

# Global travel programmes come of age

This whitepaper has been developed in collaboration with ACTE.

**ACTE** ASSOCIATION OF  
GLOBAL CORPORATE TRAVEL  
EXECUTIVES

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# Foreword

Global travel programmes are clearly coming into their own. Suppliers are stepping up to the plate, with air, hotel, car, car-rental, TMC and expense management providers developing their capabilities to meet corporations' global travel needs.

For their part, global Corporate Travel Managers are putting the policies and controls in place to increase compliance to the programme and get the full benefits. Whether it is through mandating, consolidation of Travel Management Companies or negotiating direct deals with suppliers, the main driver is cost savings and control. Online booking tools are becoming an essential element to manage the global programme, helping establish a consistent process and drive compliance to preferred suppliers across borders. And the higher the travel expenditure the more remarkable this trend: the study you are about to read shows that 96% of corporations with over \$100 million in annual air spend are using an online booking tool.

While planning, implementing, and managing a global travel programme is a complex task, requiring Travel Managers to hone their organisational, management, analytical and communication skills, the effort is clearly bearing fruit at many companies.

Taking a step-by-step approach that encompasses each of the elements mentioned in this paper is essential, as is establishing trust with suppliers by honouring your agreements. Allow enough time to gather all the data you need to make sound decisions and build support internally.

In doing this, new opportunities will become apparent. The barriers are falling, allowing for the implementation of sound principles of travel management wherever your travellers go. The next few years promise to be an exciting time as global travel programmes mature, revealing new nuggets of wisdom and enticing opportunities.

**Jerome Destors**  
Commercial Director  
Amadeus e-Travel

**Susan Gurley**  
Executive Director  
ACTE

# Companies gaining significant savings through global consolidation of suppliers, survey reveals

Globalisation is affecting all facets of business. As corporations expand their operations into new geographies, travel management has become much more complex. Suppliers are standardising their technology platforms and service delivery around the globe. Travel Managers are becoming part of internal networks that span the oceans. More and more companies are looking to either implement global travel programmes as a way of controlling and leveraging their spend or—in the case of larger multinationals that have established programmes—roll them out to less mature markets in Asia-Pacific and Latin America.

## **The five most significant challenges:**

- > Integrating technology (85%)
- > Getting global data (77%)
- > Policy compliance (76%)
- > Consistent service levels (71%)
- > Gaining support from senior management (69%)

## **The five most significant benefits:**

- > Tracking travellers for security purposes (87%)
- > Increased negotiating clout (86%)
- > Reduced costs (84%)
- > Improved efficiency of processes (82%)
- > Improved service (80%)

To gain insights into global travel programmes and how well they're working, the Association of Corporate Travel Executives, in partnership with Amadeus, recently conducted a poll of 240 Corporate Travel Managers from around the world. European-based participants constituted almost a quarter of total respondents—24%—compared with 61% based in the U.S., 6% in Canada, 5% in Asia-Pacific, and 3% in South Africa.

The results indicate while global travel programmes are still very much evolving, there are some clear patterns.

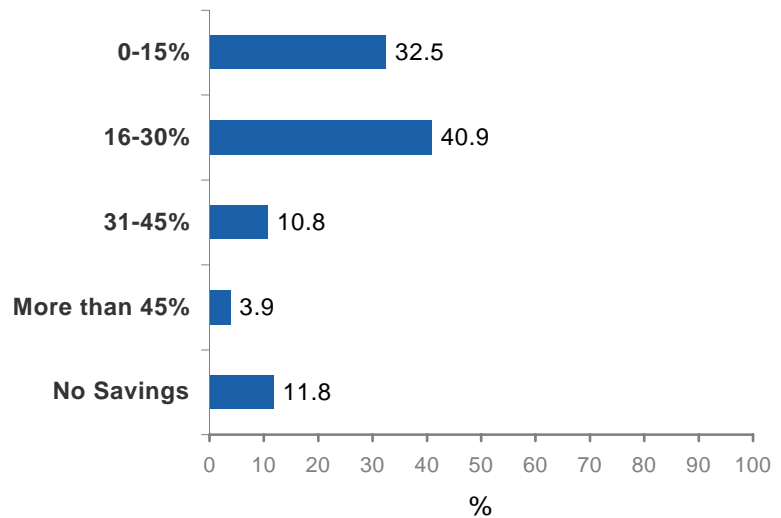
Pursuing a global strategy by consolidating the travel department at the regional level, which in turn gets input from the local business units, is the most common paradigm. The U.S. is clearly ahead of the rest of the world in the maturity of its programmes, with Western Europe catching up quickly and Asia-Pacific still in the process of adopting best practices, although the diversity of this region defies easy generalities. While differences in each region pose challenges for the programmes, where the survey respondents themselves happened to be headquartered was less meaningful; there were regional biases but these were relatively minor.

