

# Best Practices in Travel Business Intelligence



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By Norman L. Rose



**Author: Norman L. Rose**

**Editor: Colie Hoffman**

**Norman L. Rose**  
**Senior Corporate and Technology Analyst**  
**PhoCusWright, Inc.**

Mr. Rose is a 26-year travel industry veteran with an extensive background in both the corporate and leisure travel markets. As an analyst and consultant for the past 13 years, Norm's focus has been on emerging technologies and how they impact business practices in the travel industry. From 1982-1988, he held sales and marketing management positions at United Airlines and from 1989 to 1995, Norm was corporate travel manager for Sun Microsystems. At Sun, he worked with a number of third-party developers creating client/server software for the business travel market. This included early prototypes of self-booking tools and expense management systems. In September 1995, Norm founded Travel Tech Consulting, a firm that specializes in developing e-commerce and procurement strategies for travel and technology companies. Norm has been an analyst with PhoCusWright since 1999 and is the author of numerous publications and articles including Corporate Travel Technologies: Today and Tomorrow (September 2007) and Selling Complex Leisure Travel Online: Focus on Dynamic Packaging Technology (December 2004).

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## Executive Summary

With the mainstream acceptance of corporate booking tools (CBTs), identifying travel policy noncompliance during the reservation process has become part of best practice travel programs. When compliance gaps are identified, corporations need to implement change management strategies at the point of sale via the corporate booking tool.

The Sabre Travel Network and GetThere have contracted with PhoCusWright to create this white paper on best practices in travel business intelligence. This white paper reviews the sources of travel data and the role different sources play in the travel management process. The paper discusses how an effective travel business intelligence strategy can positively impact a corporation's bottom line. Specific examples of how companies have created best practices in travel business intelligence are discussed. The information and analysis here was derived from multiple interviews with corporate travel managers and buyers, as well as detailed reviews of travel data management solutions from travel management companies (TMCs), global distribution system (GDS) providers and third-party developers over a two-year period.

Some of the best practices highlighted in this paper include:

- Data from the GDS and corporate booking tools provide the foundation for pre-trip and post-ticketing information and can be used to "identify actionable recommendations that will affect traveler behavior before the trip is taken.
- With the mainstream acceptance of corporate booking tools (CBTs), identifying travel policy noncompliance during the reservation process has become part of best practice travel programs. When compliance gaps are identified, corporations need to implement change management strategies at the point of sale via the corporate booking tool. In addition, CBTs are adding business intelligence capabilities, providing real-time policy compliance tracking.
- Travel managers need to act as facilitators of information rather than enforcers of policy by distributing travel business intelligence throughout the enterprise, allowing finance managers, department heads and line managers to use this information to influence behavioral changes at the individual traveler level.

One successful best practice is to standardize with a common GDS reservation platform and one CBT in order to collect information on a global basis.

- The traditional flow of GDS information into agency back-office accounting systems is being augmented by near real-time delivery of GDS information to travel business intelligence systems.
- To drive greater compliance, best practice travel managers and buyers create scorecards contrasting different corporate divisions and highlighting missed savings opportunities.
- Integrating travel information via online travel procurement/booking solutions with internal corporate software systems (e.g., AP, AR, CRM, data warehouse, ERP financial modules and human resources) can benefit the enterprise in a number of ways.
- A clear best practice is emerging that integrates detailed (third-level) hotel folio information from the charge card companies, exposing hotel folio information to other travel business intelligence systems.
- An emerging best practice is to receive an electronic feed from a company's major suppliers to identify potential gaps between supplier and TMC data sources before renegotiations begin.
- Large companies that have standard processes in place (e.g., global TMC contracts, charge card agreements, and expense management systems) have greater leverage to pressure the electronic submission of supplier data into a central travel management information system. This information should ultimately be available via reporting and dashboard features from an online travel solution for instant visibility and spend management control.
- One successful best practice is to standardize with a common GDS reservation platform and one CBT in order to collect information on a global basis. This best practice will also be useful for micro-multinational companies, whose international offices are small and who are finding it difficult to put standard processes in place.
- To better position the true value of effective travel management, best practice travel managers use corporate-based measurements — for example, calculating the percentage of sales performance, translating travel savings opportunities into the ability to hire additional personnel or equating travel cost savings to improved earnings per share — to drive home the impact travel expenses have on the bottom line.

