

Beyond the savings point: the impact of travel technologies in corporate end-to-end processes.

This whitepaper has been developed
in collaboration with BTRC,
Cranfield University and ACTE.

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About the Cranfield University Business Travel Research Centre

The Business Travel Research Centre (BTRC) is located at Cranfield University's Department of Air Transport, the largest air transport management faculty in Europe with a global reputation for excellence in applied research. The BTRC draws together research and learning about the business travel sector.

The object of the centre is to develop an in-depth understanding of the complexities of the business travel sector and its importance within the air transport industry. By so doing, it aims to provide an insight into the business travel market for airlines, corporate travel managers, procurement specialists, travel management companies and the academic community.

About this paper

This new white paper is an overview of companies' implementation of integrated travel systems, including the advantages, the challenges and some best practice examples. The research, based on an online survey completed by 168 ACTE members and interviews with nine companies, focused on the impact of travel technologies, specifically the integration of travel management tools and how this integration affects corporate productivity.

About ACTE

The Association of Corporate Travel Executives (ACTE) is a not-for-profit professional association established by business travel leaders to provide executive-level education and networking. Since 1988, ACTE's global membership has grown to include members from 49 countries spanning all business travel segments, from corporate buyers to agencies and suppliers.

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Foreword

As more and more companies implement travel technology, corporate travel managers are searching for ways to integrate this into other processes, such as the corporate intranet, HR database, and expense management. The goal is to transform all the multi-step processes that occur in a travel transaction into a seamless, fully automated process, thereby eliminating redundancies in employee information, improving accuracy, saving on labour, increasing transparency and consolidating the data.

This in turn creates other efficiencies, of course. More accurate, complete data improves compliance, by enabling the corporate travel manager to better monitor the travel program while automated linked processes reduce inefficiencies associated with booking, expense reporting, and reimbursement on the traveller side.

For the company as a whole, integrating the processes involved in a travel transaction with other related functions creates more peace of mind, such as traveller tracking capabilities that improve the corporation's execution of security measure and duty of care. And while in the short term integration may involve a substantial IT investment, studies show that in the long term automating processes results in significant cost savings and control.

This new study sheds light on the degrees to which corporations are moving toward integration of travel processes and their preferred solutions. Implementation and high adoption of self-booking tools (SBT) are a pivotal step towards integration. The study found that some companies are now achieving adoption levels above 90 %. Implementing a travel processes integration system is complex and involves a number of steps, from the in-depth evaluation process to getting the buy-in from company stakeholders to training employees in the new system. Essential to its success is high levels of compliance to the travel policy. The expertise and commitment of the corporate travel manager are crucial for the multiple benefits of cost savings, streamlined processes and comprehensive data collection to be realised.

For multinational organisations with regional travel operations the process of integration can be a particular challenge, given the multiple departments, subsidiaries, etc., across different geographies. These companies typically encompass a multitude of systems and processes across many regions which make the decision making process on the use of technology rather complex. The following report confirms that technology providers need to understand the realities of their customers better and provide answers to business needs first. Only when this is done, can technology deliver value

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Executive Summary

Utilizing a self-booking tool has become a standard best practice at corporate travel departments. At companies that have achieved high adoption levels, the automation has enabled them to reap significant cost savings: a study produced by the Aberdeen Group found that companies spend on average \$31.40 per expense report when processed manually. In contrast, corporations that have switched to a fully automated expense reporting system pay only \$15.10, a savings of 50%¹.

The savings result from the dramatic reduction in Travel Management Company (TMC) transaction fees, the inclusion of negotiated rates and preferred low-cost suppliers in the tool, as well as visual guilt. Previous research revealed that using an SBT will save on average 25.6% of TMC fees and a further 9.1% on airline ticket spend (with more choices online, travellers choose more cost-effective options)². But that's not where the benefits stop.

New research indicates that self-booking tools can also play an important role in boosting corporate productivity if they are fully integrated into other company systems, such as the HR database, accounting, and expense management. Linking the SBT to these related functions not only makes for a speedier, more seamless work flow, but also results in a number of side benefits, such as better data accuracy, a more comprehensive view of the travel spend, and the ability to strategize the travel program more effectively.

In the last few months, the Association of Corporate Travel Executives (ACTE), in conjunction with Amadeus and the Business Travel Research Centre (BTRC), of the Department of Air Transport at Cranfield University, based in the UK, conducted an online survey of 168 ACTE members to ascertain the degree to which large companies have achieved systems integration, the various options they are implementing, and what types of benefits they are experiencing.

The survey revealed that there are multiple benefits of integration for those companies that were furthest along in the integration process. The eight most common are as follows:

- > Seamless access through single sign-on
- > Increased travel policy compliance
- > Improved accuracy of the traveller PNR Data
- > Enhanced safety- and security-related monitoring
- > Expedited pre-trip authorization
- > Increased accuracy and depth of travel data
- > Better leverage with suppliers
- > Transaction process saving at least 50 percent

¹ Aberdeen Group, "Expense Management Automation: Process Efficiency, Great Visibility," Feb. 2007

² ACTE and Amadeus research on *The Adoption of Corporate Self-Booking Tools* (Cranfield University, March 07, page 8)

However, companies face common challenges, such as:

- › Limited access to IT resources
- › Competition from other IT projects within the firm
- › Difficulty in getting approval from senior management
- › Delays in implementation due to the need to standardize existing systems

Nonetheless, the results showed that the benefits overwhelmingly outweigh the difficulties. Using the survey data, ACTE and Amadeus commissioned this whitepaper to provide an overview of an integration program, with a careful evaluation of the strengths and challenges of the various options. As part of the comprehensive strategic planning process, which lays the groundwork for the evaluation, selection and implementation of an integration project, corporate travel managers need to adapt these four drivers toward an actionable plan:

- › Senior management approval is key to accomplishing the evaluation process
- › Standardization of other internal existing processes is necessary before the integration plan is implemented
- › The integration project needs to be made a priority within the IT department
- › Consistent worldwide processes and employees' awareness increase policy compliance