All respondents shared a focus on consolidating their suppliers, be it the Travel Management Company (TMC), corporate card provider, or airline, as well as IT integration of processes, including deployment of an on-line booking tool. Still in the early stages of adoption are the use of automated expense management tools as well as the integration of meetings and events information in the programme, which 36% of survey respondents are pursuing.

Savings in the 16-30% range were most common. Forty-one percent indicated savings ranged between 16 and 30% (**Chart 1**). Travel Managers based in Asia-Pacific and Europe noted higher overall rates of savings, perhaps reflecting the greater opportunities in those regions where managed travel is less established than in the U.S.

The survey also revealed that respondents from the largest companies—defined for the purposes of this research as those with more than \$100 million in annual air spend—have programmes that are more centralised and evolved:

**Chart 1 - Savings Achieved Through Global Travel Programme Implementation**



- > 55% developed their travel strategies on a purely global basis (compared with 29% overall)
- > All have global negotiations with their air, card, car-rental, and hotel suppliers
- > 89% have consolidated with one TMC
- > 44% are using a data aggregator (compared with 17% overall)
- > 96% are using an on-line booking tool.

When asked if overall the global travel programme was worthwhile, 81% of the companies with over \$100 million spending said yes, compared to 59% overall. Only 19% of the large company Travel Managers said it was too soon to say, compared to 39% overall. But none of the respondents said their global travel programme wasn't worthwhile.

## So... how to define a Global Travel Programme?

Global travel programmes, though still a fairly recent phenomenon, have had a profound effect on the travel industry and are here to stay. However, with programmes as varied as the companies they represent, defining one may seem difficult.

In essence, a global travel programme is the ability to bring together multiple countries and create a consistent structure or vision that allows the Travel Manager to source suppliers and gather the data to manage compliance.

The genesis of a global travel programme might be a global air deal the company has hammered out or consolidating with one TMC. *“Air is the biggest proportion of the spend, which incentivises the business to mandate participation. Travellers have to use the agency and the card to get the negotiated airfare,”* explained Albert Taras, managing director at TCG Consulting, based in the U.S.

Successful implementation of a global travel programme must address both internal issues as well as supplier limitations. The internal structure must be in place so that the central strategy can be executed in a consistent way across borders, and partnerships with suppliers must be forged to ensure they can meet the global needs of the company. *“The main challenge is change management--making our company understand why we are doing this,”* said Ann Cleveland-Oey, category manager, global travel management and indirect purchasing at the Wartsila Corp. based in Helsinki. *“The other main challenge is to know whether the products of our partner companies are really global”.*

Based on the survey results and in-depth interviews with travel management consultants, representatives from travel management companies and other suppliers, as well more than a dozen Travel Managers, here is an overview of the key components of a global travel programme:

### Case study: A.T. KEARNEY

Global management consultant firm A.T. Kearney has established a three-tier structure with clearly delineated functions: Global travel, or the central office, defines the business strategies for travel services based on education from working at both the local and regional levels; analyses data; manages all travel category contract negotiations and maintenance; conducts ongoing analysis of spend and performance; manages the firm's travel policy; and handles supplier relationships.

Regional coordinators work within the region to identify priorities and requirements; liaison with local travel coordinators and global travel; and liaison with regional suppliers. Local travel coordinators provide insight on local needs, execute the global strategy, oversee service delivery, and liaison with local travel suppliers. A.T. Kearney aligns with its TMC for points of contact at all of these levels.

*“We operate with a lot of consensus,”* said Margaret Hansen, A. T. Kearney's Global Procurement Director of corporate travel, based in Chicago. Designated local market individuals may have other responsibilities such as finance, office management, or other staff not otherwise dedicated in travel provide insight for the local market needs and have a voice. *“We always find the right balance for the benefit of the firm”.*

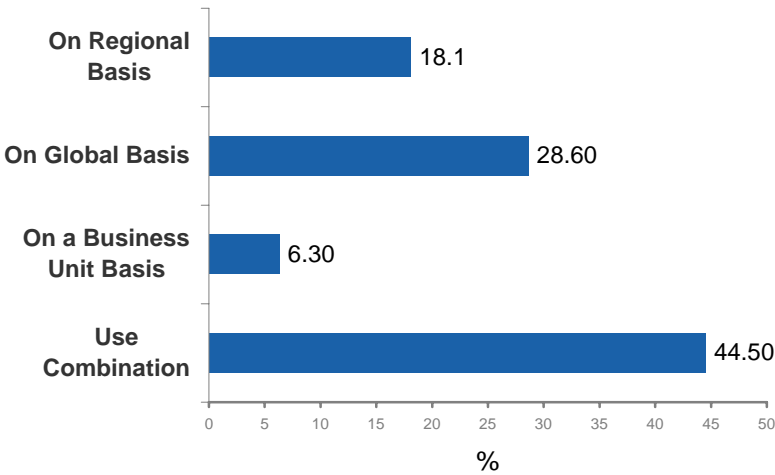
# 1. An internal structure allowing for local input