## Introduction

Information is the foundation of an effective travel management program. Without the right information delivered at the right time, companies cannot effectively negotiate supplier contracts, monitor policy compliance or pinpoint opportunities for additional cost savings. This may sound like “Procurement 101,” but with a myriad of sources for travel data, turning that data into actionable information is not a simple task. Business intelligence (BI) refers to applications and technologies which are used to gather and analyze data about company operations. True business intelligence extracts meaning from multiple sources – data that might not be explicitly apparent from simply generating reports. The emergence of BI corresponds to the increasing volumes of business data now captured for analysis. The volume of data and the growth of data sources are impacting the ability of companies to implement effective travel management strategies. Best practices in travel business intelligence are needed to sift through this data in order to extract the relevant information to implement change. This white paper explores the various sources of travel data and discusses best practices in using information to reduce travel expenses that impact the company’s bottom line.

### **Opportunities and Barriers to Effective Travel Data Management**

Why is travel data aggregation not a simple task? One reason is that different sources of travel data often produce different results. Even a basic question such as “How much does my company spend on travel on a global basis?” can yield different numbers

depending on the source. Unlike other indirect services, travel purchasing does not flow through a single procurement system. A company may use a variety of travel agencies, forms of payments or GDSs on a worldwide basis. Even when these issues are mitigated through corporate mandate for a single global TMC, charge card or technology provider, the very nature of travel information is subject to inconsistencies. Comparing different sources of information, such as booked, ticketed, or consumed (e.g., flights flown, hotel room used or cars rented), reflects different stages of the travel process, often producing inconsistencies that many companies have difficulty in rectifying. Despite these challenges, a clear set of best practices has emerged from leading multinational companies.

### **How Is Travel Information Used?**

The type of question being asked often dictates which source of data is most appropriate. For example, effective supplier agreements can only be negotiated if a company has detailed knowledge of its travel patterns and associated supplier usage. This information is needed at all points of the supplier management process (see Figure 1). Company travel statistics are essential for the request for proposal (RFP) and evaluation processes. Once negotiations are complete, the agreements must be implemented, and at this point travel management information is critical to ensure traveler compliance and measure the program’s success.

One of the key success factors in driving compliance is the distribution of information throughout the enterprise, which allows finance managers, department heads and line managers to use this information to influence behavioral changes at the individual traveler level. In this way, the best travel managers act as facilitators of information rather than enforcers of policy.

