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Consolidating your travel program
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The wide spectrum of consolidation options provides companies with a range of solutions to fit many business cycles, cultures and business objectives. While very few programs are completely consolidated and globally managed, many have evolved enough to produce valuable insights into the risks and rewards of travel program consolidation.

Consolidating data for program leverage with suppliers is an often-cited and widely accepted driver behind consolidation. Whether a corporation can best achieve that leverage working with multiple travel management companies (TMCs) or a single one is the subject of some debate. Program management structures within companies are as diverse as the companies themselves, but all share the common denominators of strategy and execution managed at the global, regional and local levels. Evolution, not revolution, is the most common path to consolidation.

This white paper examines consolidation in all its incarnations, highlighting the risks and opportunities of each. Inside you will find case studies of multinational corporations that have undergone consolidation. Each case study reveals the benefits the consolidation brought as well as pitfalls the organization encountered along the way.

Key findings include:

- **More and more corporations are consolidating their travel programs on a multinational basis.** The number of requests for proposals received by BCD Travel for multinational consolidations increased by 63 percent between 2007 and 2008 and looks to increase by a further 40 percent between 2008 and 2009.

- **Corporations are reducing total travel spend from several percent to as much as 25 percent through consolidation.** These savings come from gaining better discounts from suppliers, putting together a best-in-class global or regional travel policy and from TMC process savings.

- **Corporations are looking to better manage their program, not just find savings.** Consolidation can also deliver better security and safety for travelers, add transparency to a company’s dealings, reduce complexity of the corporate travel program and enable a company’s TMC to deliver stronger service.

This white paper includes the following case studies in the appendix section on page 22:

- **Trane** – Regional consolidation for greater spend visibility and tighter policy control
- **Kodak** – European consolidation for increased supplier leverage, simplified processes
- **Pharmaceutical company** – Achieves a step-change in managing their daily car rental program
- **Internet service provider** – Six percent year-over-year savings on global hotel program
- **ING** – Managing travel risk through the security department

This document continues with a detailed look at four common characteristics of successfully consolidated programs and how they deliver the benefits outlined above:

- Consolidated supplier data
- Common travel policy
- Consolidated supplier agreements
- Single or limited number of travel management companies

Finally, this white paper sets out the prerequisites for consolidating a travel program and then presents an eight-stage implementation procedure to make consolidation a success. The final section explains how companies can service consolidated programs.
Travel program consolidation has always been considered a best practice for buyers of business travel, whether by traditional travel managers or procurement professionals with wider remits. In recent years, the appetite for consolidation has become sharper. In this section, we look at what is driving this trend.

**Supply evaluations are increasingly multinational or global in scope**
Over the past two years, there has been a dramatic increase in the number of global and regional accounts going out to tender for TMC services (see figure 1) with a matching decline in single-country requests for proposal (RFPs). Between 2007 and 2008, the number of global RFPs received by BCD Travel increased by 63 percent. This year, the number of global RFPs is expected to be up by 40 percent on 2008’s figure.

**Figure 1** The growth in global scope RFPs

Source: BCD Travel. Note: 2009 figures are projected
Why corporations want to consolidate

It is clear from the growing geographical scope of RFPs that corporations are embracing the idea of consolidation more than ever. We identify four main drivers for consolidation:

**Increased corporate focus on cost reduction**
Many companies with mature travel programs already in place in their key markets will now be turning their focus to other ways of driving cost reduction. For a company whose travel programs are at different levels of maturity internationally compared to the home market, consolidation offers a solution.

At the same time, the economic downturn has forced companies to look at their costs more closely than ever before. Business travel is always high on the agenda when talk turns to cost control as it is one of the largest controllable areas of spend.

To control their costs, companies are engaging in a range of practices including travel bans, hotel down-tiering and changes to thresholds for business-class travel. However, other companies have maintained or increased spend, depending on the sector in which they operate. Yet this has not stopped those corporations from wanting to manage that spend more effectively and be seen to be in control of their costs.

The focus on cost savings also means that many corporations are making job cuts, and travel departments are not immune. This has affected the ability of some travel buyers to manage multiple suppliers. As a result, they are considering consolidation, with some elements of a consolidated program potentially outsourced to a TMC.

**Growing corporate social responsibility and employee-safety priorities**
In recent years, incidents such as the Mumbai hotel attacks and London Underground bombs have proven to be a challenge for companies interested in tracking the whereabouts of their travelers. This has translated into a desire for better travel risk management.

New legislation is also forcing corporations to treat the security of their travelers even more seriously. The Corporate Manslaughter Act introduced in the UK in 2008, for example, requires companies to exercise a duty of care for their employees. This means that companies need to take all reasonable measures to ensure that their travelers are well informed and given adequate protection while on business trips.

Companies have turned to travel consolidation to help improve security and safety for their travelers. Reducing the number of travel suppliers and appointing a strong lead TMC armed with appropriate traveler tracking technology makes managing travel risks and complying to duty of care provisions easier.

For more information on traveler risk management, see the recent Advito white paper *C'est la vie: A step-by-step guide to building a travel risk management program*.

**Desire for greater transparency and corporate governance**
The banking crisis and corporate scandals of recent years have inevitably led to increased demands for better corporate governance and greater transparency from corporations.

For example, companies in the financial sector have a particular need to demonstrate transparency for the benefit of their shareholders or, in the case of those who have accepted government funds such as those made available by the Troubled Asset Relief Program in the United States, the taxpayers who now hold a stake in their businesses.

The passage of the Sarbanes-Oxley Act in the U.S. in 2002 already added a requirement for corporations to be more transparent in their operations. Similar legislations also exist in other countries.

Consolidation can help deliver that transparency, particularly in the area of travel and expenses.
Section B
What consolidation means

Section A explored the increased appetite for consolidation and the drivers behind that increase. Yet, it is clear that consolidation means different things to different companies.

In the 2008 Travel Program Survey: *Insight on Corporate Travel*, BCD Travel and Advito asked 333 companies for their views on consolidation. At the time, around a quarter of companies said they had a consolidated travel program. But when pressed on what consolidation actually meant to them, responses were almost evenly split among the following:

- Consolidated supplier data
- Common travel policy
- Consolidated supplier agreements
- Single or limited number of travel management companies
- Centralized program management
- Consistent set of measures
- Centralized budget management (overview of total spend)
- Common service delivery standards

We now take a look at the most important of these ideas.

**Consolidated supplier data**

At the heart of any successful travel management program is quality data. It is the in-depth knowledge of travel patterns and volumes that allows a corporation to negotiate bigger and better discounts with suppliers, bring added security to company travelers and reap many of the other commonly sought benefits of a consolidated travel program.