In order to get buy-in at a local level, which is one of the critical elements of meeting the volume requirements of global deals, the corporate travel department requires a structure in which headquarters can communicate and get feedback from locations around the globe. Many companies have consolidated their travel operations regionally as a way to create linkage between the central headquarters and localities. Indeed, at many companies the management model itself is that of a multinational team of regional representatives working closely together.

Consolidating their travel operations at the regional level is a way for Travel Managers to connect the global office with the local level. Indeed, 44% of survey respondents indicated that strategies for their global travel programme are developed on a global, regional and business-unit basis—significantly more than the number who develop strategies through a global basis only (29%) or through a regional basis only (18%) (**Chart 2**).

Encouraging a dialogue between the central office and the local business units is essential to implementing a global travel strategy. Discussing the long-term policies and goals of the global purchasing office with local travel teams, which are perhaps comprised of senior management representing the local divisions, allows for input at the local level and provides valuable feedback letting the travel team leaders have a voice in the ultimate decision-making process will motivate them to implement the strategy and get the buy-in.

**Chart 2 - Models of Travel Management Strategy Development**



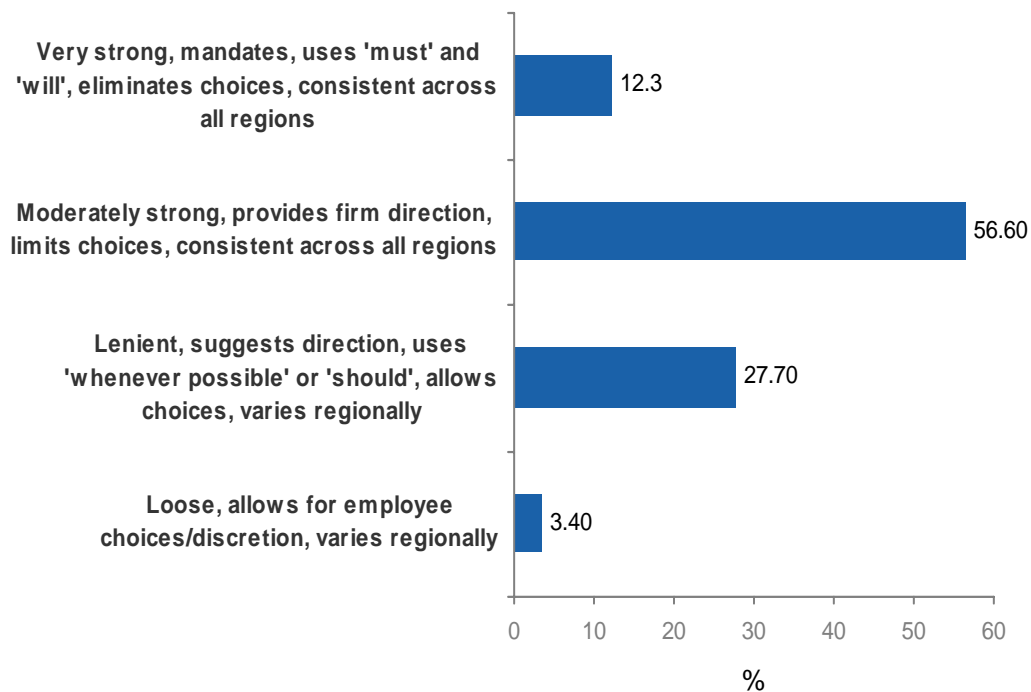
## 2. Consistency of policy and processes

Paralleling corporations' consolidation of travel into regional centres is the crafting of a global travel policy that defines how travel will be booked and expensed, with which suppliers, and under which conditions. This is essential in building compliance to the global travel programme and establishing the common processes that allow for efficiencies:

- > 38% of survey respondents had a global travel policy
- > An almost equal number, 39%, had a global travel policy with regional variations.
- > More than half, around 57%, said the wording in the policy was consistent across all regions and moderately strong (**Chart 3**).

*“Everyone complies with the supplier strategy, the usage of frequent-flyer miles for corporate business only and usage of hotel programme. What needs to be regulated to comply with our goals, cost, compliance, and quality is the line we drew,”* said Florian Tinnus, corporate travel management, responsible for Asia-Pacific, at DaimlerChrysler, based in Germany.