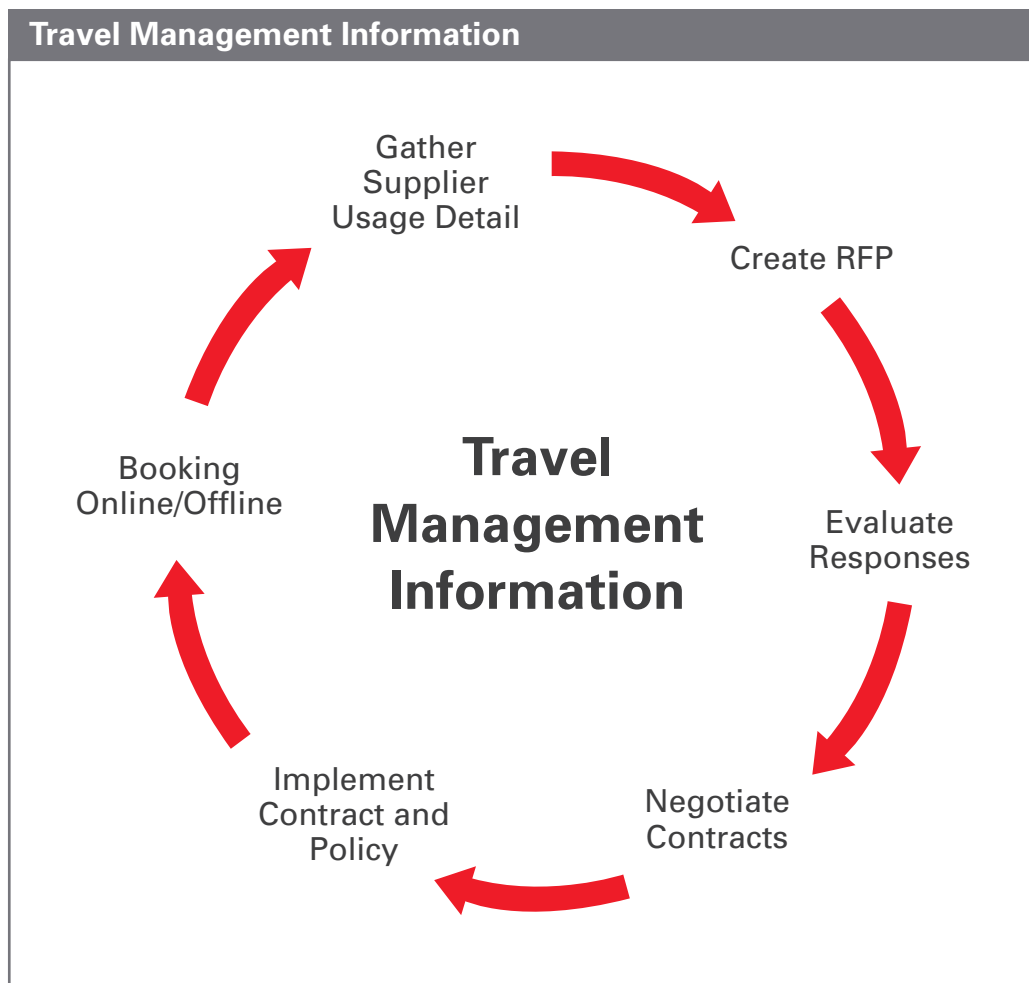


Figure 1

It's important for corporate travel managers to negotiate and report at the detail level, as negotiations still come down to specific airline city pairs or hotel room rates. Therefore, the best practice is to include reporting at this level of data, all the way through the expense systems.

Corporations must measure compliance through the use of travel management information to ensure that negotiated goals are met. Conversations with travel managers have reinforced the need to look at compliance as a team effort enlisting support from senior management, division

heads, and financial controllers. One of the key success factors in driving compliance is the distribution of information throughout the enterprise, which allows finance managers, department heads and line managers to use this information to influence behavioral changes at the individual traveler level. In this way, the best travel managers act as facilitators of information rather than enforcers of policy.

## Sources of Data

There are traditional and emerging sources of travel data. Figure 2 describes the various sources of data.

### Traditional Sources of Data

#### Booked Data

- GDS (booked)**  
 As the primary record of the transaction, GDS data is the foundation for pre-trip and post-trip reporting. Traditionally, agency back-office accounting systems served as a source of data for TMCs. These systems were originally designed, as the name implies, to help travel agencies reconcile travel information for accounting and billing purposes. In the

late 1970s and early 1980s, travel agencies began to focus more on corporate travel, and back-office tools soon became a source for travel management reporting. These accounting systems were developed by the GDSs, who are still the primary vendors of agency back-office systems. Accounting system travel information is essentially GDS data that has been reconciled for reporting and settlement through the Airline Reporting Corporation (ARC, U.S. only) or the Billing and Settlement Plan (BSP) for travel agencies based outside the U.S (see Figure 3).