Deciding which data to consolidate is critically important. At a minimum, the following data should be in place if a company is to effectively manage its travel program:

- Spend and transaction volume by supplier
- Destination and city pair information
- Fare and rate data
- Supplier market shares
- Reason codes for not selecting a particular hotel or flight

One potential problem in consolidating data is the time lag in receiving the information. As many as four weeks can pass after the close of a quarter before data is received because of the complexity involved in gathering data from a wide range of sources and the time it takes to scrub it. This data delay can be difficult to communicate at the C-level, where executives are used to seeing data on a real-time daily basis. By reducing the number of TMCs, a company can reduce the number of data sources, speeding up substantially the delivery of consolidated data.
The three major alliances – oneworld, SkyTeam and Star Alliance – represent 63 percent of worldwide air volume, and of the airlines making up the non-allied proportion, no single airline has more than 2 percent of the volume.

Common travel policy
Establishing a common regional or global travel policy allows corporations to highlight best practices from around the world. A common travel policy also acts as a statement of intent to suppliers. Policies mandating use of a particular supplier signal to the supplier that if it offers a preferred rate, it will more likely be awarded the volume that justifies the rate.

A common policy is also typically a prerequisite for consolidating business travel operations into a multinational service center environment, where consistency drives operational efficiency, which in turn drives savings for the corporation.

Consolidated supplier agreements
For many companies, a successful consolidation means having effective agreements in place with the right number of suppliers. Creating a competitive environment between a limited number of suppliers is key to achieving the highest benefits. Below we look at some of the main areas for consideration.

Airline alliances
Alliances are becoming increasingly important in global air travel, and this is an important consideration for any company looking to consolidate. The three major alliances – oneworld, SkyTeam and Star Alliance – now represent 63 percent of worldwide air volume, and of the airlines making up the remaining non-allied portion, no single airline enjoys more than 2 percent of the volume. As a result, most medium-sized corporations will be dealing with at least one of these alliances, and large organizations are likely to deal with two of them.

However, some argue that airline alliances are still not delivering much in the way of additional savings for corporate buyers. They are largely there for the benefit of their member airlines rather than their customers, although some traveler benefits, such as coordinated schedules for flights through alliance hubs, may offer an advantage. Clients need to make sure they are choosing the right mix of carriers, which more often than not includes airlines from competing alliances.

Getting a grip on hotels
Getting corporate rates down is only half the battle when it comes to managing a hotel program. A second challenge is providing wider access to those rates. Making all its employees aware of the headline discount the company has negotiated at a local, frequently used hotel can be as important to a corporation as the negotiation itself.

A consolidated hotel program also produces greater control because of the ability to steer decisions from a global or regional perspective. Decisions on shifting share to preferred hotels can be implemented more quickly while poorly performing hotels or groups can be removed before they cause too much damage to the program.

The push to consolidate meetings
Meetings management is still in its relative infancy, and a global approach to meetings is even less well-developed. While the complexity is great, the potential for savings makes overcoming that complexity worthwhile.

If companies can consolidate the meetings spend that is currently spread among numerous business units, those substantially greater volumes can be used in negotiations. With a global view, the meetings buyer may also find previously hidden savings – for example, that it is cheaper to meet in Budapest than in Amsterdam or London.

Consolidating meetings spend also offers potentially large process savings. With fewer category buyers involved, process costs can be reduced to a minimum.

For more information on global meetings management consolidation, see the 2007 Advito white paper *A View from the Other Side of the Pond.*
Travel management company supplier model options

The 2008 Insight on Corporate Travel from BCD Travel showed the extent to which companies had consolidated travel programs to reduce their number of travel management companies.

Figure 2, reproduced from the survey, shows clearly that more than companies elsewhere in the world many North American companies have embraced the idea of a single TMC. In Asia, consolidation is more complex due to differences in currencies, cultures and business practices, but it has started and still has some way to go.

**Figure 2** The extent of TMC consolidation by region

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Degree of consolidation

In this white paper, we refer to both global and regional consolidation. It is important to note that in some cases a global consolidation can encompass several regions without including every region in which a corporation operates. Similarly, a regional consolidation can include a number of countries while still excluding some countries from within that region. It is for the corporation, in conjunction with its key consolidation partners, to decide what works best for them.

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Section C
The benefits of consolidation

In this section, we turn our attention to how consolidation can yield quantitative benefits – that is, the actual cost savings one can hope to achieve. First, we look at the overall savings then drill down to see how the various elements of a consolidated program add up.

Up to 25 percent savings on total travel spend
With cost savings, the key driver in moving toward a consolidated program – whether through the reduction of the number of TMCs, the establishment of a single supplier program or the application of a global travel policy – is return on investment.

The potential savings achievable from a consolidation vary widely, depending on the existing level of consolidation, travel management sophistication and the end goal. However, a company not already managing a regional or global program with a single or reduced number of TMCs, with no global policy or coordinated supplier program in place, can save as much as 25 percent of its total travel spend.

Savings from a consolidated air program
Clever sourcing, taking into account dominant carriers in home markets and challengers looking to win market share, can help corporations make considerable savings on their air spend.

Typical incremental savings opportunities for global air programs range from 1.5 percent to 4 percent of total air spend, and result from designing and negotiating better agreements. Mature programs tend to achieve savings in the lower part of that range because they have already conducted a number of global RFPs. New global consolidations, where there are fewer negotiated agreements already in place, tend to achieve savings at the high end of this range. Entirely new programs, where the corporation does not have significant corporate discounts in place, can come in at even higher levels.

The main advantage for consolidating to a select group of preferred airlines is the ability to negotiate larger volume and share-based discounts. Airlines realize that capturing all of a corporation’s business is unrealistic because they are rarely in a position to serve all a corporation’s needs on a regional or global basis. Multinationals will typically use a combination of carriers that best accommodate traffic patterns.

While volume is always important, it needs to be the right kind of volume. Key drivers of discount potential include high levels of premium class and intercontinental travel because this represents desirable, high-yield business for the airlines. Another critical discount driver is the level of carrier competition in the client’s top markets. Discounts will always be higher in competitive markets.

It is also important to note that different airlines define global deals in different ways. Some provide a discount for any market served, while others set specific minimum revenue requirements by country. The more important point is that the analysis needs to be global so the client can adequately understand the interaction and impacts of each airline proposal or contract against all others. This will facilitate the design of a more optimal global air program that can be made up of a combination of global, regional, local and alliance airline contracts.
Savings from a consolidated hotel program
Corporations can cut between 15 and 20 percent off average booked rates by consolidating to a regional or global hotel program, if they have previously had no discounts. These substantial savings come from a number of sources:

- Consolidated data helping leverage negotiations
- Improved traveler compliance
- Ease of control of program

For corporations that already have a hotel program in place, the goal will be to beat the market average. For example, if average market rates are increasing by 3 percent, the client may set a target of no increase over the previous year. If the market rate is declining by 10 percent, the target could be a 15 percent reduction.