**Chart 3 - Travel Policy Wording**



While having a mandate would seem to be the best way to get compliance, it is uncommon outside the U.S. In **Europe** it is more common to “sell” the policy by convincing travellers, rather than trying to force them to comply by having penalties in place if they don’t. Use of mandates in the **U.S.**, which even there haven’t been adopted across the board, is an indication, however, that the practice is an element of more mature programmes and hence the direction in which global travel programmes as a whole are moving.

Along with adopting a global travel policy, an important goal of a global travel programme is implementing automated processes, such as on-line booking, e-ticketing, and Web-based expense reporting. These create consistency across the company as well as reduce transaction costs, cut down on errors, streamline staff and help compliance. Eighty-two percent of survey respondents said that improved efficiency of processes was a primary benefit of having a global travel programme.

Creating a standard booking and workflow process is the common thread of global travel programmes, often closely developed in conjunction with the TMC and online providers sometimes encompassing such functions as inputting and updating traveller profiles on the web. E-ticketing, which is still uncommon in certain parts of the world, should become more prevalent by the end of 2007, which is the goal set by IATA to have 100% of e-ticketing by the world's airlines.

Yet moving towards having consistent, automated processes can be challenging—especially in the case of an online expense management system, which involves integration with an ERP system and conferring with finance, procurement and other departments:

- > 85% of respondents cited integrating technology as a significant challenge—compared with 76% for policy compliance
- > Only 18% of respondents said they were using a single expense management system in all regions
- > 10% had one in some regions, and 28% weren't using one at all

However, use of these products should become more widespread in the near future, with 20% of survey respondents saying they were considering deployment.

## Case study: GENERAL ELECTRIC

At General Electric, which spent \$330 million in U.S. booked air volume in 2005 and was listed as number two in Business Travel News' Corporate 100 for 2006, over half of air bookings are made through the global travel web site using the on-line booking tool, according to Keith Mullineux, GE's regional Travel Manager for EMEA. Although GE has agreements with certain carriers and alliances, low-fare European carrier easyjet is also included on the portal, since booking the lowest available fare is a component of the policy. On the car-rental side, GE has a global deal with Hertz, which can be booked through the agency or through the on-line booking tool. Moving to one process and a single European operations centre, an initiative that took place in Europe over the past four years, has already reaped substantial benefits.

*"In my region, consolidating saved 33% of the operational handling costs since moving to one centre," said Mullineux. "Adoption of the self-booking tool has increased from the single digits to more than 50%".*

## Use of an on-line booking tool

On-line booking tools are becoming an integral part of a global travel programme. The primary benefits of the tools are reduced transaction costs and better compliance through inclusion of negotiated rates and preferred suppliers in the content. In the U.S., where penetration is deepest, the savings on the average airline ticket price range between 12 to 15% and transaction costs have been cut in half, according to Susan Steinbrink, travel analyst at PhoCusWright.

A majority of survey respondents—68%--are using an on-line booking tool:

- > 80% of U.S. based participants are using one
- > 59% of European based Travel Managers are using one while 24% are considering deployment.

Indeed, recent research by PhoCusWright shows dramatic growth in penetration of on-line booking tools in the corporate marketplace, with Europe, though still accounting for far fewer on-line bookings than the U.S., showing the steepest increases. The U.S. online corporate travel market, which accounted for \$36.3 billion in gross bookings in 2006 and grew by 36.7% from the year before, was projected to grow to \$42.8 billion in 2007, a 42% increase. The online corporate travel market in Europe had only \$7.3 billion worth of gross bookings in 2006, but that represented 65.9% growth over the year before, and the market was slated to grow to \$13.3 billion in 2007, an astounding 82.2% growth rate over the year before.

The online corporate travel market in Asia-Pacific trailed Europe, although again, the growth rates are impressive. Only accounting for \$2.5 billion of gross bookings in 2006, online corporate travel in Asia Pacific was projected to grow to \$4.7 billion in 2007. On-line bookings as a percentage of total corporate travel in the region were projected to rise by 4% in 2006 to 11% in 2008, an almost three-fold increase. In AP and also Latin America, penetration of on-line booking tools has lagged due to persistence of travel agency commissions, slowing agencies' transition to a cost centre and subsequent service charges on transactions, and low labour costs, which mean manual processes are cheaper than automation.

The content of booking tools also varies by location, causing many companies to use a different tool in each region. However, there is demand for global on-line booking tools as they offer the advantage of data consolidation. In Europe and Asia, the global tool would include rail and ferry content where use of such transport providers is prevalent.