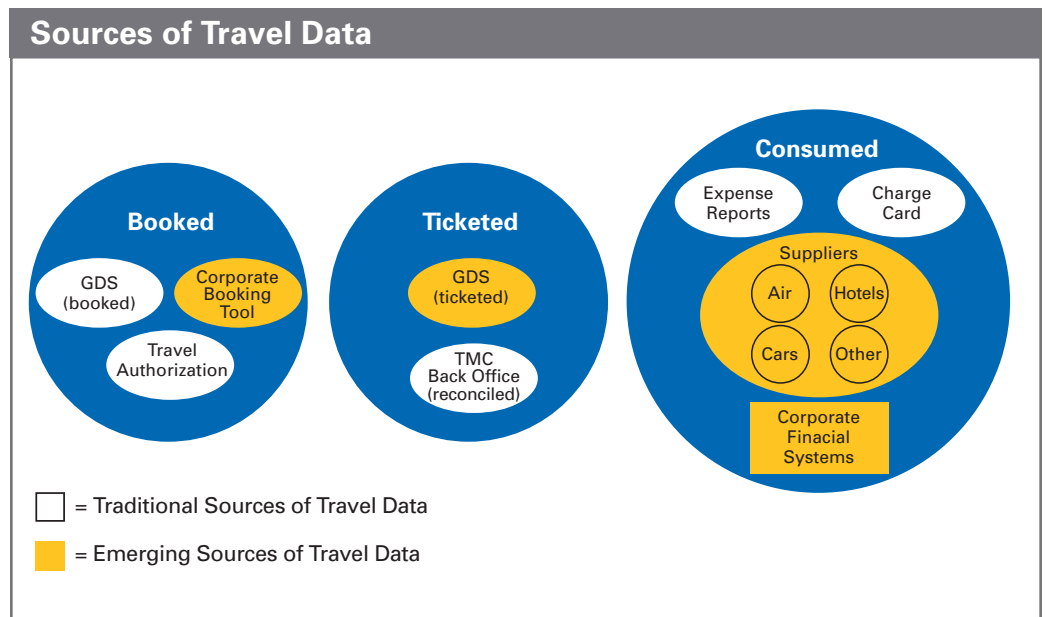


Figure 2

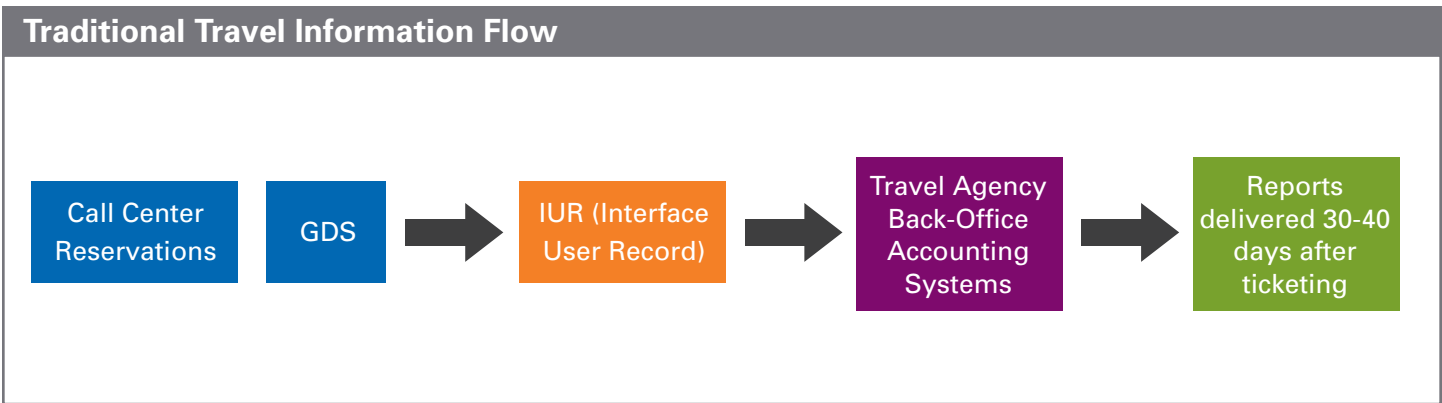


Figure 3

In this traditional travel information flow, call center agents annotate GDS passenger name records (PNRs) to identify corporate organizational structure and to record noncompliance in the form of reason codes. The information from the GDS is sent to the travel agency back-office accounting system, which in turn generates reports. An inherent problem with this traditional information flow is the delay in receiving reports — they can take up to 30-45 days after the transaction has been reconciled in the back-office system.

- Travel Authorizations**  
 Another source of pre-trip data is travel authorizations. As originally imagined, travel authorizations were intended to control the travel purchase, ensuring that travel plans were within budget and had the proper levels of authorization. In practice, few corporations have strict travel authorization policies that prevent bookings. Most companies operate in a passive mode, notifying supervisors of policy noncompliance prior to travel but not preventing the trip from being booked. Corporate self-booking tools (CBTs) have eliminated the need for traditional travel authorizations.

Traditional Pre-Trip Data	
STRENGTHS	WEAKNESSES
Near real-time insight into travel booking patterns	Report-based systems management of pre-trip information difficult
Up-front policy enforcement	Dependent on timing of report, difficulty in communicating policy noncompliance to traveler's direct supervisor
Risk management identification and enforcement	With traditional pre-trip reporting products often risk management concerns require rebooking of employees after the reservation has already been made

Figure 4

... a director of global travel for a large consumer products company creates scorecards contrasting different corporate divisions and highlighting the missed savings opportunity across these divisions.

As a result, the natural competitive nature of these business units has resulted in lower average ticket prices, increased adoption of the CBT and greater travel policy compliance.

### **Ticketed**

- **TMC Back Office**