It has been a seller’s market in most of the world’s leading business markets in recent years, thanks to booming demand and restricted supply. As a result, travel buyers have had to accept significant rate hikes as availability of corporate rates at near-full hotels has been limited. However, the addition of more hotels and rooms in key markets and a softening of demand due to the economic downturn have shifted the balance of power back to buyers. With hotels now more willing to do deals than in the past few years, it may be the right time to think about establishing a hotel program or, for companies with existing programs, to expand their solicitation list to create more competitive bid situations within markets.

Additionally, in the current hotel market, there may be an opportunity for corporations to reduce the number of hotels in the program to consolidate volume with fewer vendors in exchange for better pricing. Clients may also have an opportunity to experiment with dynamic pricing (a percentage off the best available rate), although this type of discount works best in conjunction with last-room availability or maximum fixed rate.

Hotel programs can deliver substantial benefits no matter what shape the market is in. In the worst case, the negotiated hotel rates act as maximum rates for peak travel dates. If better rates become available at time of booking, a traveler can always select the lower rate. Negotiated rates also can include additional amenities such as high-speed Internet access, breakfast and parking, which can add up and drive significant savings to the total cost of stay.

It is up to individual corporations and, if appropriate, their TMCs to monitor the level of bookings at preferred properties coming through at the preferred rate. If booked rates start to drop faster than the negotiated rates (on a year-over-year basis) this signals the need to renegotiate preferred rates.

Savings from a consolidated travel policy
A single, global policy incorporating best practices identified through benchmarking against competitors can make an enormous difference to the amount corporations spend on business travel and expenses.

Corporations moving from an environment with a loose policy and no controls to a strong policy backed with a mandate could cut overall travel spend by 20 percent, although this will include some contribution from supplier consolidation. Realistically, companies are unlikely to make such a change overnight, and if they implement an umbrella policy with compliance measures, savings are more likely to be 5 to 10 percent of overall travel spend.

Savings from a consolidated card program
Consolidating travel spend under a single card around the globe has dual benefits. First, using a single global provider means a corporation has access to consistent data on expenditures, covering both the travel itself and associated expenses such as taxis and meals.

The second benefit comes from the ability to negotiate financial terms with the card vendor. Companies with consolidated programs can negotiate larger signing bonuses and higher annual rebates. Whereas a card company might typically grant an annual rebate of 10 to 25 basis points of spend, a globally consolidated card program might yield a rebate up to 80 basis points.

If using a global card provider is not possible, perhaps because of local market requirements, moving to a single card provider in each region can also bring worthwhile benefits, both in terms of data and the financial aspects of the deal.

Savings from a consolidated meetings program
Figures from the Advito white paper A View from the Other Side of the Pond revealed that “successful meetings management programs in the European region show that cost containment policies and practices across the region produce from 10 percent to 20 percent savings annually.”

Meetings consolidation comes in two forms. The first is in gaining visibility of spend with suppliers on a regional or global basis. A key first step in establishing a consolidation program is strong senior management support since business units can be protective of their individual transactions in this space.
The second set of benefits comes from combining transient travel and meetings spend. Consolidating spend from these traditionally disparate areas can move a corporation into an arena where suppliers are willing to offer greater discounts.

**Savings from a consolidated ground transportation program**

Corporations can save up to 10 percent on total car rental spend by reducing the number of suppliers to one or two globally.

The extent of the savings will depend on the market share for each vendor. If a corporation is using a primary and secondary set-up where the secondary car rental vendor is only getting 10 percent or less of the business, the savings will be much more modest, perhaps around 2 percent. To maximize the greatest benefit, corporations should promote healthy competition between car suppliers. Demonstrating such competition can drive compliance and move business which will be rewarded in better rates and benefits at RFP time.

For the vendors, it is all about reducing leakage and keeping another vendor from infiltrating the account and possibly getting a stronger position down the road.

Other opportunities for savings arise through consolidating spend on sedan or chauffeur services, particularly through negotiations with global networks.

Corporations can also gain savings through consolidating their rail spend, although the ability to forge corporate deals is far from certain because of the fragmentary nature of rail companies and their frequent position as monopoly operators on certain key business routes. That said, volume-based corporate deals are beginning to emerge, sometimes through intermediaries. The establishment in 2007 of Railteam, an alliance of European high-speed rail operators, and the liberalization of European rail in 2010, also promise to open up the possibility of Europe-wide corporate rail deals.

**Savings on travel management fees**

Corporations can gain leverage with their TMC on transaction fees through a consolidated program, although the savings are likely to be modest compared to the other cost benefits of consolidation. In general, the more transactions a corporation brings to their TMC, the lower the unit cost should be.

Consolidating to one or few TMCs brings other benefits too. Delivering savings from the areas mentioned above is made easier with a strong TMC partner. Giving a single TMC a substantial proportion of overall spend will allow the TMC to operate more as a partner, with strategic objectives aligned more closely with those of the corporation. In addition, consolidation substantially reduces the amount of time needed to manage a TMC’s operations.

Finally, standardized processes will result in less time spent making a reservation (both for the corporation and the TMC), delivering other indirect cost savings.

The amount of achievable savings depends on the number of countries consolidated, the volume of spend and the nature of the bookings—i.e. the proportion of touchless online bookings to offline bookings and the frequency of touch.

**Quality of service**

The service that travelers receive when dealing with their company’s TMC has always been a key focus in delivering a successful travel program. Now, in an era where travelers are being asked to accept a lower class of travel or lower-rated hotel, achieving high-quality service is even more important.

A consolidated program can help deliver that quality. Many travel and procurement managers are now looking at end-to-end systems to help deliver seamless service to travelers, but this is difficult to accomplish with too many TMCs. A single or limited number of TMCs can help achieve this and also allows a corporation to communicate more quickly and effectively with travelers.

Travelers of the X and Y generations also expect to have everything about their travel plans at their fingertips. Integrating travel services over multiple platforms is both difficult and costly but consolidating these elements will help provide a robust travel service experience.
Corporations that consolidate their travel programs to a smaller number of travel management companies, either on a regional or global basis, gain a number of benefits beyond simple cost savings:

- Using fewer TMCs allows a corporation to gather and analyze consolidated data more easily.
- Program management becomes easier because the common data makes it easier to track the performance of supplier deals. With this improved insight into spend, the corporation gains more power in negotiations.
- Fewer TMCs make the global or regional rollout of online booking tools easier.
- Using fewer TMCs serves as a central point for managing both policy and preferred suppliers.
- Greater compliance with a standardized travel policy.
- Globally standardized processes and procedures help decrease the time a corporation spends on booking and managing travel.

Consolidation to a single TMC, or a small number of TMCs, is often the first step on the road to overall program consolidation because it can make subsequent steps easier. The single or lead TMC can handle negotiations with suppliers, take an independent overview of what a global or regional travel policy should look like and become a central repository for data from a range of third-party sources.