#### 4. Consolidation of suppliers, resulting in negotiating power and other benefits

Eighty-six percent of survey respondents said that increased negotiating clout with suppliers was a significant benefit of a global travel programme. More than 90% have negotiated agreements with airlines, hotels and with car-rental firms. By consolidating their volumes of travel with one or a couple of suppliers, Travel Managers can gain leverage at the negotiating table. Consolidation also results in fewer suppliers to manage and hence simplifies the programme:

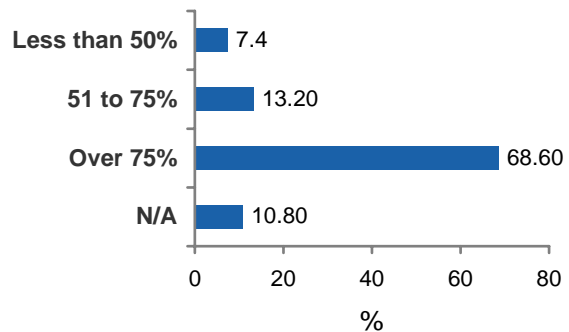
Fifty-one percent of survey respondents mandate one corporate card, compared with 32% using a variety of cards over different regions. Of those with a global card, around 69% said over 75% of T&E spend was captured on the card (**Chart 4**). Exactly half of participants said they were working with one TMC. The proportion of Travel Managers in the U.S. who have consolidated both their corporate card and TMC with just one provider was higher, with 59% having one card and 55% contracted with one agency (**Chart 5**). With the U.S. being the most developed market, consolidation of card and TMC is clearly a trend of global travel programmes.

Companies are also contracting with third-party aggregators to consolidate their airline data and using global security firms to obtain detailed data about security-related concerns to be able to locate their travellers around the world in real time. Tracking travellers was listed as the most significant benefit by 87% of survey respondents, with 93% of U.S. based respondents rating this as significant. This response reflects the heightened awareness of terrorist threats as well as the havoc wreaked by Hurricane Katrina and the Asian tsunami in 2004.

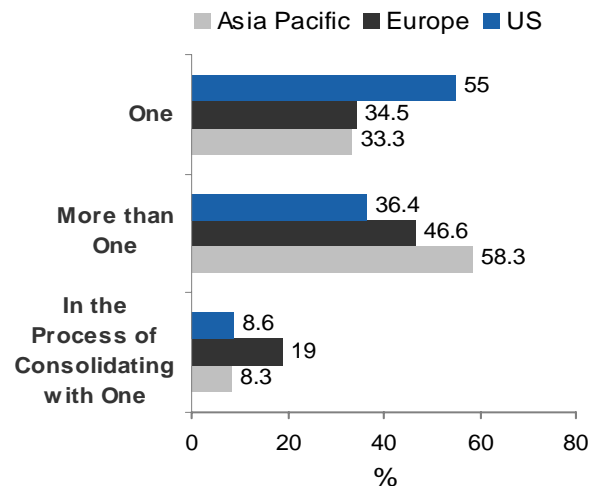
**TMCs are getting more control throughout the world and getting better at providing global data and consistent standards. Their major focus is to standardise and streamline their service delivery platform.**

**Susan Stowe, VP  
Caldwell Associates,  
Washington, D.C., USA**

**Chart 4 - Global Spend Captured on Mandated Card**



**Chart 5 - Number of Travel Management Companies Used (by region)**



The greater significance attached to security by Travel Managers in the U.S. perhaps also indicates a cultural bias associated with the traditional isolationism of the U.S. and a proportionately deeper sense of vulnerability since 9/11.

Clearly, the implementation of global travel programmes is putting more pressure on suppliers to meet the needs of clients around the world. In response, suppliers have vastly improved their global reach and ability to deliver the universal service and data standards Travel Managers are demanding. Airlines, TMCs, corporate card providers, and car-rental firms are rapidly evolving to provide the support needed by the corporations to manage their travel programmes efficiently. (See appendix).

## Collecting comprehensive data

The complexity of collecting and analysing comprehensive data was cited as a key challenge by 77% of survey respondents overall and 81% of European-based Travel Managers, making this their most pressing concern. One reason is that while corporate card providers are offering the e-Folio for many hotel properties and other enhanced data in North America, elsewhere the availability of such data is spotty at best. Another issue unique to Europe is the complex tax regulations, which vary by country; combine this with different languages and, in the case of countries outside the EU, different currencies, and collecting pan-European and Asia Pacific data is much more complicated than it is in the U.S.

Data is the cornerstone of a global travel programme. It enables Travel Managers to check compliance, giving them control; achieve a consistent level of service, for better quality; put in place an effective crisis management plan, for traveller security; and negotiate better supplier deals, reducing cost.

Not having good data can compromise a global deal with a supplier, particularly an airline alliance. *“If the data is fragmented, we will do our best to come up with a solution where we can still make a meaningful offer to a customer. But also the Travel Managers know that the quality of the offer depends significantly on the availability of data,”* said Peter Glade, manager of corporate sales strategy at Star Alliance, based in Frankfurt.

