterprise on Ramp eliminated 3.5% of total card spend with these controls, saving $5.6 million in one year, much of which likely would've slipped through with a legacy system. Another large company reduced spend by 8.8%, saving $4.2 million.[1] Ramp customer data shows that 95% of submitted transactions are in policy at large companies using the platform, reducing non-compliant transactions.

[1] After removing duplicate rejected transactions and successful repurchases post-decline, we calculated "prevented spend" as 42% of total declined spend. Across leading enterprises on Ramp, declined transaction volume was 8-20% of total spend, with 44% of this volume representing transactions rejected as a result of controls. In total, this represents 3.5-8.9% in cost savings.



The Ramp difference

Ramp's embedded card controls prevent out-of-policy spend before it happens. Managers can build in compliance with granular rules that reject charges at the point of transaction based on category, merchant, date, and amount.

To further prevent out-of-policy spend, Ramp can help companies draft their expense policy based on basic parameters on what expenses are and are not allowed. Ramp can then help enforce the policy by reviewing all transactions and giving managers recommendations on which expenses they should approve or reject—reviewers no longer have to feel like they're always the "bad cop." Businesses can even choose to let Ramp AI agents approve low-risk transactions that are within policy, saving finance precious time.

AI agents can also answer employee policy questions, such as local per diem rates or whether they're allowed to purchase a first-class ticket on an international flight—all via text message. That's more time back for the finance team.

Insight

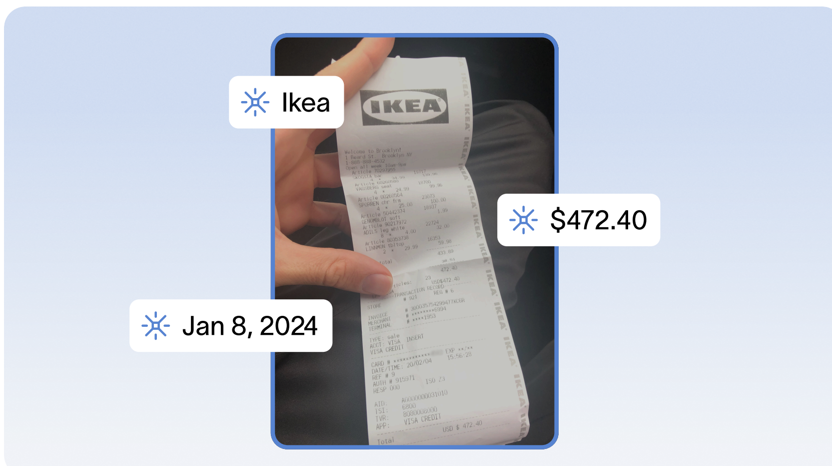
Retroactive enforcement often leads to inconsistent consequences. When businesses issue warnings instead of seeking repayment, it fosters a culture where policy violations go unchecked.

Cost #2: Time-consuming expense filing

Report submission time reduced by	Annual savings in employee wages
85%	$435k

Once employees return home from their trip or finish making a purchase, the time drain begins. They need to gather receipts, upload them, link them to the appropriate transaction, and fill in all of the blank or inaccurate fields. Employees dread this—55% cited time spent creating reports as the most painful part of the process in a survey by Banyan.

With Ramp, employees submit reports 85% faster than with legacy systems. For a company with 10,000 employees and $5 billion in revenue, that translates to savings of $435,000 in employee wages. How do the numbers break down?



Assumptions

- 13 minutes to create an expense report with a legacy system such as SAP Concur.[2]
- 2 minutes to create expense reports in Ramp.[3]

The Ramp difference

Employees using Ramp submit reports in an average of just two minutes, according to Ramp customer data. That's because expenses largely submit themselves: Ramp cards automatically match transactions to the spend program, pre-populate fields, and collect receipts through email and vendor integrations or text message.

Ramp also prompts employees to address any issues rather than leaving it to an admin to sort out errors and missing information. The software uses AI to suggest memos based on the transaction details, flag blurry or duplicate receipts, and ask about accidental spend on a corporate card—and it can do all of this via text.

[2] Concur estimates it reduces report handling and processing time by 36%, which translates to seven minutes faster based on the Global Business Travel Association (GBTA) estimate that it takes 20 minutes to manually create a report.
[3] Ramp data shows users submit expense items in an average of 25 seconds, and assuming five expense items in a report, that totals two minutes and five seconds.