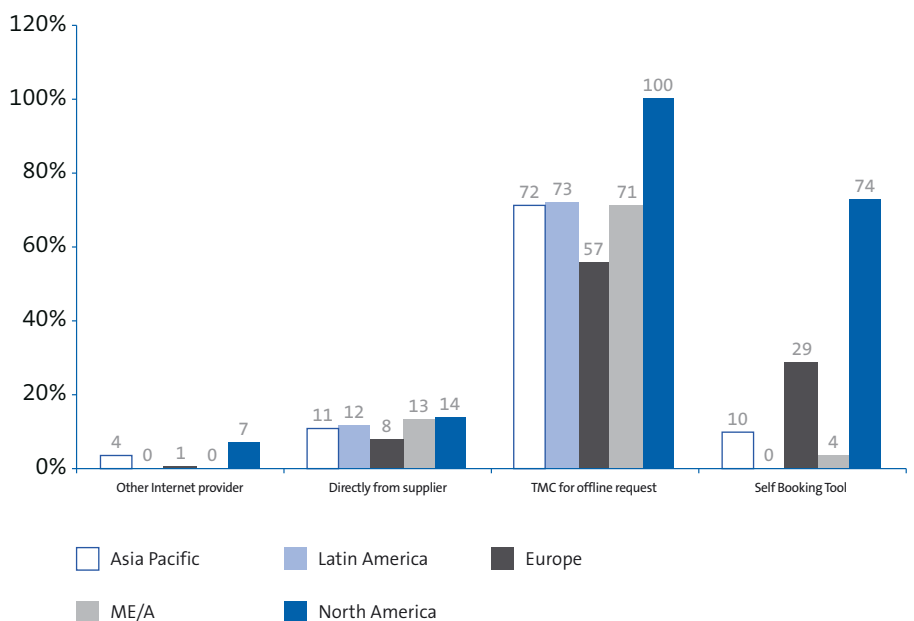
The Study Methodology and Findings

The integration process is complex, encompassing not just the travel department but also IT, finance, procurement, HR and security. Companies have to make choices about the type of systems architecture that will work best for them, of which the SBT is one element. They have to decide whether to replace their existing technology or instead integrate with the legacy systems already in place, and whether they should roll out the integration project on a worldwide basis or implement it by region.

The month-long survey of 168 corporate travel managers and procurement managers was completed in mid July. In addition to analyzing the responses to the on-line survey questionnaire, ACTE and Cranfield University also conducted in-depth interviews with corporate travel managers and procurement managers representing nine companies in September. Five of the corporations had an annual travel spend of over \$100 million, three companies spent between \$50 million and \$100 million on travel and one firm had a spend of less than \$50 million. These discussions led to a deeper understanding of the complex issues related to integration, the benefits that had been achieved, the barriers to additional benefits and potential productivity gains.

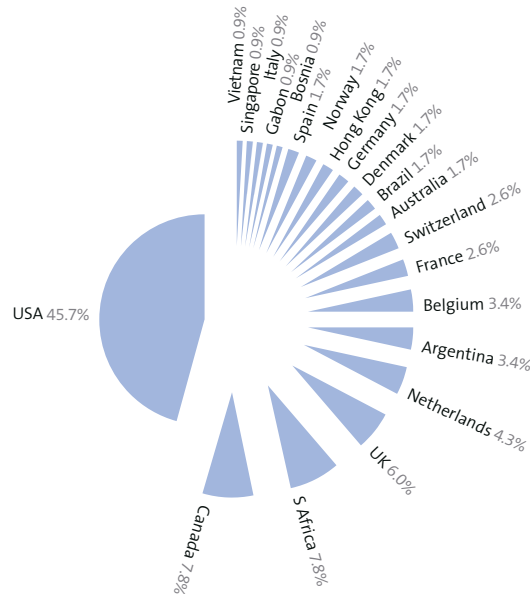
Not surprisingly, the companies with the biggest travel spend achieved the greatest level of integration. There was also a geographic bias in terms of SBT usage. Air booking rates tended to be highest among the North American companies, with an average rate of 74 % compared to 29 % for Europe ([Chart 1](#)).

Chart 1: Channels for Air Tickets by region



Participants, all of whom were either corporate travel managers or procurement managers overseeing travel, were primarily from North America and Europe: 54% were based in North America and 29% in Europe. The remainder consisted of corporate travel managers in Middle East and Africa, Latin America and Asia Pacific (*Chart 2*).

Chart 2: Geographical location of survey respondents

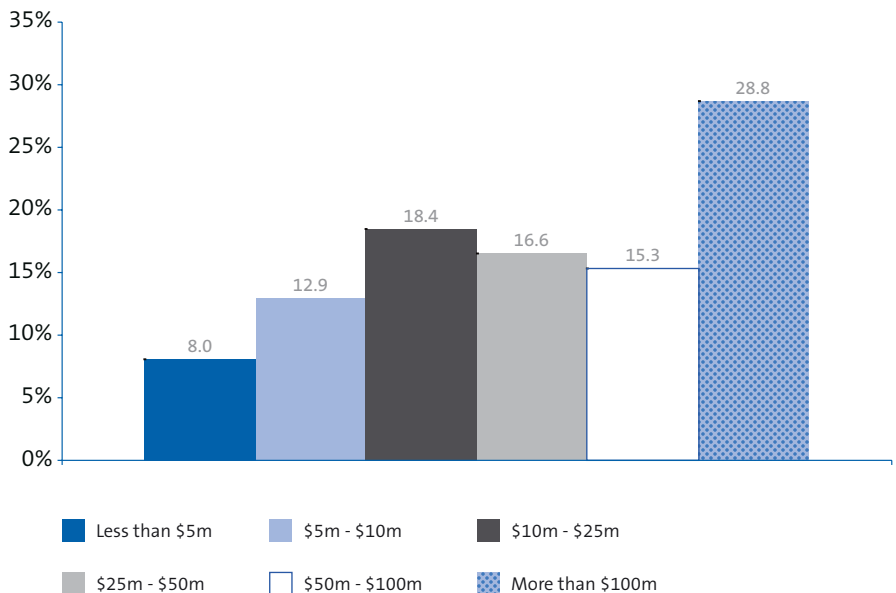


A variety of industry sectors were represented, with most of the respondents in manufacturing (21.3%), finance (17.1%), health and social services (6.7%), mining, oil, and gas (7.3%), wholesale or retail (6.1%) as well as consulting, IT and other high-tech services.