Consolidation also allows companies to consider implementing common service standards around the globe, although only a few companies do so to the full extent. Most companies appreciate the differences between regions and expect TMCs to be flexible enough to give them a global or regional program which is uniform and streamlined yet allows for cultural differences.

Traveling is not as much fun as it may have been 25 years ago, but forward-thinking companies still want to make the traveler’s experience the best it can be. If a TMC can help provide service enhancements in a cost-effective way, companies are still interested in ways to make their travelers more productive on the road.

**Delivering better safety and security**
A consolidated travel program plays a vital role in travel risk management. A consolidated policy makes the management of safety and security issues much easier. A consolidated TMC, meanwhile, can coordinate the profiles of travelers as well as the data on bookings.

The most successful security programs are those that have a strong mandate to use the preferred travel management companies and/or online booking tool for all bookings and any subsequent changes. Consolidating to fewer or to a single TMC, as opposed to a multitude with different tools and processes, can therefore help deliver high-quality travel risk management.

For more information on travel risk management, see the Advito white paper *C’est la vie: A step-by-step guide to building a travel risk management program*.

**Achieving greater transparency**
Better and more-centralized data means that the relevant information is held in one place and in a standard format. Standardized processes are also more transparent than a collection of processes implemented by different TMCs and suppliers.
End-to-end travel and expense-management systems may not necessarily be the same globally. However, the configuration and spend categories – e.g. trip requests, approvals, expense claims and payment – could be harmonized across countries with details closely linked to achieve greater transparency.

Transparency is a powerful tool because most employees, especially in tough economic times, are good corporate citizens who do not want to spend their company’s money unnecessarily. Through transparency, travel management expenses and commissions become visible to business managers, making the return on investment of individual trips more apparent.

Reducing complexity
For large companies with an already complex travel program, dealing with multiple agencies, cards, data sources and disparate suppliers creates even greater complexity. This increases costs and decreases the company’s ability to drive savings by controlling compliance.

Consolidation can provide a solution by reducing the complexity of a travel program substantially. With a common travel policy, a reduced number of suppliers and a common set of service standards, companies need fewer people to manage the program. A reduced number of TMCs also allows any changes necessary to the travel program can be carried out more rapidly and effectively.
Section D
The starting point

Knowing about the potential benefits of consolidation is not enough. Experience shows that successful consolidation must be carefully planned. In this section, we set out a seven-step road map to achieve best-in-class consolidation.

Step 1  Know your organization
It is often said that you can’t manage what you don’t measure. Detailed management information on the current shape and size of an organization is imperative. Identifying areas of potential savings will be difficult without some map of an organization’s current travel patterns. Moreover, without establishing a benchmark it will be impossible to measure whether travel program strategies have worked.

Specifically, a corporation needs to gather the following:

- Company structure, i.e., whether everything is managed from a global headquarters, regional management teams, etc.
- Details of existing travel management companies and arrangements, including financial set-up, staffing levels and existing service level agreements
- Details of existing supplier relationships
- Details of current travel policy(ies)
- Travel patterns, including key data on spend volumes, trip lengths, fares, rates, city pairs, market shares

The optimal way to achieve accuracy and consistency of data (as well as speed of delivery) is through a single, or small number of, TMC partners. However, if this isn’t possible, third-party data can be incorporated into the consolidation process. Where data is difficult to obtain electronically, accurately or in a timely fashion, it may be prudent to weigh the value of that data against the goals of the overall global or regional program.

Consolidation inevitably requires corporations to examine themselves more carefully, and this means conducting extensive discussions with internal stakeholders. Companies exploring consolidation discover much about their own internal operations in the process, and it provides them with an opportunity to address any inconsistencies.

For example, companies often find differences in the way that policy is applied around the world, in the approval workflow or in reimbursement of expenses. Consolidation is an opportunity to review and streamline these important internal processes.

It is also worth unearthing whether other departments in an organization unrelated to travel have undergone consolidation and gleaning any lessons they have taken away from the process. These experiences can give a corporation an understanding of the cultural differences other teams faced and how they built a strong business case.
Step 2  Consider the return on investment

Working from an understanding of exactly how the organization travels and how it operates as a corporate structure, corporate decision makers need to decide whether consolidation is the right approach and, if so, the shape of that consolidation.

If a corporation’s spend is less than USD 5 million, global consolidation may not deliver a significant return on investment in either money or time. However, that does not mean a smaller-scale consolidation would not yield value. Consider whether consolidation on a regional or national scale may help deliver results.

Remember that return on investment will not only be measurable in monetary terms. Improved quality of service, better safety and security for a corporation’s travelers and greater transparency are all desirable outcomes and need to be balanced against the investment in consolidation.

Step 3  Define key objectives

It is vital to establish key performance indicators in the early stages of planning for consolidation to ensure a corporation achieves its goals. These could include net effective savings, traveler compliance, net cost of managing the program and/or providing the service, and total travel spend in relation to sales turnover.

Consolidation is not an objective but a means. Begin by asking what key objectives consolidation must achieve: A certain level of savings on spend? Better quality of service? Standardized processes? Better risk management for company travelers?

Knowledge of an organization’s size and shape will help a buyer set targets. Without measurable targets, it will be impossible to know whether consolidation has succeeded or failed.

Step 4  Establish a strong consolidation team

It takes a strong commitment for a corporation to carry out a successful consolidation. As such, at the heart of a consolidation should be an individual – a travel buyer or procurement executive with regional or global reach – who understands the company’s needs and can communicate the business case at the executive level.

Consolidation is not the work of one person, however. Successful consolidation needs a solid structure in place to support it. A consolidation team is likely to include procurement, travel management, risk management and finance professionals. The team will also need to include human resources representatives if policy is to be consolidated at the same time. If your organization is consolidating regionally, the team should include representatives from these business areas in each country, while balancing the need to keep the team small and nimble enough to avoid bureaucratic obstacles. ▶

Companies exploring consolidation discover much about their own internal operations in the process, and it provides them with an opportunity to address inconsistencies.
Step 5  Obtain senior management support
Where consolidation fails to live up to its promises, it is often attributable to a lack of executive and senior management support. Without senior management support, consolidation efforts are unlikely to go far. By engaging with the highest level of senior management in a region at the front of the process, consolidation teams develop champions who can communicate regionally the expected benefits of the program to the organization and its regional teams.

Gaining such support has become easier in the current economic environment. Buyers can garner management support like never before to drive policy changes, compliance and to follow-up on non-compliant travelers, a key to overall consolidation success. When travel buyers talked about consolidation a few years ago, they often confronted senior managers who appeared open to consolidation yet failed to pledge further engagement. Today, senior managers and C-level executives alike are more proactive in asking what travel programs are doing and how they can support the goals.