Consolidating and analysing the data provides a broad view of the travel programme that offers insight into compliance and supplier performance. Third-party data aggregators are collecting and standardising data from around the globe for suppliers and corporations, although the cost to companies can be steep. Meanwhile, suppliers are all working to provide more comprehensive data to their clients--for example, by matching the booking data with expense data. Card providers are improving not just the delivery but also the content of data, partnering with technology providers, TMCs, hotel chains, and issuing banks to provide enhanced data, including the hotel e-Folio.

# The challenging job of dealing with regional differences

Establishing consistency around the globe in terms of policy, practices, suppliers, and data collection is the goal. Outside North America and Western Europe, the supplier might be relying on a local platform or have no representation at all, comprehensive content may be limited and technology practices and capabilities may not be up to speed.

Regional differences regarding culture, technology and travel management practices pose significant obstacles. Some cultural differences are blatant and some are more subtle. While Western Europe is almost on a par with the U.S. in terms of maturity, it has some distinctively different practices. Central billing of air travel through a lodge card is very common, while individual corporate cards are not nearly as widespread as in the U.S.

Within Western Europe itself, there are regional differences in attitudes and suppliers as well as laws governing, for example, the use of personal vehicles for business purposes and tax regulations. Cultural differences also exist. For example, using automated processes and on-line technologies is a given in Northern Europe, but in the Mediterranean countries many travellers are resistant, preferring to book through a travel agent.

## Infrastructure under development and service culture create tech lag

IT infrastructure is still under development in a few countries that are attracting a huge number of business travellers. In Russia the lack of a bank settlement plan for the fulfilment of airline tickets, means that these are still manually booked. Legislation in China requires all tickets to be issued and booked through the national GDS and corporate cards to residents, are restricted to locally issued plastic. In partnership with their corporate clients, TMCs and card providers are coming up with strategies to get around these issues, such as making a dummy booking in the GDS to capture the data for the transaction.

Manual processes persist due to low labour costs and a tradition of personalised service in many countries in Asia and Latin America. In India, for example, many corporations are installing implants because personal service and contact is a cultural expectation.

### The three pillars to regional roll out

- > **Understand the local practices**, culture and market to get a realistic picture of what's involved in building compliance and the technological capabilities and limits.
- > **Communicate** with local management.
- > **Invest in education** and training to ensure people understand the programme and are motivated to comply.

You will then clearly see where to make concessions if necessary.

Use of the Web for purchasing travel also lags, with only one in ten airline tickets purchased online in Asia-Pacific, 24% in Europe and 63% in North America, according to a 2005 survey of IT trends in the airline industry conducted by SITA<sup>\*</sup>, a provider of IT business solutions. Other hindrances in the incredibly diverse region of Asia are complex fare structures that vary country by country, the persistence of travel agency commissions, and lack of corporate card use.

Nonetheless, some Travel Managers are choosing to implement a single process in the region, even though it might not be as cost effective in the short term. For example, although Tinnus at DaimlerChrysler acknowledged the cost of maintaining his company's automated on-line workflow process is higher than the cost of labour in its 12 Asian markets, *"integration makes sense because of compliance."*

In other instances, however, Travel Managers need to be sensitive to cultural differences and in some cases, exercise flexibility. Getting travel data on an Excel sheet might be the only option in some countries—but that's better than getting no data at all. In Japan, companies trying to get better adoption rates for their on-line booking tools will get nowhere if they attempt to mandate; however, emphasising the tool's role in contributing to better security is an effective motivator.

Asian countries will become increasingly important from a travel management perspective. They have the fastest-growing economies in the world:

- > **China** is growing at an amazing rate of 11.3% annually and is poised to become the world's third-largest auto maker
- > **India** has had 8.1% annual growth in the past three years and accounts for two-thirds of global offshore IT spending—and so is already playing a major role in world business

While the traditional emphasis on service, cheap labour, and fragmentation of the air and hotel sectors have prevented consolidation and the use of automated processes, that's beginning to change. One trend driving the move to more online booking is the growth of low-cost carriers and on-line full-service agencies in the region.

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<sup>\*</sup> "Airline IT Trends Survey 2005," published Sept. 1, 2005 by SITA and Airline Business Magazine.

# The road to success: 6 steps for a successful global travel programme

Assessing the performance of a multinational programme that crosses many borders and perhaps encompasses multiple currencies and languages can seem overwhelming, but fortunately the tools and business intelligence are becoming available to make this feasible. No less important is an in-depth knowledge of the travel industry, which enables the Travel Manager to judge the value of the travel purchase, be it in Mumbai or Munich, on the finer merits of service and convenience, so crucial to company productivity. Travel Managers should be proactive in ensuring the success of their programme.