TMCs provide post-reconciled information on travel patterns and reservation behavior based on GDS data. The information contains details about city pair usage, average ticket prices and top destinations. Most companies still rely on the concept of reason codes, which are embedded in the GDS's PNR to monitor travel policy compliance — compliance reporting is a major use of this data. In addition, PNRs are annotated to track travel expenses by a corporation's department and divisional structure. This helps facilitate a key element of best practices by allowing a travel manager to compare the performance of different divisions within a single company. For example, a director of global travel for a large consumer products company creates scorecards contrasting different corporate divisions and highlighting the missed savings opportunity across these divisions. This type of comparison has been successfully used to measure policy compliance, booking patterns (e.g., number of days prior to the trip the reservation was made) and online adoption of CBTs across the company's business units. As a result, the natural competitive nature of these business units has resulted in lower average ticket prices, increased adoption of the CBT and greater travel policy compliance.

### **TMC Information Systems Content**

TMC back-office reports essentially fall into three broad categories (see Figure 5): executive summary, vendor analysis, and compliance. These categories do overlap — for example, compliance review could be part of an executive summary. The examples cited do not represent a complete list of all the types of information in each category, but are intended to illustrate the breadth and depth of TMC information systems.

- **Executive Summary:** This includes summary of total spend by categories, divisional and departmental breakdowns, geographic comparisons and month-to-month or year-to-year performance comparisons.
- **Vendor Analysis:** This includes detailed analysis of airline market share, cost per mile (CPM), city pair analysis, hotel nights and properties used and car rental statistics. Some progressive travel buyers are also measuring limo expenses, restaurant expenditures and event tickets, though these other categories are not traditionally captured by TMC information systems.
- **Compliance:** This broad category encompasses the entire subject of policy monitoring and enforcement — for example, lost savings when travelers do not choose the preferred supplier, fare or rate, as well as identification of incomplete segments (e.g., itineraries with air but no hotel). Also within this category is booking behavior, including online adoption and advance purchase booking patterns.

