

TMC makes academic inroads

MID-SIZE TMC World Travel Professionals is quietly making inroads into the university market previously dominated by FCM's Campus Travel and Kistend agencies. As **Allan Leibowitz** found, WTP's unique approach to technology is one of its strengths in the specialised market.

WTP recently signed James Cook University in Townsville, its fifth academic client in a university portfolio which started in 2006 with the University of Western Sydney (UWS).

"When we won University of Western Sydney, I wanted to see if we could win another two or three to create a little portfolio of three or four," says Michael Chase-Smith, MD of the Travelscene Amex-affiliated agency.

The aim was to build a user group where WTP could concentrate its efforts to develop specific technology and "help them change their culture".

"The university sector is a demanding sector where a lot of people



UWS was WTP's first university client

have tried and failed – and sometimes it's not the TMC's fault," he notes.

WTP's approach is to work with the universities to help them change the way they procure and manage their travel.

The James Cook win propels the mini-portfolio above Chase-Smith's initial plans, with University of Southern Queensland (Toowoomba), Griffith University and Bond University joining the fold this year.

WTP is the primary agency for all five of its universities - sole provider at three of these and the sole domestic provider at the other

two, where a second TMC assists with some international bookings.

Part of WTP's success with its new prospects is a unique technology approach which differs significantly from the self-booking-driven strategy adopted by most of its competitors.

Chase-Smith, a former executive of Sabre, has developed a suite of online applications which augment the current crop of booking tools. At the heart of the World Travel resolutions offering are tools that validate travel requisitions against travel policy and track the requisition through the approval process to booking completion.

He started by developing a profiling system which would allow clients to control their traveller profiles, rather than depending on traditional agency tools or other applications.

"This allowed us to come up with a system that could mandate policy for consultant-assisted bookings – something unheard of outside of self-booking," he says. This system is not a template, but a database system which allows the organisation's travel policy to be set up so that when the travel consultants receive the booking request, travel policy has already been applied.

To page 2

Inside this edition

- Lido for Defence Pg. 3
- Costs add pressure Pg. 4
- Turbulence ahead Pg. 6
- Kiwi Blue welcome Pg. 7

TMC makes academic inroads

From Page 1

The intelligent profile system, e-traveller, and the policy validation system, e-book, are fully integrated and were first employed during the University of Western Sydney (UWS) tender.

During the implementation, WTP had to also integrate the university's existing authorisation process into its e-book system, taking it from a manual process to a fully automated process.

Anne Hennessy, UWS travel manager, says the TMC has given the university "tools and systems to effectively manage our travel portfolio".

The WTP e-solutions "streamline the purchasing experiences by clients and offer real tangible benefits", says the travel manager who took out the NBTAs Asia Pacific Travel Manager of the Year award earlier this month.

Benefits include consolidation of all travel services and processes in the one area, a quality, holistic solution that has the ability to grow and evolve, providing significant resource savings through paperless processes.

Chase-Smith describes e-book as a big step in trying to "automate the unautomated". For years, consultants had recognised the need for a corporate booking process that was "more trackable and streamlined" and able to validate data so that travellers could select the right airlines and choose from mandated hotels.

There was recognition that the process "needed to have a very robust traveller profile system, travel policy built in and include a booking request and approval system

that had some reasonable logic to cover most scenarios".

WTP, according to Chase-Smith, has worked with clients to accommodate a variety of approval processes, including pre-trip and pre-ticketing approval which streamlines the process for TMC staff and for travellers.

The TMC has pulled all these elements together in an e-solutions travel portal, a customised front-end for each client.

The intelligent, database-driven websites are used for a number of travel functions including e-book for consultant-assisted bookings, WTP's self booking tool e-res, and a centralised storage for all travel-related information and documents. It also importantly provides online reporting, which allows travel managers to monitor and manage approvals and travel details.

"The travel portal is becoming a very important part of the solution for many of our clients, most of which are outside the University sector" says Chase-Smith.

The solution has been praised by Bob Dickinson, principal of specialist university travel consultant Travelfix.