Here are six steps that will help Travel Managers achieve a strong programme, with sound data, focused goals and good compliance:

## 1. Take control of the project.

TMCs, expense reporting providers, corporate card vendors and other suppliers can offer value-added solutions such as business intelligence services that help you get a grip on your programme. These are all invaluable, and it may be tempting to let them take the lead. However, Travel Managers should maintain ownership of their global travel programme. One way to do this is to have comprehensive data, which provides an overview of performance and compliance as well as meaningful benchmarks. Don't rely too much on any one supplier. *"Travel Managers should take control and not let anyone dictate to them. They need to manage the TMC and their suppliers"*, says Keith Mullineux, regional Travel Manager at EMEA, General Electric, UK.

## 2. Prioritise and focus on what really matters.

Focusing on your key markets prevents gridlock in what could easily become an overwhelmingly complex task. Focus on those countries that are the most important, even if the data is incomplete. Work to improve the data collection once the programme is underway. Try to include every destination for a true global managed programme but do not get bogged down or delay implementation if this requires more time. You want to gain immediate benefits from the largest volume of spend.

**If the spend in a country is only \$300,000 annually, I wouldn't delay a global programme because the data isn't available from that country. If the spend is \$20 million and you don't have great data, start with what you have, then find better data and improve the programme in 12 months. Do it in stages.** ”

**Albert Taras,  
Managing Director  
TCG Consulting,  
Charlotte, N.C., USA**

**3. Make a business case to senior management and communicate the value.**

Don't be afraid to present your case to senior management. Be clear. Communicate short, sweet and simple. Know your facts.

*"Most people don't get in front of their leadership. When you have the data, go to them and define the value proposition."* Margaret Hansen, Global Procurement Director of corporate travel at A.T. Kearney, Chicago, USA

**4. Build support with people on the ground.**

Establish a rapport and involve local management in your decisions. Not only will this be critical to get the local buy-in, but it's also key for the success of global deals with suppliers.

Additionally, implementing a new system in a place that's always done things differently takes time and a considerable investment in training, education and maintenance. Travel Managers need to project plan accordingly and empower local representatives to take charge of project management.

*"We give local travel teams the options available in the market. Based on value-based sourcing, a fact-based methodology to create long-term strategies, global purchasing discusses the options with these teams and they decide. This ensures the right buy-in and as a consequence, a successful implementation."* - Maril van Waes, global category leader for travel and fleet at Dow, based in the Netherlands

**If there's a local deal, you need to convince the local country that the overall savings for the entire company is better with the global deal.**

**Kelly Hart,  
Managing Director of Multinational Sales,  
Continental Airlines.**

**5. Have a strategy for consolidating global data.**

There are different options, with many Travel Managers obtaining data from the TMC, card provider, or both, or third-party data aggregator. Be focused in your approach; just having the data won't do any good if it's not tied to specific goals.

*"Go slow. Invest time in getting solid data. Don't over-promise. Be sure you know the amount of organised support you'll get from newly consolidated countries and build flexibility into your airline agreements. And don't expect to do this overnight."* Scott Gillespie, TRX's Vice President and General Manager, Travel Analytics, Ohio, USA

**Knowledge is power. Good data gives you a tremendous advantage in being able to target opportunities to manage and reduce cost.**

**Lea McLeod,  
Director of Travel & Meeting Services  
Hewlett-Packard,  
Oregon, USA**

**6. Measure success of the programme by assessing the data.**

Some suppliers can supply a detailed analysis of your spend. Business intelligence tools from the TMCs and data aggregators may include dashboards, benchmark tools and other visual aids to enable Travel Managers to quickly identify their performance, areas needing improvement and new opportunities. On-line booking tools help by automatically compiling the booking data and linking this information automatically to the expense reporting tool.

By getting comprehensive data, communicating with senior management as well as local business units, and pursuing a strategy that emphasises supplier consolidation, automated processes and internal control, Travel Managers lay the foundation for success.

## APPENDIX - The Players

Here's a closer look at new developments by category of suppliers:

**Travel Management Companies.** TMCs are working to develop a standard technology platform for their locations around the globe, including on-line booking, traveller tracking and other services, collection and standardisation of data, and business intelligence services to help their clients analyse the data. In some cases, this is through partnerships with other agencies, although more TMCs are adopting equity stakes in agencies overseas.

There are differences among TMCs, however, that affect their ability to service global accounts. Buyers need to examine the complete package of technology and services. Look carefully at whether the TMC has direct connects to suppliers, whether they are implementing a standard technology platform worldwide, the type of booking and reporting tools offered, and the fee structure. Since all TMCs have their geographical weaknesses and strengths, align these with your company's top and emerging markets to find the best fit.