These companies represented a range in terms of size of company, with almost half (27.9%) having 5,000 travellers or less. A sizable minority (16.4%) consisted of corporations with more than 50,000 travellers.

Almost a third, 28.8%, oversee an annual travel spend of more than \$100 million (*Chart 3*).

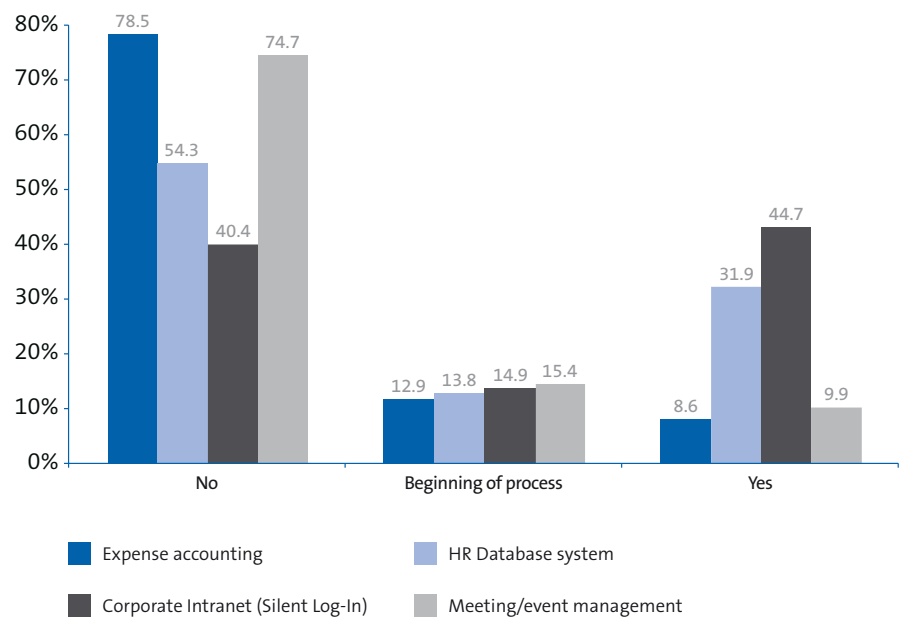
Chart 3: Annual Company Travel Spend



Each company surveyed was at a different stage in the process, with most having achieved partial synergies. *Chart 4* shows that 59.6% (44.7% +14.9%) had either already introduced a single sign-on to the online booking tool via the corporate intranet or are in the process of doing so. The chart also showcases that 32% of firms have integrated the SBT with the HR database, with a small minority – 8.6% – having integrated the tool with the expense management system.

An additional 13% and 14% of companies were at the beginning of the process of integrating the SBT with either their HR or expense management systems, or both.

Chart 4: Travel technology: status of integration with other corporate IT systems



The Ten Steps for Integration of the Travel Process

From pre-trip approval phase to billing the client, a travel transaction can be broken down into ten steps.

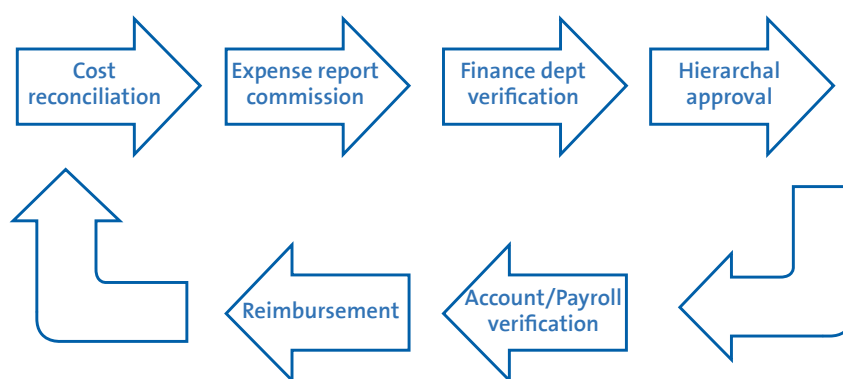
Table 1: Integration of the travel processes

Stage of Travel	Stage	Travel Process	Likely Participants
Pre Trip	1	Trip recognition and approval	Client, traveller, traveller's line manager, traveller's dept, Finance
	2	Travel selection and booking	Travel Dept, traveller's dept, SBT, TMC, GDS
	3	HR/security notification	HR
Travel	4	Travel and entertainment expenses incurred	Traveller, traveller's dept, Finance, Corporate Card
Post trip	5	T&E expense reporting	Traveller, traveller's dept, traveller's line manager, traveller's admin, HR, Finance, Accounting
	6	Travel payment	Corporate Card, Finance, Accounting, TMC, Supplier
	7	T&E cost allocation	Finance, Accounting, traveller's dept, traveller, traveller's admin, traveller's line manager
	8	Traveller reimbursement	Finance, Accounting, Cash Office, Corporate Card
	9	HR/security update	HR
	10	Billing clients	Finance, Accounting, traveller's dept, traveller

This multi-step process intersects with related corporate functions, leaving an electronic footprint in other IT systems, including HR, accounting and travel management information systems. The travel transaction also involves numerous third parties, namely the Global Distribution System (GDS), TMC, corporate card providers, other suppliers (travel vendors) and possibly a separate expense management provider.

Before a company can begin integration of the travel technology, it must first ensure that all processes are automated. At many corporate travel departments, the travel transaction tends to be a mixture of manual and electronic processes. For example, reconciling expenses has traditionally required the traveller to report the various costs he or she incurred during a trip. Receipts are attached, currencies are converted, and expense reports are written out, either on pro-forma sheets or on spread sheets; electronic copies of receipts also may be made. These are then sent for approval to department managers, which then forward them to the finance departments. Finance sends them to accounting and payroll, which incorporate the data into their systems. Reimbursements are then made to the traveller.