He says it raises the bar, taking travel management at the academic institution to "a new level".

For Dickinson, the WTP e-solutions "deliver a fully integrated travel portal solution that give University travellers all their booking, policy and travel administrative needs at their finger-tips - available 24/7, online, real-time, anywhere in the world".

• Michael Chase-Smith will be featured at BTTB's Travel Technology seminar in Melbourne in November.

'A tool to effectively manage travel'

WTP e-solutions streamlines the purchasing experiences by clients and offers real tangible benefits:

- Consolidation of all travel services and processes in the one area
- Consolidation of all Designated Travel Admin staff around UWS to assist with the process
- A quality holistic solution that has the ability to grow and evolve
- Single sign-on initiatives
- Encrypted data housing securing access and data transfer
- Significant resource savings achieved through paperless processes
- An effective policy compliance tool
- An effective savings tool to better capture cheaper fares
- An effective change and behavioural management solution
- An effective duty of care/crisis recovery tool
- A greener future initiative

-Anne Hennessey, UWS travel manager

Lido manages Defence

ACCOMMODATION BROKER
THE Lido Group has won a two-year contract to provide domestic accommodation management services to the Department of Defence.

The contract is a significant win for Lido as Defence is by far the largest travel account in Australasia – estimated to be four times bigger than the next largest account.

Defence's annual travel spend is estimated at \$400million, covering around 300,000 domestic trips a year.

Lido general manager Matthew Tyler says the appointment "clearly positions The Lido Group as the principal supplier of government accommodation services in Australia".

"While we have expanded our government business with new products over the last three years, we have been winning and renewing accounts across both the private and public sectors," he says.

"As the only company in Australia singularly specialising in the accommodation broking business, we have been able to put a great deal of energy in finding dynamic solutions that work for our government customers."

Tsolakis named for key Qantas corporate role

KAREN TSOLAKIS HAS joined Qantas as general manager, corporate and multi-national sales.

Tsolakis has 22 years business travel experience, spanning the airline, travel management and corporate procurement sectors. Prior to joining Qantas, she was based in Singapore with Standard Chartered Bank as global head, corporate services, responsible for over US\$400million worth of the bank's procurement categories including



Defence gets comfortable with Lido hotels solution

Over the past five years, Lido has been enjoying growing success in the corporate accommodation space, culminating in its selection over a number of larger global TMCs to gain the Defence account.

Under the contract, Lido will manage the provision of rates and inventory for domestic business travel and provide Defence with high level reporting and monitoring of its commercial accommodation and hotel usage.

"Defence is seeking the best standard of accommodation that their dollar can buy," Tyler explains.

Implementation will occur over the coming months with hotel chains and individual operators able to offer rooms through Lido's proprietary booking technology.

While there are some conditions that must be met, the arrangement is designed to enable all properties' managers who wish to obtain Defence business an opportunity to offer rooms.

"This means that even the smaller operators in country locations can be part of the programme," says Lido's government business manager, Simon Halpin.



HR, professional services and travel supplier contracts.

Between 2002 and 2006, Tsolakis was instrumental in helping build and grow FCM Travel Solution's profile and customer base in Asia as regional director of sales.

She successfully led and negotiated the winning bids for such blue-chip and multinational companies as The Walt Disney Company, Lion Nathan, Orica, IAG, Woolworths, Nestle, Reuters, Optus and others. Many of these were regional and global bids.

Rising costs add pressure

TRAVEL MANAGERS MAY need to tighten their belts with a new report flagging cost rises on all fronts.

The BCD Travel 2008 Industry Forecast, prepared by the global TMC's Advito consulting arm, predicts a 4% rise in published airfares and double-digit rises in hotel average daily room rates in some markets.

"Over the past two years, we've seen strong, sustained growth in business travel, and this continues to drive industry prices higher," says Mary Ellen George, general manager of Advito, which provided data and trending for the forecast.

"We expect growth – and higher prices – to continue through 2008."

This will add pressure for travel managers, according to George.

"Tight market conditions are placing a higher demand on the skills and expertise of travel buyers and travellers to meet travel policy requirements and effectively conduct company business."