Step 6  Manage expectations
While consolidation offers the potential of enormous savings, a company should first examine its expectations. If a travel program is largely unmanaged, and the corporation has the necessary elements in place to undertake consolidation, achieving the highest level of savings should not be out of the question.

However, it’s critical that a company outline the reasons for potential failure and the barriers that may degrade the return on investment. It’s as important to communicate this information to stakeholders as it is to communicate the potential benefits.

Buyers should also be aware that consolidation will inevitably mean change, and both the buyer and the organization need to be prepared to embrace this. Successful change management will require the establishment of a multi-tier plan to communicate how the travel process will evolve for everyone involved: the traveler, the travel booker, regional or country travel or procurement managers and the finance team.

Step 7  Develop a timeline
The length of the consolidation process depends on the company’s accepted definition of consolidation and on how much senior management support is in place. Most companies will want to look at the consolidation of both TMCs and supplier programs. Leaders of consolidation efforts should not expect rapid completion. Although elements of a consolidation – such as the development of a common travel policy – can often be carried out in a matter of months, a truly global consolidation that encompasses all major elements of a travel program likely will take several years to achieve.
This section outlines how to carry out an implementation that delivers a consolidated travel program with a healthy return on investment, including tangible benefits recognized by all stakeholders, from the traveler to the chief executive.

Defining the necessary data
Each corporation’s data needs differ vastly depending on the makeup and dynamics of the company and the business intelligence required to manage the individual travel program. The first step for success is defining data elements so they can be collected consistently and correctly across all operations.

To support the consolidation process, a company must have standard specifications for the collection of pre- and post-ticketing data to ensure consistency, irrespective of a country’s language, global distribution system, technology or other aspects of the service configuration.

Inevitably, data will come from a range of different suppliers. It is best practice to hand the management of this data over to the lead TMC to allow the creation of a uniform resource for use in both the negotiation with suppliers and monitoring compliance.

The RFP process
The request for proposals (RFP) process plays a key role in a successful consolidation:

• Consider issuing a request for information (RFI) to obtain high-level information from the supplier base to make an initial shortlist. Solicit competing suppliers to drive additional negotiation leverage
• Consider whether to use an electronic tool to develop the subsequent RFP
• Draft the RFP. It should include the following subject areas:
  o Details of current travel program, including city pairs, existing corporate deals, market shares, hotel coverage requirements
  o Scope of consolidation
  o Program objectives
  o Evaluation criteria: price, use of scorecard, etc.
  o Proposed financial arrangements
  o Local market requirements
  o Requirement for additional services
  o Submission requirements
  o Questions for suppliers on the following areas:
    › financial agreement
    › service configuration
    › reporting
    › technology
    › geographical footprint
    › account management
    › quality control
    › corporate social responsibility (CSR)
    › service level agreement
• Analyze RFPs to put together a shortlist
• Conduct face-to-face interviews with suppliers
• Make selection of suppliers with consolidation team
• Communicate decision to suppliers and employees

One size fits all? Consolidating your travel program
Creating a consolidated travel policy

Once the RFP process has been successfully completed, the team should look at creating a consolidated policy to form the heart of the company’s travel program.

A globally or regionally consolidated policy, by necessity, usually takes a broad approach, and regions, countries, divisions or individual business units may choose to have their own policies—as long as they are stricter than the consolidated policy. For example, use of train travel in Europe may form part of the regional policy for Europe while the policy for the Nordic countries might cover the use of ferries.

Constructing a consolidated policy means deducing which elements of a corporation’s local and regional policies are best-in-class. If the company has a range of different policies around the world, compare them with one another by entering the important points onto a matrix. If a requirement for booking 14 days in advance in one region is delivering substantial savings, it may make sense to roll this out on a larger scale.

The elements that should be considered for a global policy include:

- Use of preferred suppliers
- Airline class of service
- Hotel rating
- Car hire size
- Use of credit card provider, corporate card and/or lodge card
- Mandating the use of TMCs, preferred suppliers and/or booking tools
- Advance purchase requirements
- Company requirements such as how one gains approval and which people are allowed to fly together
- Safety and security requirements
- A plan in the event of exceptions, e.g., deciding whether the head of personnel, finance or the country manager will address non-compliant bookings

An eight-stage implementation

The implementation itself can be divided into eight key stages:

1. **Communicate and manage change.** Key stakeholders need to know what to expect as the consolidation program rolls out. Communication must be aimed at all levels of the business in all regions, and it must be repetitive: tell stakeholders continually what the company is doing and why. Pay specific attention to local buy-in. Visit local markets and listen to their concerns; this will go a long way to achieving buy-in.

2. **Make a sure start.** It makes sense to focus initially on the biggest wins. Choose a country or region that will deliver the corporation’s chosen objectives fast. Do this by looking at the following areas:
   - **Current service environment.** If the current TMC is not providing complete services (e.g. no data delivery), then moving to a global or regional TMC will provide immediate benefit.
   - **Lack of transparency.** In markets with inadequate data collection/reporting, transitioning to a global or regional TMC will provide immediate benefit.
   - **Market willingness.** Follow the path of least resistance. Starting a consolidation in markets welcoming of the transition will help win champions for markets that are hesitant.

3. **Forge a strong relationship with the TMC’s designated management team, especially the account manager.** A successful implementation is more than just a rollout. It involves a concerted effort between the client and the TMC team (including technology, advisory etc.) to achieve the expected benefits.
4. **Ensure a smooth handover.** Make sure there is a proper process for the transition from one TMC or supplier to another, including any legal requirements such as the employment provisions of TUPE* in the UK.

5. **Leverage supplier volumes.** If not already doing so, the lead or single TMC should start aggregating data and putting together global or regional deals, and ensuring that the supplier base is ready for consolidation.

6. **Monitor progress.** Check to see that the implementation plan is going smoothly and that any glitches are spotted early on by gathering feedback from both internal and external stakeholders. Make changes to the rollout if things have not worked out as planned to prevent “situations” from turning into “problems.”

7. **Seek new opportunities.** Ongoing monitoring of management information by the buyer or the consulting arm of the TMC will highlight further opportunities for leverage with suppliers and areas of policy that can be adjusted to deliver a better program.

8. **Communicate success.** Where the consolidation has delivered on its objectives, share this success with everyone involved – senior management, the consolidation team, travel arrangers and travelers – giving credit where it is due.

### Choosing a consolidation model

Most companies approach consolidation with a phased approach, choosing to consolidate first at a national level, then on a regional level before finally attempting a global consolidation.

Often the decision on the choice between global and regional consolidation depends on the financial reporting viewpoint of the multinational. If the corporation works on a regional profit and loss structure, regional consolidation may be more appropriate. Global consolidation may lend itself to a company with a global structure and central management.