**Corporate Card Providers.** Some have the ability to deliver consolidated global card data in a single daily electronic feed to their corporate card customers, and offer desktop reporting access for the customer. Providers are moving quickly to extend their services to the fast-growing markets in the developing world.

Some card-issuing banks are forming partnerships with other banks around the world to deliver a global solution. Increasingly, there are standing relationships in place enabling them to deliver consistent data from around the globe. Banks are also improving delivery and standardisation of the card data, including repopulating credit-card data on the expense report, allowing for the paperless processes that are the requirements of many global travel programmes. Some banks are taking the lead in consolidating the data across multiple card programmes, so that even if a company is using different cards in various regions of the world, there is a mechanism to collect and standardise all the information from the cards. However, in some technologically challenged regions this process may be manual, leading to limited type of data collected and slower delivery.

**Expense Management.** Expense reporting-product providers are going global with web-based tools that consolidate the data for multiple countries. However, the complexity of a pan-European organisation that operates to different rules and practices in different countries can be a real challenge. Integration of online self-booking tools with expense reporting systems should be a given from technology providers. This helps create a seamless automated process that reduces paper and the time spent by employees inputting expense data in the system.

**Airlines.** A critical factor in negotiating a successful global air deal is the global travel department's ability to get the local buy-in and deliver the necessary volumes. Some airlines will look at the travel department's internal coordination, management structure and number of divisions that will be

consolidated in order to gauge whether it has the control needed to move share to the preferred carrier to meet the volume commitments.

Almost half of survey respondents—43%—have global deals with airline alliances, enabling them to consolidate their volumes over multiple business units. The number is higher for those based in Europe—55%—perhaps reflecting the more fragmented nature of the European industry, which is served by a patchwork of national carriers. Indeed, demand for global deals with airline alliances is growing substantially. Revenue for Star Alliance, which currently has 63 corporate and regional contracts, was 1.8 billion euros in 2005, up from 1.6 billion euros the year before, according to Glade.

Besides consolidating your volume of airline travel, having one point of contact is another benefit of alliance deals. One challenge is coordinating agreements that, in the case of Star Alliance, cover up to 60 countries and 15 carriers. On the corporate side, a lack of local buy-in to the centrally negotiated agreements can lead to not achieving the best possible deals.

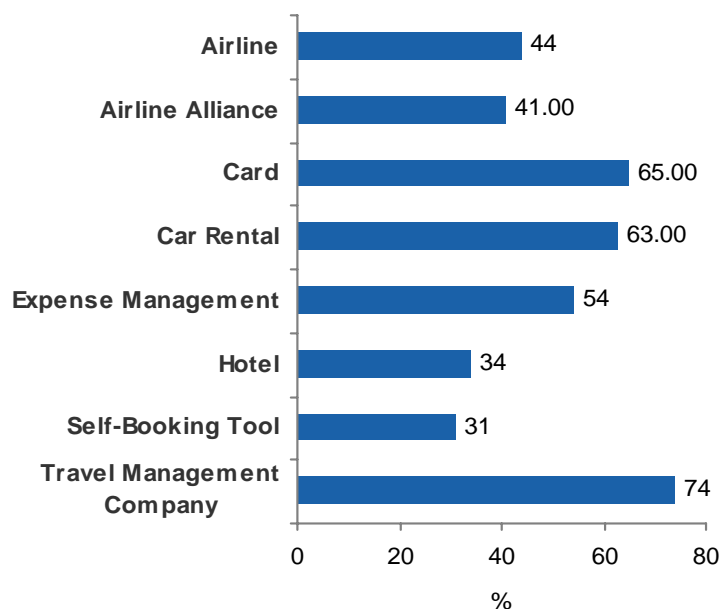
To avoid such problems, Travel Managers should ensure there is local involvement in the deal. That includes benchmarking the negotiated fare to make sure it is the best deal at the local level.

**Hotels.** Of all the categories of travel expenditure, hotel spend is the area where Travel Managers have consolidated their suppliers the least. Only 34% of survey respondents indicated preferred hotels accounted for three thirds of the total hotel spend (**Chart 6**).

The hotel category has always been difficult to manage because of the fragmented nature of the industry, particularly outside the U.S. Also, the number of non-U.S. travellers booking their hotels through the TMC is less than that for air and car. Hotel deals tend to be negotiated on a property-by-property basis, with agreements with chains and the TMC hotel programmes serving as a back up. In Europe, TMCs are using on-line directories to manage their clients' hotel programmes more effectively.

Travel Managers are making headway in getting control of their hotel spend by reducing the number of preferred properties. Utilising a self-booking tool can also help in consolidating the number of hotels in the programme. By only including preferred hotels, the booking tools boost compliance.

**Chart 6 - Usage of Preferred Suppliers Across All Regions**



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