The report's key predictions include:

- **Airfare increases:** Worldwide, published airfares are predicted to rise 2% to 4% on average in 2008. Advito expects corporate airfares to increase by less than 2%, thanks in part to an increase in corporate discounts.

- **Hotel rates and supply:** Advito expects the 2008 average daily room rate to increase by 6% to 9%. Some markets may see double-digit increases. Although some European hotel markets are trending

lower due to over-capacity, average daily rates in most markets are expected to continue to grow.

- **Rail:** Consolidation and privatisation in European markets will push average rail fares upward in 2008. But increased productivity gains for traveller and travel arranger alike are expected with the introduction of rail booking through traditional channels.

- **Meeting costs:** Average group room rates will increase 8% to 10% in major markets in 2008. Global meeting planning is expected to be in direct correlation with company expansions into emerging markets. The Asia Pacific and Middle East

regions are anticipated to be high-demand destinations.

- **Car rental rates:** Car rental rates will increase by 5% to 7% in 2008, continuing a trend predicted in 2006.

BCD is also tipping increased traveller frustration: "We expect travellers will continue to experience extended flight times, escalating airport chaos due to flight cancellations and long lines at airport security checkpoints," she says.

Companies will need to focus on helping their travellers stay productive in less-than-optimal conditions (*see box below*).

Coping with traveller frustration

CORPORATE PRESSURE TO keep travel costs down, airplanes packed to the brim and high hotel occupancy rates mean that traveller frustration is at an all-time high. The challenging situation will only worsen in 2008. How can travel managers help travellers maintain or even ameliorate their productivity in less-than-ideal circumstances? Advito and BCD Travel experts offer the following advice:

Know your markets

Understand seasonal highs and lows. For example, travel from the Asia Pacific is often easier in summer to the US West Coast than to the US Midwest.

Understand the numbers

Airlines are now padding flight times to compensate for potential delays. This means that 90-minute flights are sometimes officially listed as 120- or even 150-minute trips.

Factor in hotel costs

Because seats are in short supply, travellers may have to arrive for meetings a day earlier, necessitating a hotel stay. Travel managers will need to prepare for possible impact on their budgets.

Redefine the work day

Longer travel times – and increased security delays – imply a changing perception of the work day, and travellers will need to be given the tools to maintain their productivity. Additional expenses may impact the total cost of travel (for example, fees for wireless access to help travellers make the most of time spent sitting in crowded airports).

Choose the right airport

Although secondary airports are often much easier to navigate, limited service can be a challenge when travellers are faced with irregular or disrupted operations.

Source: BCD Travel/Advito

btTB

**TRAVEL
TECHNOLOGY
2007**

**1st November 2007
The Sebel & Citigate Albert Park
Melbourne**

Getting it all together



- » Technology integration
- » Improved adoption
- » Mobile technology
- » Advanced reporting
- » Live demonstrations

For programme details and booking information, visit www.bttbonline.com

Turbulence ahead

SOME OF YOU might not have experienced an economic recession, writes **Tony O'Connor**. Auctions with no bidders. Profit downgrades. Cafes closing. Economists in a fuddle. The excesses of the latter stages of every boom are the seeds of the bust. The US credit crunch has only just started and the dials are now flashing red. We are in for a correction.

What will an economic downturn mean for travel and procurement managers? It will mean a shift back to basics. Qualitative improvements and notions of value will take a backseat to good old-fashioned savings. To safeguard your job, you will need to be able to demonstrate that you are saving the company substantially more than you cost. There will be a greater need to not only reduce and contain travel costs, but also to clearly show how you have achieved them.

So, where do potential savings lie and how do you measure and demonstrate them? The savings need to be credible and attributable. That is, you need to be able to attribute them back to your own good efforts.

Here are some examples.

It would be useful to be the author of a thorough travel policy - one that balances culture, comfort and costs. Most of the components are pretty obvious. And you might not be in a position to set policy entirely by yourself. But being the policy champion mostly comes from the "before and after" work. Consult with senior management, HR and Finance. Then, once you've mustered, massaged and mandated, be at the fore of policy implementation. Be the reasonable



and accessible voice of policy explanation. Get it on the intranet. Track policy savings and disseminate them to divisions and management. All glory shall then come to you.