Expense reconciliation process



With so many parties involved in the process of handing off the reports, the potential is great for transcribing and miscalculation errors, such as allocating expenses to the wrong cost centre. The process can be lengthy, leading to delays in rebilling clients and reimbursement to the traveller, which might incur further mercantile costs or banking fees. Automating the process not only leads to more accuracy and a shorter time cycle, it also reduces the processing costs up to 23% of the total direct T&E spend³.

Travel research firms have confirmed this. A recent study by the Aberdeen Group⁴ for example, found that companies spend on average \$31.40 per expense report when they process the reports manually. In contrast, corporations that have switched to a fully automated expense reporting system pay only \$15.10, a savings of 50%. At some corporations, the savings are even greater. At Unilever, for example, implementing an end-to-end automated expense management system resulted in a reduction in the cost of processing claims from \$48 to \$18, a savings of 62.5%.

³ ACTE and Amadeus research on *The Impact of Technology in the Evolving Role of the Travel Manager*, June 2006, page 10

⁴ Aberdeen Group, "Expense Management Automation: Process Efficiency, Great Visibility," Feb. 2007

Benefits of Integration

Expense management is only one piece of the puzzle, but it is a good example of how automating and linking multiple processes can save on costs. The efficiencies are multiplied when the SBT is linked to the expense management system and the HR database, creating a seamless flow of data that is easier to manage, reduces errors, eliminates redundant processes and provides the travel department with much greater control over the traveller's behaviour.

Here are eight ways in which surveyed corporate travel managers said integrating the SBT into the company systems boosts productivity:

1 - Seamless access through single sign-on. Linking the SBT electronically to the HR database enables the traveller to log onto the company's intranet and be automatically connected to the SBT. Only one log-on is required, enabling the user to book his or her travel without having to enter into a separate system.

2 - Increased travel policy compliance. The traveller's profile is pre-populated in the SBT, ensuring that the information is up to date and consistent across the company. Class of travel and preferred suppliers, as established in the travel policy, are embedded in the SBT, preventing the traveller from booking outside the policy at the point of purchase.

3 - Improved accuracy of the traveller PNR Data. People regularly leave the company, get promoted, move their residence, and change their names, which can affect their travel plans if the information isn't up to date. For example, at one company a traveller who had recently moved missed a flight because a limo service booked to take him to the airport drove to the old address. Having to store profile information at multiple locations increases the likelihood of errors and inconsistencies and also creates more work in keeping it updated. When the HR database and the SBT are integrated, the information can be synchronized on a regular basis to ensure accuracy.

4 - Enhanced safety and security related monitoring. Another advantage of integrating the SBT with HR is that by enabling the responsible department to automatically access the booking information, the traveller can be tracked for safety and security purposes if there's a crisis or disaster. In fact, for more than half of the companies surveyed, achieving tighter levels of security was the major reason for linking systems.

5 - Expedited pre-trip authorization. Since the terms of the travel policy can be incorporated and enforced within the SBT, the need for exhaustive review of adherence to policy is eliminated and pre-trip authorization is expedited. Pre-authorization can be a quick, simple process.



6 - Increased accuracy and depth of travel data. By integrating the HR database, SBT and expense management systems, corporate travel departments have access to more comprehensive data about their travel programme. Errors are reduced as data doesn't have to be re-keyed into the different systems. Data – travel spend and the breakout of information on volumes, city pairs, regions, individual travellers, and suppliers – is consolidated and allocated to the proper cost centres, which enables the corporate travel manager to analyze the spend by department. Having quick, easy access to more comprehensive data, the corporate travel manager is able to get a more complete picture of the travel program, yielding opportunities for improved analyses and benchmarking.

7 - Better leverage with suppliers. Additionally, having access to more accurate, complete data enables corporate travel managers to rely less on information from TMCs and suppliers, which might reflect certain biases. As stated, this is a huge asset when negotiating deals with preferred suppliers, especially in the current climate of tight supply and rising prices. Driving up SBT adoption is also obviously an important factor in meeting targeted volumes with the company's preferred carriers, hotels and rental car companies.

8 - Transaction process saving of at least 50 percent. Because it must pass through multiple stages, the travel transaction, as it moves from the booking to expense reconciliation, can get bogged down in bottlenecks and corrupted by errors. By automating the manual processes and linking them together electronically in one seamless flow, companies succeed in greatly reducing inaccuracies, cut down on the number of staff required to expedite the transaction, and speed up the rate at which travellers are reimbursed and clients billed. Previous research showed that the average processing time of a paper expense report, factoring in the involvement of the traveller, the approver and the accounting personnel, is about one hour and 20 minutes, costing on average US\$25 to \$75 per reconciled expense report, according to industry estimates. By contrast, an expense report file filed electronically costs US\$5 to \$15 to process⁵.

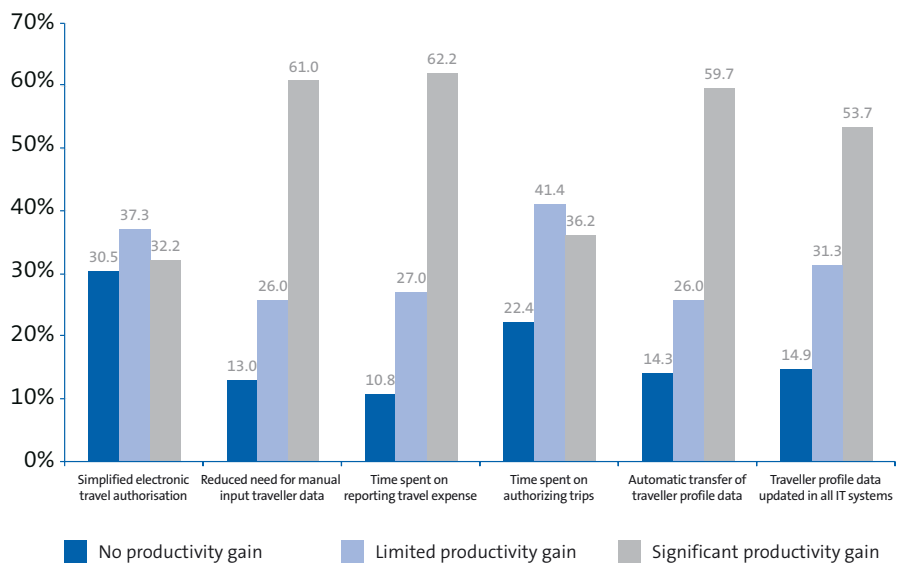
Greater transparency is also achieved, easing the auditing process and allowing for better financial accountability⁵.