Legacy system

$$\underset{\text{minutes}}{13} \times \underset{\text{reports/month}}{5{,}500} \times \underset{\text{months}}{12} \div \underset{\text{minutes}}{60} = \underset{\text{hours}}{14{,}300}$$

With Ramp

$$\underset{\text{minutes}}{2} \times \underset{\text{reports/month}}{5{,}500} \times \underset{\text{months}}{12} \div \underset{\text{minutes}}{60} = \underset{\text{hours}}{2{,}200}$$

Chart 01

Creating and submitting expenses

Metrics	Legacy system	Ramp
Time (per year)	14,300 hours (1,788 workdays)	2,200 hours (275 workdays)
Cost (per year)	$514,800	$79,200

Insight

Expense reporting is so frustrating that a third of business travelers in Banyan's report said they would rather visit the dentist than fill out an expense report. Employees may delay or skip the process altogether, resulting in incomplete spend data, untracked reimbursements, and potential audit risks.

BOYS & GIRLS CLUBS OF AMERICA

How Boys & Girls Clubs of America reimagined spend management

At national nonprofit Boys & Girls Clubs of America, employees were frequently locked out of the expense system, and new hires needed help with their first reports due to a confusing UX. Expenses often came in late, throwing a wrench into the monthly close. With Ramp, employees could submit expenses on the go immediately after swiping their card. The impact was dramatic:

- Finance saved 40 hours/month on corporate card admin
- Employees freed up 10 hours/month with an integration between the spend and HRIS systems
- Employee reimbursements took 1-2 days instead of weeks

> "We considered the opportunity cost of not changing from our existing system. Ultimately, maximizing the impact of the scarcest resource we have in our organization—people's time—drove us to move to Ramp."

Jason Penegar
VP and Controller
Boys & Girls Clubs of America

Read the full case study

Cost #3: More time lost to approvals and erroneous reports

Time spent on expense review and approval lowered by

95%

Labor savings per year

$697k

For enterprises using outdated approaches to spend management, once an employee submits a report, managers may verify each expense against supporting documentation, check the expense policy when necessary, and flag or reject any transactions that are out of policy or missing receipts. After that, accounting needs to do a final check, then code each transaction into the accounting system and initiate the payment or reimbursement. At global organizations, this is often an arduous process.

With Ramp, expense review and approval takes 95% less time than with legacy systems, leading to $697,000 in labor savings per year for that same $5 billion company with 10,000 employees.

The Ramp difference

Receipt automations mean only 5% of transactions in Ramp do not have a receipt attached the same day the purchase is made, so managers and finance don't have to waste time hunting them down. Managers can save hours every week with clear recommendations from Ramp on whether to approve or decline expenses. Ramp's AI agent can review every transaction in real time and suggest whether managers should approve, reject, or review each one. The system can even automatically approve low-risk spend.

Additionally, Ramp recommends accounting categories based on the context of the transaction when employees file the expense. That means accounting teams spend far less time reviewing and coding transactions.

Insight

When employees must cover business expenses out of pocket and reimbursements are slow, they're left covering business costs for an extended period—and may resort to fraud as financial pressure builds.

Assumptions

- 15 minutes for manager review (5 minutes) and finance approval (10 minutes) with a legacy system.
- 33 minutes for reports with errors, with 20% of reports containing errors.[4]
- 1 minute to review and approve reports with Ramp.[5]

[4] Based on GBTA data, which estimates erroneous reports take an additional 18 minutes to fix.
[5] Ramp data shows average active time for admins to review and approve a transaction is 11 seconds, and assuming five expense items per report, that's a total of 55 seconds.