Pursue better pricing. Basing your worth on market deals that could pretty much have been obtained by anyone is a shaky footing. The greatest scope lies with hotels and TMCs. Also, with TMCs, I am sometimes surprised by the number of mid-sized travel buyers that don't receive the available services that can save money, such as best booking systems, analytical account management and reporting. You need to chase it.

Try to improve internal behaviours. Expense management gets a lot of attention, given the need to sell expense management software. They can certainly save money, but there are several simpler measures as well.

For example, mandate a process that drives usage of cheaper fare classes. Track and promote earlier booking times. Track and safeguard

preferred supplier deals.

Implement and push a good, carefully assessed corporate self-booking tool. SBT usage invariably empowers policy compliance and best fare and rate selection. It does not need complicated and expensive "change management solutions". They're simple to use. They work. They're easy to implement. And they could be your great idea.

Promote the use of tele-conferencing. This is hardly new, but maybe it is time to get serious, especially given the growing need to manage carbon. Companies spend a lot of money flying around to see themselves. Yes, much business needs to be done face to face. But I suspect that we probably travel more than we need to.

A travel/tele-conference junction in the travel approval process, perhaps with an estimated cost comparison for each, is a powerful tool. Put it on the intranet.

Of course, I could be completely wrong. (Why do you think I got out of stockbroking?) We might have a very pleasant economic soft land-

ing, as the media needs to suggest. But there is little downside to introducing and, in particular, measuring credible savings in your travel programme.

If the largest boom in 200 years does end in the usual way, with good scores on the savings scoreboard, you could be a sought after property, rather than having to sell your property.

Yes, much business needs to be done face to face. But I suspect that we probably travel more than we need to.

For your argument to carry weight in the board room, you'll need to demonstrate a track record of several months or more. So, the time to get cracking, with good policy, good processes, best deals and good measuring, is now.

Maybe China will defy history and expand at breakneck speed forever. Maybe we can continue to live on ballooning credit.

Maybe governments really can insulate their economies from global shocks. Maybe all the rules have changed.

But maybe not. It would be wise to equip yourself with some robust numbers.

• *Tony O'Connor is the managing director of Butler Caroye. He was previously a stockbroker and economist.*

Kiwis welcome new Blue

THE NEW ZEALAND corporate market is showing strong interest in Virgin Blue's planned entry into the domestic market.

Among those noting customer interest is Brendan Drury, general manager of FCm Travel Solutions in New Zealand.

"Pacific Blue's decision to enter New Zealand's domestic market has been widely welcomed by corporate travellers as well as leisure travellers," Drury says.

"The introduction of a third airline will have many positive flow-on effects for consumers by increasing competition, offering more choice and keeping airfares affordable."

Already, he says, New Zealand's other two domestic airlines, Air New Zealand and Qantas, have cut prices to compete with Pacific Blue's fares which were announced when the airline confirmed it will commence flights between Auckland and Wellington, Auckland and Christchurch and Wellington and Christchurch from November 15.

According to House of Travel (HOT) spokeswoman Niki Schuck, Pacific Blue's presence will work well for customers on best-fare-of-the-day policies.

"For many of our clients, their air travel policy focuses on cost rather than specific airlines," she explains. "To this end, there may be some shift from traditional carriers to Virgin Blue. While loyalty to a particular carrier is a factor for business travellers, we believe some may trade off loyalty for price if they can also get the right flight at the right time."

Virgin's decision to enter the New Zealand domestic market has also been welcomed by Atlantic Pacific American Express. In its latest

client newsletter, APX says the entry can "only be good news for all business travellers and consumers overall".

With many APX clients currently operating "Open Skies" airline agreements, this announcement will be welcome news as there will be further options and choices available from November 2007, according to the communique.

Schuck says some corporates have questioned Pacific Blue's long-term viability, but the TMC has no such doubts. "We are hugely confident this won't be an issue as Virgin Blue's professionalism and reputation is sound in this area."