With regard to consolidating to a single TMC, some companies choose a “big bang” approach. This has the benefit of potentially reducing implementation costs and achieving the largest savings in the shortest possible time. However, trying to do things quickly also increases risk. This can be a particular problem for companies that know one region intimately but have less visibility into or knowledge of their other regions. Companies must not assume that processes, cultures and other key factors are the same region to region.

Companies wanting to adopt a “big bang” approach need a strong travel buyer or procurement professional leading the process with a strong mandate and support from the chief executive.

### How far should consolidation go?

Consolidation often follows the 80/20 rule. Centralization of the larger volumes will give economies of scale and easier program management. However, there is a law of diminishing return on investment. Once the largest volumes have been consolidated (typically 80 percent), the effort of bringing in the smaller volumes often outweighs the benefits.

For example, a European multinational doing most of its business travel in Italy, France, Germany, the UK and Holland may find that trying to consolidate Greece and Portugal at the same time may not be fruitful, particularly if these account for only a handful of transactions each year.

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* TUPE: The Transfer of Undertakings (Protection of Employment)
How to manage a consolidated program

A consolidated program can be managed in three main ways: 1) a strong central mandate, 2) decisions made centrally but with local buy-in and 3) loose centralized management with strong local culture.

<table>
<thead>
<tr>
<th>Approach</th>
<th>Potential advantages</th>
<th>Potential disadvantages</th>
</tr>
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<tbody>
<tr>
<td>Strong central mandate</td>
<td>Changes to program and policy happen rapidly; willingness of suppliers to negotiate larger discounts; fits the commoditized view of travel championed by procurement.</td>
<td>Dissent from regions leading to compliance issues. May not suit corporate culture.</td>
</tr>
<tr>
<td>Central decision, local buy-in</td>
<td>Greater support from individual regions and countries.</td>
<td>Savings lower than a strong central mandate.</td>
</tr>
<tr>
<td>Loose central management</td>
<td>Easiest to implement. Best fit with corporate culture between regions.</td>
<td>More difficult to leverage suppliers, least savings. Consolidation process takes longer.</td>
</tr>
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Using technology to consolidate

In the past, consolidation has faced a number of barriers to make the implementation work as smoothly as it could. Yet technology has made consolidated programs a reality in a number of ways.

The move to e-tickets from paper in the airline business has been relatively swift if not completely painless. The move has helped airlines reduce cost but it has also made distribution, particularly cross-border distribution, far easier. As a result, servicing global and regional accounts from centralized locations is a practical possibility, although some restrictions remain.

Providers of online booking tools have also become far less country-specific in their approach. When online booking tools first appeared, they were generally suited to individual markets, such as the U.S. or France or Germany. Recently, providers have realized that they need to make them more suitable for use outside their home countries.

As an example, in France and Germany, there is a strong need for an online booking tool to handle rail bookings through SNCF and Deutsche Bahn. Booking tools developed outside Europe have only added this capability recently.

With these advances, it is now more realistic to select only a few online tools to manage the globe and still meet the requirements of the local countries.

In order to consolidate using technology, companies need to consider how they will integrate existing processes, both on and offline. Specifically, you need to look at the following:
When online booking tools first appeared, they were suited to individual markets. Recently, providers have realized they need to make them more suitable outside their home countries.

• Will consolidating to a single online booking tool still give access to all the content (e.g. low-cost carriers, rail) needed at the local level?
• Will you need to consolidate to a single GDS across the world or in the region you are consolidating?
• Does the corporation have the necessary corporate culture to drive adoption and savings? For example, will mandating the use of an online booking tool work?
• Does the corporation have the right travel patterns to fit an online booking tool? Is the travel mostly point-to-point or are itineraries typically more complex?
• Is an online tool practical? Does your company have mainly desk-based employees with personal computers on their desks or is the workforce more mobile?
• If company travelers are used to making significant changes to their bookings, can a consolidated online booking tool handle this?
• How will on and offline bookings work together? Can a booking that has been made online initially be easily taken over by a consultant for completion offline?

It is worth remembering that consolidating to a single online booking tool may not always make sense from an ROI perspective. If in some countries you have only a very few transactions, implementing an online booking tool may not be viable. Even here, there may be the option of handling that small number of bookings through another country or offline only.

Picking the right card provider
Picking the right card provider is essential to making the most of a consolidation. The scope of consolidation must match that of the card provider. If you want a truly global program you need to choose a truly global card provider, of which there are few. If you are only looking to consolidate at a country level, you have a greater number of choices open to you.

Given the importance of good data to the consolidation process, it is crucial to find a card provider who can supply the data you need in the right format and on a timely basis.

Acceptance is also a key issue in a global corporate card tender. You need to make an internal analysis of the acceptance points required – specific hotels and restaurants, for example – and put this in the tender. You should also ask specific questions on acceptance, not just how many acceptance points the provider has in a particular country.

Before choosing a card provider, you need to know what is happening in your local markets. If a decision is made centrally to go for a particular card which has features that do not fit local requirements, there will be considerable reluctance. As a result, it is important to check volumes and the kind of features that are important for the local market.

Best practice is to have the data feed from the card integrated directly into the back office systems, such as SAP, Oracle or other enterprise solution. This can take a long time to set up but deliver huge savings, particularly if the corporate card company provides enhanced data, which includes, for example, cost center and employee number.
How to service a consolidated program

A successfully consolidated travel program should be supported by the right operational service configuration for the company. There is no one-size-fits-all approach in this regard; each program is unique, and the service configuration should fulfill those unique needs.

Analyzing a company’s needs and identifying the optimal service configuration is time well spent. Answering the following questions will help determine the needs of the TMC operational structure:

- **What is the current operational configuration?** Changing TMCs can be a demanding exercise, so taking smaller steps may be appropriate. For example, the change from implant or onsite configurations in multiple countries to a centralized multinational service center may be one bridge too far.

- **What is the country mix?** Although most countries have the flexibility of multiple configurations, some do not. Russia, for example, operates with local GDSs, which require in-country servicing.

- **What is the travel mix?** What type of bookings do travelers make? Point-to-point reservations are often best served using online booking, but round-the-world or multi-sector trips require agent intervention and knowledge.

- **Which languages are required?** Companies that can process all their travel requests in English stand a better chance of achieving economies of scale.

- **What does the company’s supplier program look like?** Does the organization have mostly regional/global deals, or are most local? Some airlines will restrict the use of corporate negotiated rates to the country of departure which in turn may restrict the service configuration the TMC can provide.

- **What is most important to the corporation, service or cost savings?** If service is more important, onsite agents may be the way to go; if savings are more important, a call center and an online booking tool might be more appropriate.

All these factors will drive operational decisions, which may result in widely different configurations — from in-country implants to consolidated country business travel centers to multinational service centers.
One size fits all?
Consolidating your travel program

This white paper asks readers to consider whether “one size fits all.” The answer, as we have seen, is a resounding no. Corporations have divergent views regarding the very definition of consolidation. Some define consolidation as a single travel policy, others as reducing the number of suppliers and still others as moving toward fewer or a single TMC.