⁵ ACTE and Amadeus research on *The Impact of Technology in the Evolving Role of the Travel Manager*, June 2006, page 10

What the Survey Showed in Practice

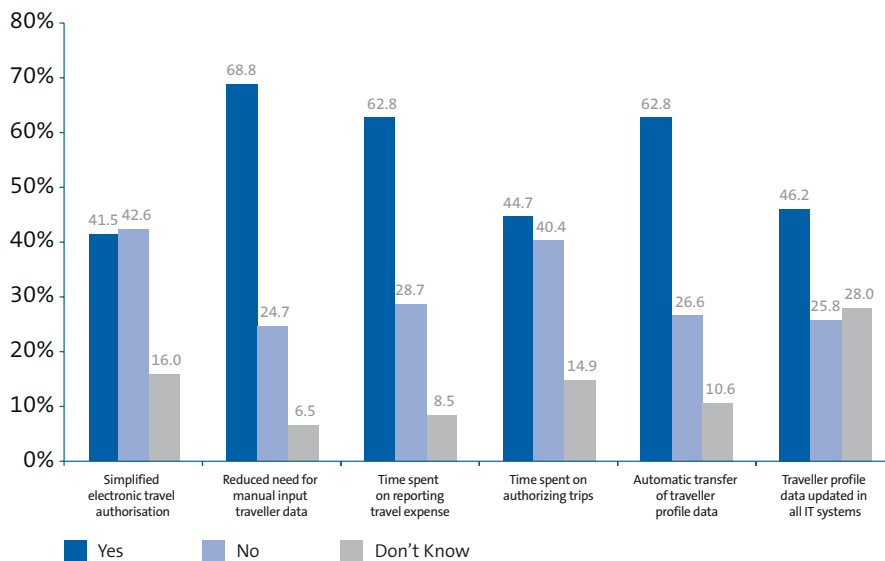
Asked what productivity gains they had experienced as the result of integration, more than 60% respondents identified “reduced the need for inputting traveller data” and “time saved due to reduced data input” as the most significant ones (Chart 5). More than 59% of the participants also rated “automatic transfer of traveller profile data” as a significant contributor to productivity.

Chart 5: Productivity gains as a result of integration



Productivity gains are directly linked to drivers for adoption of travel technology. The same three factors—reduced need for data input (68.8%), time spent in reporting expenses and automatic transfer of traveller profile (both at 62.8%) —were rated by more than half of respondents as the most effective incentives encouraging increased use of the SBT by travellers (Chart 6).

Chart 6: Processes that would increase traveller SBT usage if integrated



Companies interviewed confirmed that to get the full benefit of the SBT, the corporate travel manager needs to tighten the travel policy, focus on compliance and encourage more use of the SBT to increase adoption rates.

Companies at Different Stages of the Integration Process

About 50% (28.6% +21.4%) of companies with more than 50,000 traveller profiles had either integrated their SBT with other systems or were beginning the process, compared to 27% (19.5%+7.1%) of companies with 5,000 to 10,000 profiles ([Table 2](#)).

Table 2: Level of integration based on number of travellers

Traveller Profiles	Integrated	Beginning Integration	Not Integrated
Less than 1,000	0.0%	7.1%	21.6%
1,000 - 5,000	29.3%	50.0%	27.0%
5,000 - 10,000	19.5%	7.1%	18.9%
10,000 - 20,000	14.6%	7.1%	21.6%
20,000 - 30,000	2.9%	0.0%	2.7%
30,000 - 40,000	4.9%	0.0%	5.4%
40,000 - 50,000	0.0%	7.1%	0.0%
More than 50,000	28.6%	21.4%	2.7%

Of those spending more than \$100 million on travel annually, 41% have integrated systems, compared with 29% for companies in the \$25 million to \$50 million range and 15% for those in the \$50 million to \$100 million range ([Table 3](#)).

Table 3: Level of integration based on travel spend

Travel Spend	Integrated	Beginning Integration	Not Integrated
Less than \$5m	0.0%	0.0%	5.4%
\$5m - \$10m	4.9%	14.3%	8.1%
\$10m - \$25m	9.8%	21.4%	29.7%
\$25m - \$50m	29.3%	28.6%	13.5%
\$50m - \$100m	14.6%	7.1%	16.2%
More than \$100m	41.5%	28.6%	27.0%

The surveyed companies represented a sampling of firms at every stage of integration, from just beginning implementation of a SBT to a global, end-to-end solution in which all travel processes were integrated. Because implementation is closely tied to consolidation of other aspects of the travel program, it's not a process that can be examined in isolation. In some cases, implementation happens in stages mirroring the step-by-step process of consolidation efforts.

Case Study One

Company type: Multinational

Location: European based

The company was looking to integrate travel processes as part of its roll out of a global travel program. The program is led by a global travel manager and a management team, which includes representatives from IT, finance, HR and procurement. Security is vitally important to this organization and having the capability to keep tabs on travellers was one of the drivers of the global plan and consolidation of travel data.

The company has consolidated its regional SBTs into a single supplier on a country-by-country basis over a period of two years. It is currently reviewing the tool and on the verge of issuing a Request for Proposal (RFP). A year ago it consolidated its TMC with one global provider. Compliance with the travel policy is excellent, with over 80% of bookings made through the preferred TMC. Of those, only 40% are made using the SBT. While the policy directs travellers to book online, there are also a large number of complex itineraries that need to be booked using an agent, which explains why the firm's target for SBT adoption is only 60%.

The SBT is integrated with the HR database and has a single sign-on. Travel profiles stored with the TMC are automatically synchronized with the SBT, an important feature given the company's emphasis on security. The travel management team has measured the average time for making a booking online versus off line, with results showing that the online booking time has been cut in half. Having all the options available on one screen is a factor in the time savings. In addition, the automation has reduced the administrative headcount, and data is both more accurate and more readily available, providing a better basis for strategic decision making and negotiations with suppliers. The company is beginning to globalize its myriad accounting systems, consolidating them with Enterprise Resource Planning (ERP). Once the process is completed, there will be the opportunity to integrate travel processes with the accounting system.