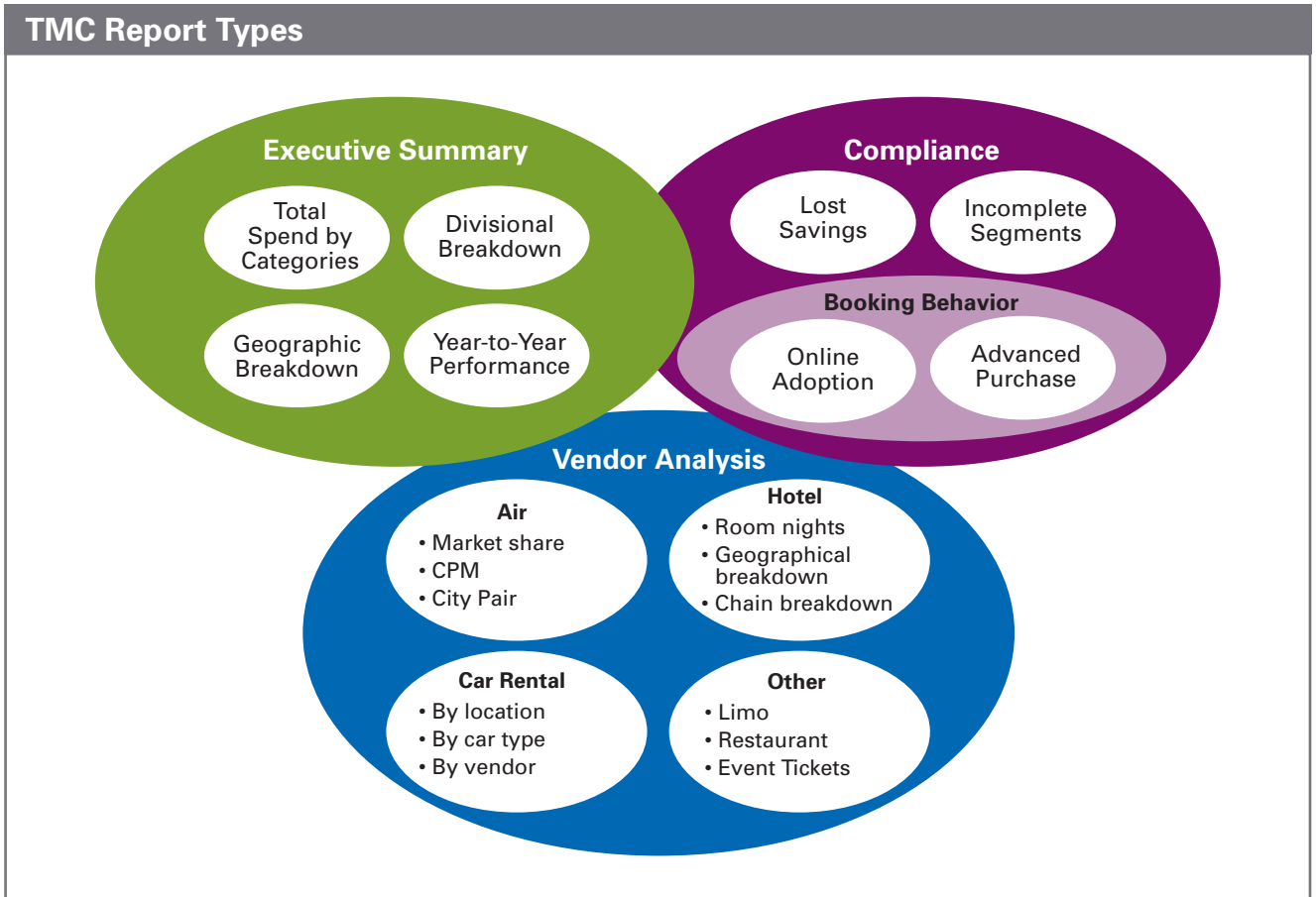


Figure 5

Traditional TMC Data	
STRENGTHS	WEAKNESSES
Detail on supplier performance, travel expenses and compliance	Often not delivered in a timely fashion (30-45 days after the trip has occurred)
Allows comparison of decision/departments to drive greater compliance	Divisional breakdowns are still based on accounting codes in the PNR, which are subject to errors
Standard and ad hoc reporting capabilities	Reports do not necessarily answer specific travel management queries, often requiring multiple report generation and manual analysis
Executive and detail summaries	Executive summaries often do not allow drill down to detail. Report paradigm limits travel manager's ability to distribute key snapshot information to corporate stakeholders.