What is clear are the potential benefits of consolidation. Companies can achieve substantial savings – as much as 25 percent – on total travel spend by streamlining their programs. Yet the benefits are not restricted to savings. Consolidation can also improve security and safety for the company’s travelers, increase transparency and reduce the complexity of the travel program, a key goal in business environments where costs are under intense scrutiny.

This paper also offers a clear road-map for achieving successful consolidation, laying out the prerequisites and the milestones along the way. Use these resources, engaging with key internal and external partners in the process, and the travel program will emerge leaner and fitter in the future.

Summary

What is clear are the potential benefits of consolidation. Companies can achieve substantial savings – as much as 25 percent – on total travel spend by streamlining their programs.

This paper also offers a clear road-map for achieving successful consolidation, laying out the pre-requisites and the milestones along the way.
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Trane sees concrete benefits from European regional consolidation

Heating, ventilating and air-conditioning manufacturer Trane consolidated its North American travel program in 2007 and then set its sights on consolidating its European travel.

The company’s goals were to improve policy compliance, consolidate volume for better supplier negotiations, achieve consistent service quality and simplify processes.

“We wanted to add value rather than cost and complexity,” said Tom Barrett, director, Strategic Sourcing HR, Benefits and Travel Services for Ingersoll Rand, the global diversified industrial company that acquired Trane in June 2008.

Results

The European consolidation, completed in just five months, has allowed for greater overall spend visibility and tighter control of travel policy and costs, leading to improved management of the vendor program and concrete savings. One year after the consolidation, Trane saw a decrease of 14 percent in average ticket price and a 27 percent reduction in total agency costs. Overall savings from the consolidation amount to $3.4 million, about two-thirds of which is from cost avoidance.

BCD Travel worked with Trane to consolidate the travel programs in nine countries – Belgium, Denmark, Finland, France, Germany, the Netherlands, Norway, Sweden and the United Kingdom – into a single European program serviced through a multinational service center in Mechelen, Belgium.

The European consolidation required leadership support at headquarters and in each country involved; baseline measurement, with documentation of processes in place in every country; and an implementation team composed of key stakeholders from both Ingersoll Rand and BCD Travel.

Among other strategies, BCD Travel carried out a series of road shows, sending the European account manager into each of the countries scheduled to consolidate. This was part of a detailed project plan that anticipated difficulties and outlined ways to build important local relationships with the Trane leaders in each country.

Crucial to Trane was BCD Travel’s prompt and positive reaction to issues, said Pascal Struyve, Trane’s global travel and meeting services director: “Initial service delivery problems were stabilized within three months, for which we credit the account management and operations teams.”

The company’s 2,500 travelers now pick up the phone and call a local toll-free number. Trane shares its team of multilingual reservations agents with another of BCD Travel’s global clients. The shared labor pool makes good business and customer service sense, enabling agent efficiency and minimizing costs.

“The success of the implementation at Trane has now stimulated interest in all Ingersoll Rand sectors to not only bring more countries under the Mechelen umbrella, but to expand consolidation efforts to other commodities and suppliers,” said Barrett.

Industry:
Manufacturing

Annual T&E spend:
€40 million globally

Results in brief:
• Greater program participation and compliance
• Consistent service quality
• Simplified technology integration
• Increased leverage in supplier negotiations
• 14% decrease in average ticket price
• 27% reduction in agency costs
Kodak streamlines processes, drives down costs

In the current economic slowdown, businesses continue to look at ways to find savings. Kodak, the world’s leading imaging products and services innovator, decided to streamline and centralize its travel services, having appointed BCD Travel to manage the company’s travel requirements.

In order to achieve savings, improve policy compliance, consolidate volume for better supplier negotiation, reduce internal workload and simplify internal processes, Kodak needed to restructure its entire European travel program. The effort involved the centralization of travel services to the BCD Travel Multinational Service Center in Mechelen, Belgium, for Kodak’s major markets in the region. It also involved implementation of an online booking tool, launch of a Web-based traveler profile management system (TripSource™: Profile Manager) and shifting to a new financial model that incorporates transaction fees assessed at the point of sale.

Traveler safety and security are crucial areas for Kodak. BCD Travel’s DecisionSource®: Security Manager is a key element in the data-management component of consolidation, offering the Kodak management team instant access to accurate travel and security information. In the event of a crisis, Kodak is equipped to execute a plan to get travelers out of a high-risk area quickly. The tool also provides timely, factual destination information linked to individual travelers.

Alongside the consolidation process, BCD Travel helped Kodak implement an online booking solution. To drive the success of the effort, BCD Travel and Kodak sought local input to ensure that the online booking tool offered capabilities and features that were important to travelers and arrangers in each country, and that the company’s executives endorsed online booking.

The tool was used to book intra-European flights. In a bid to encourage usage, travelers were informed that air transaction fees would be charged directly to their credit card – at a 75 percent reduced fee compared to an offline booking.

The combination of the centralized service center and online booking tool allowed maximum efficiency and minimum cost for simple transactions, along with guaranteed service quality and the agent expertise needed for more complex itineraries.

Results

Within Europe, 11 Kodak countries book exclusively through BCD Travel’s multinational service center. Through the restructured and consolidated travel program implemented at the end of 2006, Kodak saw positive results within the first year. Through the use of the multinational service center and online booking tool, Kodak saw the average ticket price decrease by USD 33 and agency costs fall by 27 percent. In addition, transaction fees declined sharply in previously expensive markets, with obsolete processes being completely eliminated. This decreased administrative work load, allowing the travel team to concentrate on strategic initiatives.

In the U.S. and Canada, Kodak achieved 70 percent online adoption rates for domestic flights and 30 percent on international routes. As part of BCD Travel’s continued efforts to drive adoption rates in Europe to similar levels, the company provided online booking tool refresher training sessions to Kodak’s travelers. By the end of 2008, intra-European air booking adoption levels reached 50 percent, a 5 percent increase over the previous year. In addition, agency costs were further reduced by nearly 8 percent in 2008.

Industry:
Imaging products and services

Annual T&E spend:
USD $46 million globally

Results in brief:
• Consistent service quality
• Greater program participation and compliance
• Simplified technology integration
• Increased leverage on supplier negotiations
• USD $33 drop in average ticket price
• 27 percent reduction in travel agency costs in year one, and almost 8 percent in year two
One size fits all?
Consolidating your travel program

Case Study

Consolidated ground transportation programs provide new opportunities for strategic sourcing to manage high costs associated with increasing local taxes, fuel charges or add-on fees.

Recognizing that potential, the procurement team of a leading global pharmaceutical firm assigned Advito the task of creating a methodology and process to calculate its current car rental spend and identify traveler key trends and behaviors influencing negotiation leverage. Utilizing this data, a new ground transportation program was implemented in 2008 incorporating the best possible combination of car rental providers that yield the greatest opportunity for savings and overall value.