One interesting finding is that companies that have implemented travel technology within the past two years are more likely to pursue integration of the tool with other systems, compared to companies that have had it for five years or more ([Table 4](#)).

Table 4: Level of integration based on SBT maturity in the company

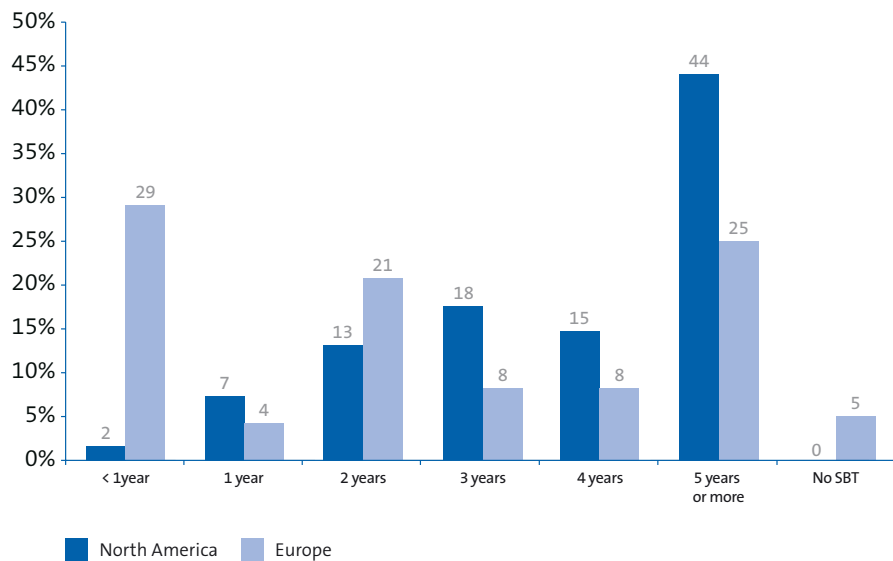
Length of Time Company had SBT	Integrated	Beginning Integration	Not Integrated
< 1 year	8.3%	23.1%	12.2%
1 year	2.8%	23.1%	4.9%
2 years	22.2%	0.0%	12.2%
3 years	19.4%	15.4%	12.2%
4 years	8.3%	7.7%	17.1%
5 years or more	39.9%	23.1%	41.5%
Our company does not have a Self Booking Tool	0.0%	7.7%	0.0%

And while European companies have had SBTs for a shorter time period on average than their North American counterparts they are more likely to have integrated it with the HR database and expense management system (Table 5) – 30% of European firms have had an SBT for less than a year, while 25% of North American firms have had a SBT for more than five years (Chart 7). Both of these data sets point to the fact that companies that have more recently implemented travel technology (SBT specifically) are more likely to have integrated them with their other systems than firms that have been using the SBT for a longer time period.

Table 5: Regional split of SBT integration with other corporate systems

	NO		BEGINNING		YES	
	N America	Europe	N America	Europe	N America	Europe
Expense accounting	80.9%	73.7%	14.7%	5.3%	4.4%	21.1%
HR Database	54.4%	55.0%	13.2%	5.0%	32.4%	40.0%
Silent Log-In	42.0%	36.8%	13.0%	21.1%	44.9%	42.1%
Meetings/Events management	68.2%	94.7%	18.2%	5.3%	13.6%	0.0%

Chart 7: Length of time SBT used by North American and European Companies



Evaluating the Integration Project

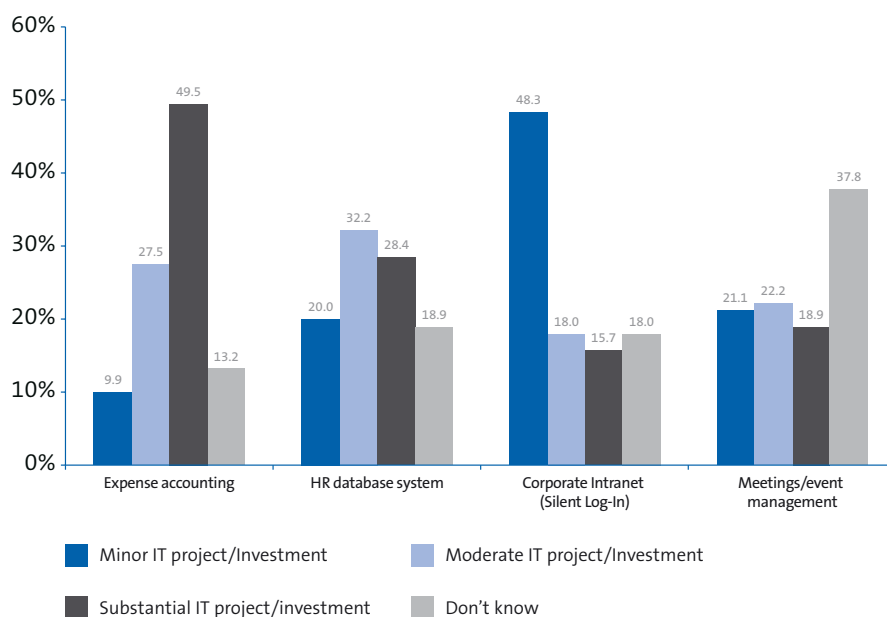
Evaluating an integration programme is a natural extension of other productivity initiatives that may be pursued by the travel department. For companies that have had travel technology for years, integrating it with other systems was considered a way to increase adoption rates or, as mentioned previously, gain greater productivity from the overall travel-transaction process. Those that have recently implemented a SBT viewed integrating it with other elements of the travel transaction as a logical next step in improving the process.

Travel, procurement, IT, HR and finance are the main stakeholders in the process and should be included when evaluating the integration project. Some companies also involved the core users of the SBT in the evaluation process, while others consulted with their legal and security teams to gain more insight into tax and data protection and privacy issues related to the integration effort.