HOT does, however, have concerns about the limited route penetration, and Schuck would like to see Pacific Blue "expand their services to cover some of the main provincial routes such as Hamilton, Dunedin, Palmerston North and Nelson - all of these areas have a strong corporate base who travel frequently".

FCm's Drury believes that Pacific Blue's long-term success in the corporate travel industry will largely be determined by its loyalty programme, Velocity. He says there has already been a lot of interest in the programme from corporate customers.

He notes that there is also speculation about a fourth airline, Kiwi Jet, starting up in the New Zealand domestic market next year.

"There is certainly a lot of activity in the New Zealand domestic travel market and we are encouraging our customers to take advantage of the added competition," says Drury.

• *For more on airlines, see the special report in the October/November edition of Business Travel Monthly, out soon.*

Reduce rather than offset

THERE'S MORE TO carbon dioxide reduction than signing up to carbon offsetting programmes. UK-based consultant **Bernard Harrop** argues that companies should embrace a more systematic approach that delivers smarter, more environmentally responsible travel management practices.

Carbon offsetting programmes are now a familiar feature of business life. Companies are using them to compensate for the greenhouse gases that their operations emit - and business travel is a key target because of the high levels of CO₂ associated with air flights. Travel suppliers and management companies have responded by offering a variety of schemes that allow their clients to participate in CO₂ reduction initiatives.

An example is Delta Air Lines, which has become the first US airline to help its passengers offset carbon emissions. Delta is working with an environmental charity, The Conservation Fund, to offer customers the opportunity to pay for the planting of trees to offset the emissions generated by their flights.

Excellent though they are, carbon offsetting programmes are only one of the many options available to travellers and corporations wanting to adopt greener business travel practices. Moreover, they are increasingly being seen as an easy option, or even a cop-out, because they fail to address the real issue of emissions reduction.

The reluctance of companies to make a serious commitment to reducing emissions from business travel is understandable. While most recognise that environmentally responsible travel



PHOTO: ALLAN LEIBOWITZ

is an excellent goal to aspire to, they are cautious about imposing change on their executives' travel habits, and unwilling to do anything that might hold back their businesses or incur additional costs.

A greener travel policy is more likely to be successful if it is founded on pragmatism and a realistic appreciation of what is actually achievable.

Yet there are compelling reasons why companies should be acting now. The levels of public awareness and concern about climate change are rising all the time, and so too is the pressure on companies to adopt more responsible - and more visible - practices. Shareholders, employees and other stakeholders are looking for tangible evidence that their

companies are making a real effort.

There is another powerful reason why companies should be looking seriously at the possibilities. An environmentally responsible travel policy can also be a smarter travel policy - one that not only achieves CO₂ reductions but also results in leaner, fitter and more cost-effective travel arrangements.

So the challenge facing companies today is how they can reduce both carbon emissions and travel costs. The starting point is to focus on the organisation's travel patterns, identifying opportunities to reduce journeys or, better still, eradicate them completely. Companies need to ask themselves some fundamental questions: Are all the journeys we make really necessary and have we fully explored the alternatives to travel, such as video- and audio-conferencing? The US corporation Cisco is investing some \$20million in new video-conferencing technology to achieve a reduction in business

travel of 30%. If they can achieve savings on this scale, why can't we?

The company's travel authorisation processes can be harnessed to drive environmental objectives. For example, carriers often operate different types of airplanes on the same route. Choosing to fly on a Boeing 777 rather than a Boeing 767 can deliver reductions of more than 15% in personal share of emissions. This might mean taking a flight an hour earlier or later, but that is a small price to pay.

There are other ways that companies can minimise the environmental impact of their travel. Use of diesel-powered vehicles in preference to petrol can reduce costs as well as emissions. It also makes sense to incentivise staff to travel responsibly, for example through reward and recognition schemes. Carbon offsetting has a part to play too - but only as one element in a multi-stranded programme.

While there needs to be a readiness within the company to examine established travel habits and embrace different ways of doing things, this does not mean that a full-scale process of cultural change is required.