Legacy system—*reports without errors*

$$\underset{\text{minutes}}{15} \times \underset{\text{reports/month}}{4{,}400} \times \underset{\text{months}}{12} \div \underset{\text{minutes}}{60} = \underset{\text{hours}}{13{,}200}$$

Legacy system—*reports with errors*

$$\underset{\text{minutes}}{33} \times \underset{\text{reports/month}}{1{,}100} \times \underset{\text{months}}{12} \div \underset{\text{minutes}}{60} = \underset{\text{hours}}{7{,}260}$$

20,460
Total hours

With Ramp

$$\underset{\text{minute}}{1} \times \underset{\text{reports/month}}{5{,}500} \times \underset{\text{months}}{12} \div \underset{\text{minutes}}{60} = \underset{\text{hours}}{1{,}100}$$

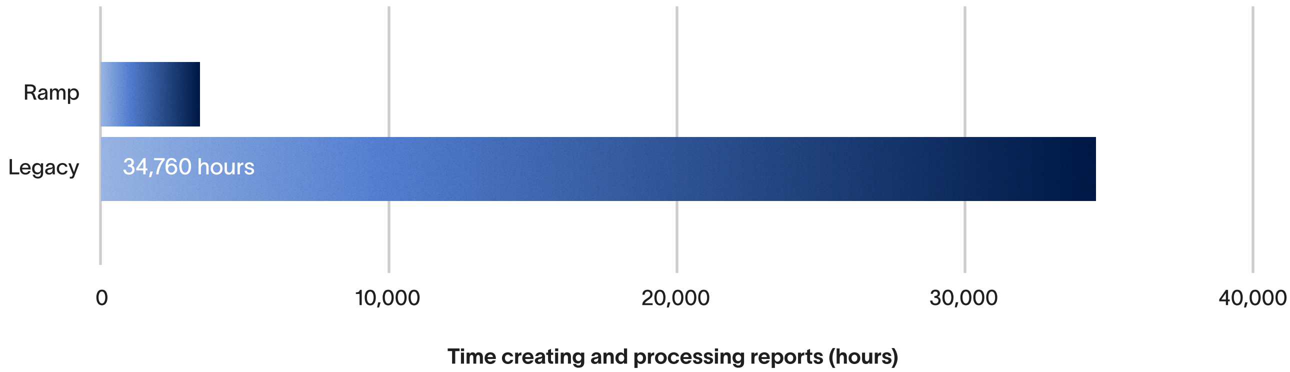
Chart 02 **Approving and processing expenses**

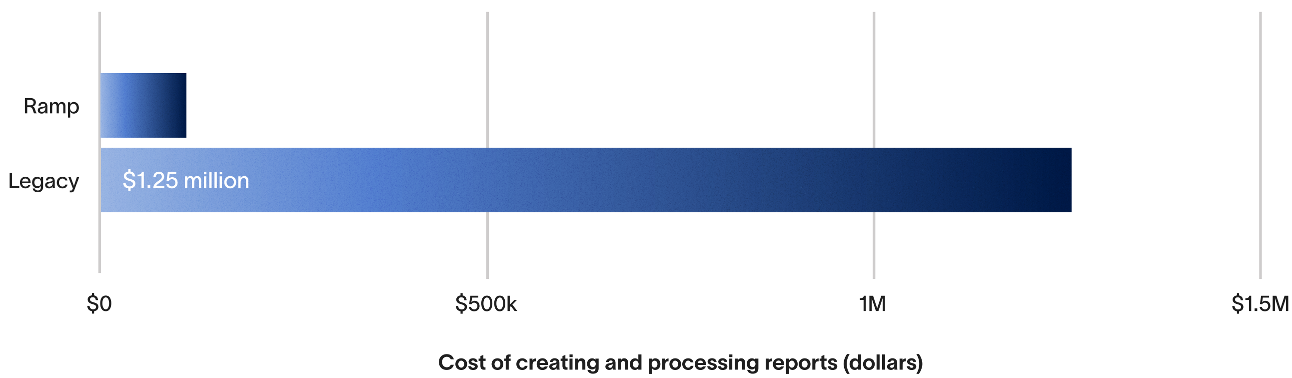
Metrics	Legacy system	Ramp
Time (per year)	20,460 hours (2,558 workdays)	1,100 hours (138 workdays)
Cost (per year)	$736,600	$39,600
Expense lifecycle time	8-12 days	1 day