The survey revealed several standard criteria were used to evaluate the selection of a new system to integrate travel processes: the financial impact, internal systems integration and migration, change management and whether alternative uses of the necessary time and money investment would reap a higher Return On Investment (ROI).

The initial discussion usually focuses on technical, strategic and financial issues, with the impact on travellers and others involved in the travel transaction normally considered at a later stage in the process. In considering the cost, respondents reported a wide range of options. While introducing a single sign-on was considered to be a minor IT investment by 48.3%, integrating it with the expense management and accounting systems was viewed as a major investment of IT funds by 49.5% (Chart 8).

Chart 8: Evaluation of cost of integrating SBT with other IT systems



What emerged from the survey results is that in evaluating the type of integration system, corporate travel managers need to address three primary issues:

1. Type of systems architecture
2. Whether the system will link with an existing legacy system, or replace it
3. Whether the system should be rolled out worldwide or limited to a region or locality

1 - Systems Architecture—Choosing a Modular or a Tailored Solution?

What is the most appropriate system to implement? The two options are an in-house Enterprise Resource Planning (ERP) system, which is **tailored** to the company's particular needs or a **modular** off-the-shelf solution from a third-party supplier.

The majority of survey respondents favoured a modular approach (68%) rather than a fixed fully integrated ERP system (21%), with the remainder undecided. For companies just at the beginning of the integration process, the response was overwhelmingly in favour of the modular approach (93%).

Case Study Two

Software design and Development Company

The company, with offices in the U.S., Europe and Asia Pacific and an annual travel spend of \$28 million, has a 90% adoption rate for its SBT with the resulting cost reductions in booked fares and transaction booking fees. But the company achieved this success through trial and error, with its first attempts having distressing results. When the firm initially installed the first SBT seven years ago, the adoption rate was very low, and additionally the tool had some technical limitations.

The company then switched to another SBT, achieving a 35% adoption rate. However, the new product was slow, excluded low-cost carriers, essential for the company, and the interface was difficult to use.

The third time around, the company chose an off-the-shelf SBT that had the advantage of connecting to a sister T&E expense management system, enabling bookings to be automatically linked with the expense product. The company also hosted a training program on how to properly use the tool and select the lowest fare, which was another element in achieving the current high adoption rate. In addition, the SBT is integrated into the HR database, with traveller profiles automatically synched nightly.

The next logical step will be automating T&E reconciliation and reimbursement functions within the expense management system, which would enable the company to pay the corporate card provider directly. Currently data from the SBT and expense system feeds into the reimbursement module of the ERP database. The travel manager favours replacing this module with a third-party supplier, which would be more economical—supporting the ERP is costing the company \$90 million annually—but the IT department favours the ERP solution, since the investment has already been made.

An independent auditor examined its T&E reports and provided recommendations on where additional savings could be realized. The auditor found that \$3 million could potentially be saved. By integrating more travel processes, getting better compliance (particularly for use of the corporate card), and increased utilization of the SBT, the company could save \$1 million. Another \$1 million could be saved by improving productivity, specifically by automating the reconciliation of T&E expenses. And thirdly, \$1 million in “soft dollars” would be saved by driving all bookings on line. This \$3 million in savings represents over 8% of annual spend, which is a significant amount.

When customized to meet the company's specific needs, the ERP is hosted in the company's computer system. While the advantage of a **tailored** solution is that the system is designed around the way a company conducts its business, the cost of developing and maintaining this type of ground-up solution is expensive and borne entirely by the corporation. Development may take a long time, and once in place, such systems require considerable IT support. As business processes evolve at the company, the system will need to be regularly updated or re-designed, which could involve a lot of additional IT development and investment.

In contrast, **modular**, third-party systems are provided by specialist software development vendors as a solution to a specific business process need. SBTs, expense management tools, and HR systems are all available as "off the shelf" IT solutions. In the modular approach to travel process integration, these distinct systems are linked together by middleware. Some third-party suppliers also provide disparate systems that are designed to work together and packaged as a suite of modules, thereby reducing the need for middleware.

The advantages of a modular approach to systems integration are that they cost less than a tailored system and also require less time to implement. The latest off-the-shelf products are generally well designed, with development costs shared across a large number of purchasers, lowering the price. Because the modules can be rapidly implemented, a company can begin to realize its ROI relatively quickly.

However, because these third-party solutions are geared toward general functionality, they are not specifically designed for the company. This means additional processes may be needed to work around the solution to fit it into the existing company system, or the corporation may need to change its current business processes to accommodate the new systems. Another limitation is that many solutions are designed for a particular market and may not deliver the same level of functionality in other regions. Consequently the company may end up with a patchwork of systems, all performing the same function. Data security is another concern, particularly for companies that share traveller data with TMC systems.

Regardless of the path chosen, integration has its challenges and requires effective project management.

2 -The Added Complexity of Legacy Systems

One of the thorniest issues confronting project evaluation teams is how a new system shares information and links to the existing legacy system. Many companies already have committed resources to IT systems-both in-house or third-party-and the new integrated systems must be designed to fit in with the systems already in place. In some cases, the estimated cost of doing this was so high that the decision was made not to pursue integration.

In addition, corporate travel managers and IT Departments are often on opposite sides of the fence. Previous research showed that in general, getting the involvement of the company's IT departments can be a real challenge⁶. Many travel managers favour off-the-shelf modules for certain travel functions, while IT departments often favour the ERP approach⁶.

Case Study Three

Company type: Financial services

The company was using different SBTs, one implemented in North America three years ago and one in Europe and Asia Pacific 18 months ago. The company wanted to integrate both systems with its expense management tool, so that all financial travel data could be downloaded to a single platform, resulting in better control, increased transparency, more comprehensive data and improved leverage with suppliers. However, to do this the firm would have had to simplify and rationalize the numerous legacy expense management systems in place across the different markets. Ultimately, senior management decided the project wasn't mission critical and dropped the project because of limited access to IT resources.

