

Expense Report Mobile App and Platform



David Barrett
CEO
Expensify, Inc.

CEOCFO: *Mr. Barrett, your website mentions, “Expense reports that don’t suck!” How does Expensify get that to happen?*

Mr. Barrett: It is a bold vision, but we are trying to improve the world one expense report at a time. I would say we do that primarily through automation of the end user experience. We think that accountants spend too much time shoveling work from one pile to the next and we think the tools should be doing the searching and just throwing in the needles that need to be inspected. The way we do this is with your mobile app; you just take a picture of the receipt and we will read all of the information off the receipt entirely so no typing involved whatsoever. You import your credit card into Expensify and we will link the receipt to the corresponding credit card image so you will see all of your transactions and each of the receipts will appear next to the appropriate transaction. We have a whole host of automation features all of which is completely controllable by the accountants, so that they can enable as much or as little automation as they are comfortable. We can for example automatically create the expense report for the employee and train the employee of the correct meaning and things like this and just do it all for them. We will submit the report for the employee automatically so there is no reason to sit around and nag them. You can specify automatic approval thresholds so you can say all Starbuck’s receipts are not worth looking at, so we are going to look at all of them, so long as they match the receipts for example. We do multi-level approval flows. We do next-day reimbursement and we will withdraw the funds from the employer’s account and deposit them in the employee’s account the very next day. Then of course export into the accounting package, we support pretty much everything from Quick Books and Xero for the SMB to NetSuite and Oracle.

CEOCFO: *If somebody writes over the receipt, for example, how are you able to discern?*

Mr. Barrett: Anything that you can read, we can read. The main thing is so long as you have the receipts that you think makes sense then it will make sense to us too. We have a bunch of OCR technology that will go as far as the automation can go but if our technology is not confident in the receipts, then we can actually dispatch it to a group of human transcription agents and double check the work to make sure it is accurate as well as to pick up on receipts that the human eye can get that technology cannot.

CEOCFO: *Who is using your services today?*

Mr. Barrett: We have about fifteen thousand customers. Most of Silicon Valley is standardized upon us. For example Uber, Snapchat, and most of the new upcoming unicorn startups. We are also used by thousands of small businesses and a handful of large companies as well. For example, Yahoo is our latest our customer. Yahoo uses Expensify exclusively for all of their employees worldwide.

CEOCFO: *Is there much competition?*

Mr. Barrett: There is a lot of competition. The problem that we solve is very universal. Every business does some sort of receipt for an expense track. It is what differentiates a business from a hobby. There are a bunch of people who do what we do but we are the only provider that stands the entire market. There is no one else out there that has both sole proprietors and Fortune 500 companies.

CEOCFO: *What is it that you understand about the process of expense reports that maybe others do not that has allowed you to develop something that works so well?*

Mr. Barrett: We understand the importance of the employee. All of our competition is built for a classic enterprise sales model. The problem with enterprise sales is that you cannot help but make enterprise software and people despise it. I

think the reason is because most enterprise software is built to be sold to a decision-maker that will never use it whereas our sales model is very different. We sell to the employee first. For the vast majority of our customers, the first person to actually learn about Expensify is not the decision-maker but actually the individual employee that is out on her mobile app heard about us from a friend and so forth. That is why we have to have an experience that is so good for the end user because the employees pull us into the organization. We do not do any advertising. We do not have any commission sales people.

CEOCFO: *What have you learned along the way and why is the offering better today than maybe a year ago?*

Mr. Barrett: We have learned that how you solve the problem differs in major but subtle ways depending upon the level of automation involved. For example when we first started, the industry was around manual data entry. The whole product was built to enable for simple typing in forms and things like this. When we added our receipt scanning technology called SmartScan we were the first to offer it in an integrated fashion. We have a broad patent that covers all things Mobile Receipts cannot. We realized that all the work we put into the product to make it easy to manually enter expenses became obsolete because now you never enter a sentence and you never fill out a form because everything is automatically scanned from a receipt or imported from your credit card. It changed every aspect of the product in nuance and subtle ways. We spent years rethinking and rebuilding the product from an automation first mentality from an automated data entry perspective. We are now going to a second major way of innovation where historically there has been manual workflow. Expensify is really one button that you press that opens your camera and you take a picture of the receipt and then you put your phone in your pocket and never think of that receipt again. We read the receipt details and put it on the right report, submit it on time and get it approved and reimbursed. We are always reinventing how our core product works.

“A major part of what we do is just helping people understand that yes it is possible and it might seem like magic that you can take a picture of the receipt and everything else is handled for you. It is to the point that it is so automated and seamless that people do not really believe it. That is the major thing we are grappling with. Thirdly, expense recording as amazing as it is, is really just a foundation for business travel. What we do is not just your expense report but we automate your entire business.”- David Barrett

CEOCFO: *Do people trust immediately and give up keeping other records?*

Mr. Barrett: Yes, pretty much. It is a daunting responsibility because we put an enormous amount of effort making sure that when you take a picture of a receipt we cannot lose those receipts, so we have to be at least 99% accurate for it to work at all. We put an enormous amount of attention on reliability and accuracy. It is only because of that extreme attention put towards it that people do trust us and do not have that trust abused.

CEOCFO: *What would you like to offer that you are not doing now?*

Mr. Barrett: We are living the good life and it is great. One nice thing is we are a growing company and we are profitable. We are growing much faster than our competition. Gartner recently designated Expensify as the fastest-growing expense management product in the world. Our competition grows about 40% year over year whereas we grow 140% year over year. The things that I would like to do more of are the constraints is just hiring great engineers. Everything we want to do we could if we just had more hands to do it. It comes down to a world of opportunity out there just waiting to be explored and there is nothing in our way we just need more great people to do it.

CEOCFO: *What has been your biggest surprise along the way?*

Mr. Barrett: My mind immediately goes to trying to run a business. I would say my biggest surprise along the way is there are two major business models in Silicon Valley. One is that you build a viable business and you care about things like margins, profitability, growth and sustainability and things like that. The second and most popular approach is to sell to a bigger sucker to be known. Think of products that have a slight advantage or perceived advantage. Raise a ton of money while secretly taking a bunch of money off the table and then try to sell to someone who is going to buy it before they realize that it is all a house of cards. That is why it has become so common in Silicon Valley. It is the standard in fact that when a company is acquired it immediately dismantles their parts and nothing ever happens. It is almost astonishing when someone acquires a company and then keeps the product around. Because of that, there is this mentality of Silicon Valley where all the best practices are not on how to build a great business but on how to throw yourself to the ground as hard as you can. You then recognize that all of your competition is doing the same and one of you is going to get caught and everyone else is going to hit bottom.

CEOCFO: *Final thoughts?*

Mr. Barrett: Three points I always keep in mind which are key aspects of our business is that expense reporting is the worlds' second oldest industry. We are synonymous with business. Every business of every size everywhere in the world does some form of expense tracking. You cannot get away from it because even if you do not have income you still have expenses. It is a completely universal problem. The technology for automation is getting so good but people do not realize it yet. The capability is beyond what people recognize is possible. A major part of what we do is just helping people understand that yes it is possible and it might seem like magic that you can take a picture of the receipt and everything else is handled for you. It is to the point that it is so automated and seamless that people do not really believe it. That is the major thing we are grappling with. Thirdly, expense recording as amazing as it is, is really just a foundation for business travel. What we do is not just your expense report but we automate your entire business. When you book airfare, we will give live flight reminders and updates. When you land at the airport we will pick you up in Uber and take you straight to your hotel. Expensify is using expense reporting as a foundation for an entire collection of automation features that automate your entire business trip and help you run your entire business.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine



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