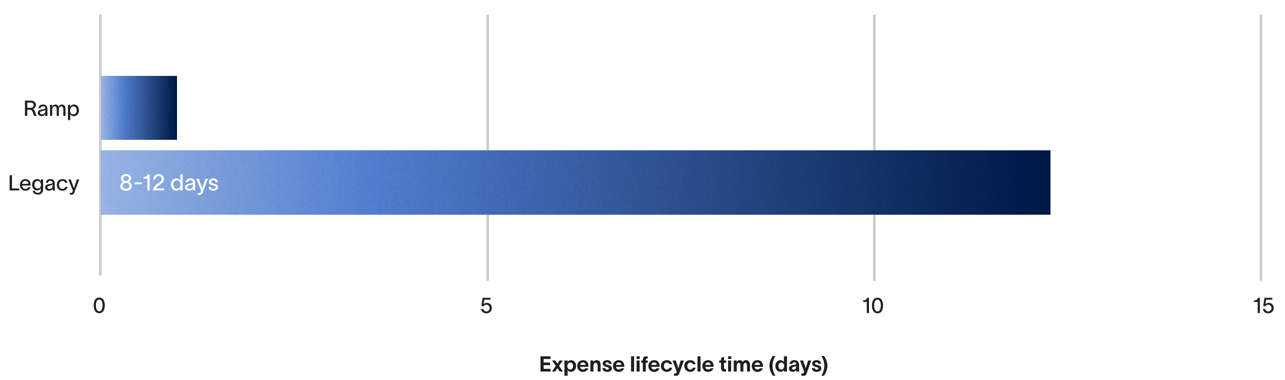
Chart 03

Total ROI snapshot

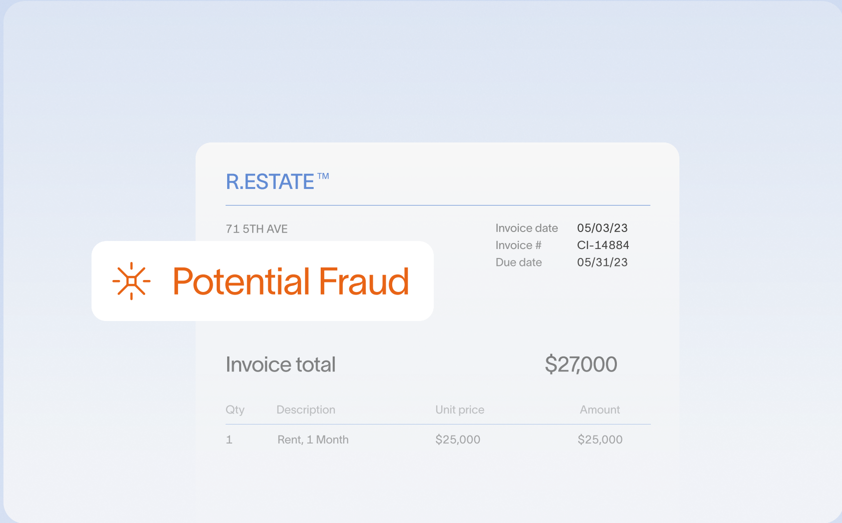
When you add it all up, how much time and money could an enterprise lose to manual spend management processes—and how much could it save with Ramp?







Fraud: A silent cost center



Fraud presents another major cost—one potentially far bigger than that related to employee time—at this stage. Outdated software that lacks automated compliance enforcement tools can make it much easier for fraudulent transactions to slip through.

An accountant sifting through dozens of reports in one day is more likely to miss common types of expense fraud, whether a personal purchase at a big-box store, an inflated charge for a brief hotel stay, or a fictitious expense for an Uber ride on an otherwise legitimate business trip. Limited visibility into transactions as they happen only makes it more difficult to spot red flags.

So how much could such expense fraud cost enterprises?

AFCE found companies lose 5% of their annual revenue to fraud, with median losses up 24% from 2022 to 2024. It further found that enterprises are at particular risk of fraud—companies with 10,000 employees or more saw median losses of $200,000 per case, the highest of any group.

The AFCE report estimates that 89% of all fraud comes from asset misappropriation, and expense fraud accounts for 13% of asset misappropriation cases. Based on these numbers, a company with $5 billion in revenue would lose roughly $29 million annually to expense fraud. Expense fraud lasts an average of 18 months, so the losses pile up—$8,000 in fraudulent travel charges every month quickly adds up to $144,000.

Ramp flags unusual activity and can catch fraud like AI-generated receipts that would go unnoticed in most systems.