Toward the end of 2007, Advito’s new pharmaceutical client faced the pending expiration of their global daily car rental agreement and some internal changes in ground transportation management. Faced with soliciting bids for the daily rental car business, the procurement director for corporate services decided to take the opportunity to evaluate the entire global ground transportation program.

“Our pre-contract program in the UK, as well as our high volume car rental activities at the training center in the United States, required a close-up review and strategic improvements. However, we were very busy finalizing business plans for the calendar year, and a successful and timely completion of the ground transportation bid was at risk.”

The client enlisted the support of Advito, BCD Travel’s independent consulting arm, to assess its ground transportation program and expenditures. After an extensive review, Advito consultants designed a comprehensive strategy for improving service delivery for travelers while maximizing savings on the daily rental car and pre-lease programs. The review examined multiple components, such as global spending patterns, consolidated supplier data, actual spend, number of pick-ups and deliveries, pre-contract and after-hours rentals and insurance coverage agreements.

The team established a list of qualified suppliers by weighing review data against traveler needs, industry benchmark data, the client’s business requirements and current market conditions. Armed with a better understanding of all variables, the procurement director collaborated with Advito to create a procurement strategy that suggested soliciting bids from global suppliers and negotiating lower hard-cost savings.

To allow interaction between the client and the suppliers with real-time updates, the solicitation packages were uploaded into a Web-based RFP tool. The e-RFP tool allowed for improved service and quicker turn-around and evaluation of bids. The suppliers were asked to present the details of their proposal intricacies. As part of the negotiation strategy, an online-auction tool was utilized to generate additional savings.

Results
With the conclusion of the negotiation process, the client was able to determine an estimated rate savings impact of 6.25 percent over the previous year, exceeding the initial savings target by 2.5 percent. The value that Advito’s new client received went beyond rate reductions. As part of the new agreements, Advito helped realize added value by further negotiating fuel charges, add-on fees and membership services as part of the overall ground transportation program.

Leading pharmaceutical company achieves step-change in managing daily car rental program
Case Study

Internet service provider sees 6 percent savings on global hotel program

In 2007, an Internet service provider spending $47 million on air annually decided to elevate its global hotel program to an entirely new level. The task at hand: Establish a world-class hotel program that allows the company to realize all the benefits a truly global program has to offer: integration, global sourcing, best price negotiations, volume concentration and exceptional traveler satisfaction. The company’s international travel manager required that year-over-year costs be held to a minimum while simultaneously improving supplier relationships.

To analyze the existing program and develop a strategy for improvements, the company solicited the help of Advito, BCD Travel’s independent consulting arm. Advito’s analysis took into account business requirements, current market conditions and projected market changes. The team identified some key challenges.

With 70 percent of tracked hotel volume occurring in top 10 cities, Advito’s new client faced challenges typical of saturated destinations: low inventory levels and above average marketplace indexes. As a result, traditional negotiation methods no longer yielded the desired level of savings.

Adding to the challenge of cost control, internal surveys showed that close to 20 percent of travelers were staying in high-end hotels applying high-maintenance behaviors. The client’s non-mandated hotel policy allowed travelers to book outside its list of preferred hotels offering standard amenities. Making matters worse, an analysis of 2007 data revealed that in booking hotels outside of controlled channels, employees hindered the capture of accurate data.

Early in the 2007 solicitation season, the client realized that due to the lack of policy compliance and complete data, their negotiation leverage was less than satisfactory.

With the help of Advito’s smart selection tool, the company’s international travel manager reduced the list of suppliers in each market to increase buying leverage. The new solicitation list maximized coverage with respect to business office proximity while increasing availability of more mid-tier properties with desired services – Internet, breakfast, fitness room – included in the rate.

During its subsequent negotiations, Advito generated spend and savings reports, comparing new rates to historical year-over-year data. The reports demonstrated the realization of additional rate savings and negotiated valuable added amenities during consecutive rounds of negotiations.

“We wanted to change our travelers’ maverick behaviors,” said the international travel manager. “And we wanted our employees to adopt a program personality we call “Purple Pattie.” That means following what’s best for the company and happily booking preferred rates.” With a revised strategy underway, Advito recommended a few key solutions to help the client obtain its desired goals of program compliance and cost-cutting: the new preferred supplier list and a program for educating travelers about policies and booking channels.

To improve program adaptation, the company encouraged travelers to participate in a hotel rating process designed to weed out hotels that don’t meet program standards and to achieve continuous program improvements. The team developed a process to achieve the underlying goal of improved data capture to bolster the client’s ability to effectively negotiate and manage the program in the future.

Results

With Advito’s hotel sourcing expertise, the client improved not only hotel rates but the total cost of stay, saving 6 percent year-over-year on the company’s global program.

Reducing the number of hotels in key markets helped drive additional savings and improved supplier relationships. “Advito professionally delivered a comprehensive, global, hotel RFP process on time and exceeded our expectations,” the international travel manager said. End-of-year comparisons against benchmarks indicated that 72 percent of the supplier agreements are now below average market rate.

Today, the Internet service provider measures compliance at an average of 74 percent — 9 percent higher than in 2006. Program improvements also resulted in some intangible gains as well, including increasing process speed, efficiency and overall traveler satisfaction.
ING manages travel risk through the security department

Risk management is a major strategic priority for the financial services company ING. One of the company’s board members includes risk in his portfolio of responsibilities. The company regards itself as an innovator in the importance it attaches to the subject. Travel is increasingly regarded as a crucial area of risk management within ING. The welfare of the traveler—including health and safety as well as security—is also now understood as a business continuity issue.

In a reflection of ING’s corporate structure, overall responsibility for travel risk management lies within the security department. The company has a corporate department, based at global headquarters in Amsterdam, and six business lines. Security is part of the corporate department, giving it global reach and the ability to manage travel risk consistently across the world. In contrast, travel is not yet managed globally. ING uses numerous TMCs.

The situation is changing. ING intends to consolidate to a handful of TMCs worldwide. It has also launched an internal project to coordinate travel risk management across other relevant corporate functions, including human resources and health and safety.
Acknowledgments

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About BCD Travel and BCD Holdings N.V.

BCD Travel, the world’s third-largest travel management company, is owned by BCD Holdings N.V. A Dutch family-owned company founded in 1975 by John Fentener van Vlissingen, BCD Holdings N.V. is a market leader in the travel industry. The BCD Holdings companies are BCD Travel, Park ‘N Fly (off-airport parking), TRX (travel transaction processing and data integration services) and Airtrade (leisure travel). The company employs approximately 15,000 people and operates in more than 90 countries with total sales, including franchising, of US$15.6 billion (2008). For more information visit: www.bcd-nv.com.