⁶ ACTE and Amadeus research on *The Impact of Technology in the Evolving Role of the Travel Manager*, June 2006, pages 5 and 6

Case Study Four

A company had initially adopted a SBT in North America. After the firm confirmed that the system had reduced TMC transaction and air fare costs, it decided to roll it out in other regions. However, the SBT did not perform as well in these markets. One reason was the lack of content for rail, which is used extensively in European countries; another was that the GDS used by the regionally based TMC did not support the SBT selected in North America. The use of a variety of corporate cards, which were selected based on their strengths in different regional markets, was another complicating factor. The company ended up rolling out a different SBT in each region of the world.

3- Worldwide Versus Local Roll Out

Should the company adopt a localized solution or a company-wide system? While corporate travel managers interviewed said they preferred a company-wide globally integrated system, in practice they had adopted systems on a local or regional basis. The reason: many localities have specific requirements, not available in a one-fits-all system. In addition, most new systems are rolled out sequentially, region by region.

Globally integrating travel process systems in a company utilizing a variety of different TMCs, GDSs, SBTs and corporate cards in different regions is a much greater challenge than at firms that have consolidated with one provider in each of those categories.



Conclusion: Four Drivers to Successful Integration

No matter how committed corporate travel managers are to integrating travel processes, there are common challenges that need to be taken into account when considering a project, and travel managers need to do extensive planning to avoid some obstacles. They need to do their homework to sell their proposal to the senior management who will make the decision. They need to run a tight ship in their own departments, increasing travel policy compliance so they can fulfil their commitments to suppliers and achieve efficiencies. Complexity occurs in a variety of ways, from incorporating a multitude of functions and IT components to having to involve many stakeholders and decision makers. This means that the project is captive to various timetables and levels of readiness.

No matter what the solution the company is seeking—customized ERP or third-party modular—or how far along it is in the process, travel managers need to be aware of the drivers to integration and follow some basic guidelines to help ensure a successful project:

Driver One: Senior management approval is key to accomplishing the evaluation process.

Similarly to when planning the roll out of a global travel program,⁷ corporate travel managers surveyed reported that gaining sponsorship for a travel processes integration system by senior manager stakeholders is crucial to getting approval for the project. However, this isn't an easy task. While corporate travel managers and procurement managers might recognize the potential advantages of integrating travel process systems, at many companies senior management might not view travel as a mission-critical function. To overcome this obstacle, corporate travel managers must quantify the potential savings in terms of direct savings as well as indirect savings and productivity. C-level officers may also play an important part in the decision-making process⁷.

› **Recommendation: Develop appropriate metrics.**

Before beginning to evaluate an integration project, meaningful metrics about the efficiency of your current processes must be obtained. The average traveller's time spent performing different segments of the travel transaction—from request for a trip to booking and from time of return to expense report submission—should be estimated, as well as, the time support personnel spent on manual processes. Translate this time into cost, evaluate impact on company's bottom line and determine at which points in the process bottlenecks and blockages are likely to occur. Obtaining these metrics may be critical to winning support from senior management, as well as provide a baseline for appraising the success of the new integrated system.

⁷ ACTE and Amadeus research, *Global Travel Programmes Come of Age*, October 2006, page 2

Driver Two:

Standardization of other internal existing processes is necessary before the integration plan is implemented.

Many companies utilize a variety of different travel-related systems and processes, which may vary from market to market. These include IT systems, suppliers and travel policies. Before initiating the integration process, some level of standardisation of internal processes and evaluation of existing systems needs to take place.

› **Recommendation: Do not minimise the importance of local constraints.**

No matter how long the systems have been in place, to reap the benefits of integration, the process should be simplified and standardized within the constraints of local regulations, such as taxes, data privacy laws and available technologies. Once the project has been approved, the project team will need to design the roll out. Because the new system will likely entail cultural, procedural and technological changes within the company, a successful roll-out is dependent on gaining the support of employees, who may initially be reluctant to embrace those shifts. The key is communication.

Driver Three:

The integration project needs to be made a priority within the IT department.

Corporate travel managers must compete against their colleagues in other departments of the company, who are also pushing for projects that require an IT financial investment. Because of this competition, the proposed integration project may be pushed down the list of priorities. Business cases for IT projects are appraised by the IT department as well as senior management. However, the IT department may have other priorities. At many firms, IT's role has shifted from providing support to other departments to focusing on improving customer service levels internally. Some IT departments are competing against projects with third-party suppliers, resulting in fewer IT resources as the departments seek to upgrade their own programs.

› **Recommendation: Anticipate complexities of the project when conferring with the IT department.**

Many large companies with multiple locations have a variety of travel-related systems in place, utilizing both electronic and manual processes. This complexity obviously makes integration more difficult. Often this patchwork derives from the variety of TMCs, corporate card providers and SBTs used across the company. Because of cultural differences, local preferred supplier relationships, and varying strengths of providers' products and services in different markets, such as geographic coverage, bank acceptance and functionality, this regional approach is not without rhyme or reason. However, ultimately such fragmentation is not the optimal solution, and it can create special difficulties when the company attempts to roll out a SBT. One company, for example, selected a SBT linked to a particular TMC. Because that TMC was not preferred in every region, the firm had to use a different product when it rolled out the SBT to a new market, creating an added layer of complexity.



Driver Four:

Consistent worldwide processes and employees' awareness increase policy compliance.

Integration would be more easily achieved if travel policies were consistent across the globe and compliance levels were higher, indicated travel managers. Getting more employees to use the corporate card—which is mandated at some companies—is critical to capturing expenses in the automated expense management system. Building up SBT adoption rates is another important step: the opportunity, to automatically allocate travel spend to client accounts or cost centres, is enhanced when booking through the SBT.

➤ **Recommendation: Train employees to understand and follow consistent processes.**

An integrated system will only be effective to the degree to which travellers are being compliant to the travel policy. Make sure your policy is supported by the new system and then communicate changes to your travellers and support them with incentives. Some companies inadvertently implement contradictory policies: in one case, for example, a company required pre-trip authorization for online bookings but not for off-line bookings, creating a dis-incentive for travellers or administrative staff to book on-line. Corporate travel managers should also set up training programs to initiate employees into the new policy and engage in on-going change-management tactics to build compliance. Training can take many forms from providing a PowerPoint package to share with staff company-wide presentations or face to face trainings in small groups.

Notes:

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