The bigger impact on your business

The drag of outdated expense systems goes beyond wasted hours or dollars—it can hurt productivity across the business and pull employees away from more valuable work that leverages their expertise. Here's how outdated expense processes hinder different groups:

- Finance. At enterprises processing a large volume of reports every month, validating expenses and coding line items consumes hours that finance teams could spend on analysis and planning. For example, finance may not have time to address a gray area in the expense policy that's increasing the average cost of business trips. This is especially pertinent as finance shifts away from admin work. Sixty-five percent of finance teams see themselves as "valued business partners," up 24% in the past year, per a study from The Hackett Group.

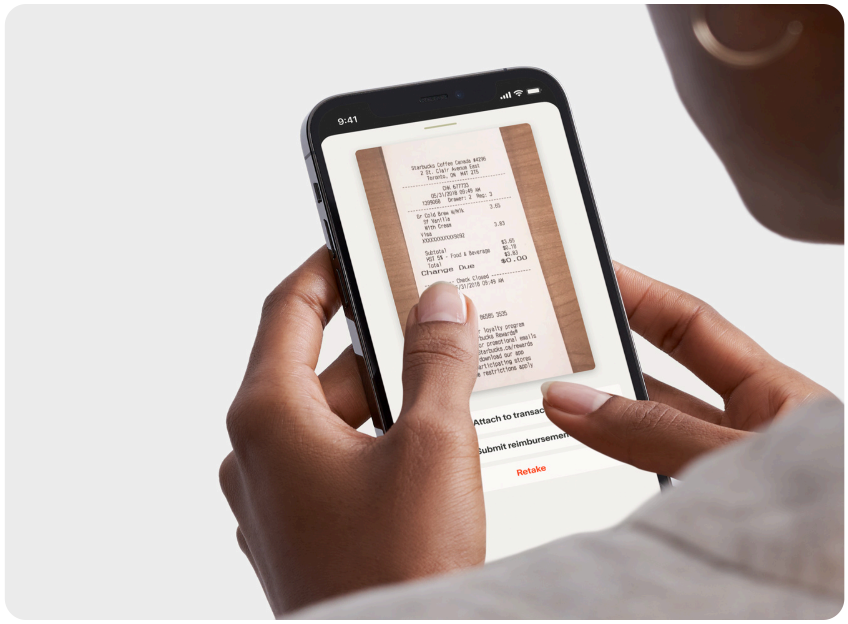
- Department leaders. Legacy systems that offer only retroactive reporting leave budget owners operating in the dark. That delay makes it impossible to course-correct in real time and leads to costly missed opportunities. For example, department leaders may find out too late that their team overshot budgets last month or that their spending doesn't align with priorities.

- Sales and go-to-market teams. Time spent on expense reports is time not spent selling or developing creative strategies to bring your products to market. Logging receipts, filling forms, and resolving issues with finance all take reps away from revenue-generating activities such as prospect outreach and customer account reviews. Worse, clunky reimbursement processes may make employees hesitant to travel at all, missing out on opportunities to deepen customer relationships and close big deals.

- Executives. Without a real-time view into company-wide spend, leadership must make critical business decisions based on outdated or incomplete data—89% of finance leaders report they face this challenge every month, according to Pigment. Manual processes delay reporting and leave key insights with easy fixes—such as adding a default card control to block food and drink spend above the per diem—undiscovered, wiping out sizable savings.

Using a platform like Ramp that brings all of your spend onto one platform—including card, AP, and procurement—boosts the productivity of your finance team and empowers them to make more informed decisions. Such a system also makes things easier for other stakeholders. And a unified platform often delivers all of these benefits at a lower overall cost.

The case for modern spend management



Enterprise leaders under pressure to cut costs and boost productivity have a clear opportunity to notch a big win by modernizing spend management. Upgrading to the latest technology can save millions of dollars and tens of thousands of hours annually. Legacy, manual processes don't scale; as your company grows, so do the inefficiencies and costs. In a climate where executives and boards expect measurable gains, this is a transformation that delivers.

Modernizing spend management is about more than adopting a new system with a prettier interface and better workflows. It's about freeing up employees across the company to focus on work that matters and pushes the business forward. At the biggest companies, the impact of these efficiency gains can be profound. Leaders must realize that the current status quo for spend management is really a relic of the past.