A greener travel policy is more likely to be successful if it is founded on pragmatism and a realistic appreciation of what is actually achievable. It makes sense not to set the bar too high; targets for CO₂ reductions should be modest at first, with results coming from the accumulation of small, incremental improvements rather than major changes.

One of our clients, Johnson Controls, speaking at the Association of Corporate Travel Executives conference, has already



Reducing our carbon footprint

Due to the extra global warming effect of nitrous oxides and contrails emitted in the upper atmosphere, jet emissions have two to four times more global warming effect than the CO₂ from the same amount of fuel used by a road vehicle. Air travel is estimated to have as much global warming impact, per passenger, as one person driving the same distance in a medium-sized car (especially for short-haul flights). Therefore, limit overseas travel to fewer trips for long stays, tele-conference instead of flying to conferences, fly economy class; business and first class seats account for two to three times the space and emissions.

Source: www.carbonneutral.com.au

initiated an end-to-end programme that addresses every aspect of the company's travel policy. Working with IG Management and American Express Business Travel Advisory Services, the company's carbon footprint has been measured, staff are on board, targets have been set, suppliers are starting to play their part, and already the company is seeing signs of smarter travel and the potential for effective reductions in emissions.

Our experience shows that a bottom-up approach that engages everyone in the organisation and also involves suppliers, is likely to deliver the best results.

Employees generally are ready to address environmental concerns

and want to act responsibly, but not everyone accepts the need for change and broad consent is necessary if the programme is to gain traction.

Perhaps most important of all, it is vital that the programme is seen to have top-level support from the CEO and directors.

In fact, it is high time that environmentally responsible travel got on to the board's agenda.

• *Bernard Harrop is managing director of the consultancy IG Management which helps organisations develop responsible business travel policies (www.igmanagement.co.uk). This article is republished with permission from The Beat, a travel business newsletter by ProMedia.travel.*

Integration is the key

TECHNOLOGY ADOPTION AND useful reports appear to be the major focus for travel managers, according to a recent survey.

AberdeenGroup has released the findings of its latest T&E Technologies and Services benchmark study which surveyed 440 enterprises. It found that cost reduction is a priority in all regions.

With a significant percentage of respondents already using various technologies (online booking tools, expense management solutions) one of the major actions to achieve savings is to increase adoption of those tools.

There is still room for improvement when it comes to aggregating the multiple sources of data

Also, a higher percentage of respondents from the Asia Pacific (APAC) region (38%) are looking to improve their data reporting capabilities, according to the study.

Interestingly, in APAC, having easy access to reports and data is perceived as less important to achieving savings. This may in fact be related to the 38% of APAC enterprises that are planning to improve their data reporting and analytical capabilities.

This region also places little importance on auditing of T&E expenses.

In terms of integrating the various tools, a bulk of the respondents reported this as partially in place.

One of the major purposes of using all this technology and the various services is to empower enterprises to negotiate better discounts.



PHOTO: SHUTTERSTOCK

As usual, Aberdeen not only looked at the current state of play, but also used the responses to generate recommendations.

Aberdeen recommends the following strategies for enterprises across the globe in revamping and assessing their current travel and entertainment expense management programme:

- Work toward improving reporting and data analytics capabilities. Capturing T&E data and having the ability to analyse it is a key enabler to improving and understanding your enterprise T&E programme. For example, more advanced enterprises use tools that allow them to analyse actual air spend per city pair, carrier, segment or other supplier. Also, the ability to perform “what if” scenarios with ease is a major step forward.

- Utilise technology, such as online booking tools, corporate cards, expense management solutions and reporting applications. These solutions offer significant opportunities for improvement, in terms of processing cost savings, efficiency of back-office operations and improving overall monitoring and level of visibility. Integration of these tools can produce even better results and should be taken into consideration early on.

- Implement closer integration of the various tools and data sources to benefit from more accurate and complete intelligence. Even though Best-in-Class enterprises have displayed the most sophistication in their integration, there is still room for improvement when it comes to aggregating the multiple sources of data.