Figure 6

In addition to the creation of standard reports, many corporate travel managers create their own reports for distribution and presentation. Often, benchmarking information is included in these custom-generated reports to compare the company's travel patterns and costs with like companies in the same industry or companies with similar travel expenditures. For example, a director of global travel for a consumer products company uses benchmarking data from a variety of sources, including the TMC's consulting group, third-party consultants and information provided by the CBT vendor. The most successful travel managers use division-by-division comparisons to help drive greater compliance and ultimately, to change traveler booking behavior. In this sense, the travel manager is a facilitator of information rather than an enforcer of policy.

TMCs and third parties also offer consulting services, which are generally contracted independently. These services analyze specific vendor categories by looking at contract performance and savings opportunities, and they use proprietary software that not only looks at past performance, but also projects the value of contracts going forward, taking into account the availability of specific inventory categories required by each contract. These consulting engagements generally involve a specific set of recommendations that, if enacted, will translate into concrete savings to the company's bottom line.

### ***Consumed***

- **Electronic Expense Reporting Systems**  
Automating the expense reporting process provides corporations with savings and visibility and drives greater efficiency in the reimbursement cycle. Benefits of automated expense processing include greater policy controls, automated auditing, spend data visibility, potential supplier identification, trending for annual budgets and faster reimbursement to travelers. Information extracted from expense management systems provides insight into the expense side of the travel process. In order to be reimbursed, travelers must document all costs associated with a given trip. As an information source, expense management systems provide a more holistic view of travel expenses and thus can be directly tied to budgetary performance.

Electronic Expense Reporting Systems	
STRENGTHS	WEAKNESSES
Tracks actual expenses	Actual expenses are only available once the employee completes the expense report. The lag in reporting can skew the results by a month or quarter. Savings cannot be realized after the expense has already occurred.
Automates manual process	There is no ubiquitous solution. There are some large industry providers in this category, but a good majority of corporations have homegrown solutions that range from proprietary expense applications to a simple Excel spreadsheet.
Hotel folio and e-receipt integration	Hotel folio transmission and capture is dependent upon hospitality technology, which is highly fragmented and property-based and thus has been slow to come to market. Until e-folio is ubiquitous, manual entries are still required.
Integration with corporate systems	Corporate integration can reflect actual expenses but lag in reporting could skew results.

Figure 7

- **Charge Card Programs**

One important financial tool is corporate-mandated (or corporate-recommended) charge cards. By implementing a single form of payment on a global basis, charge card information has become a critical source for travel management information analysis. The use of charge cards for travel expenses is not a universal reality, as some areas of the world continue to pay travel expenses only after a TMC

invoice is generated. Over the last four years, there has been a concerted effort by charge card vendors to obtain folio-level data, also referred to as level 3 data. Level 3 is the most detailed credit card data, delivering not only the merchant name, location and charge amount, but also details about the transaction. Hotel folio information provides the actual room rate, number of nights and details on all charges that appear on a traveler’s bill.

Charge Card Data	
STRENGTHS	WEAKNESSES
Tracks actual expenses	Expense detail may be lacking if level 3 data is not included. Also, out-of-pocket expenses are not reflected.
Hotel folio and e-receipt integration	Hotel folio transmission and capture is dependent upon hospitality technology, which is highly fragmented and property-based and thus has been slow to come to market. Until e-folio is ubiquitous, manual entries are still required.
Integration with corporate systems	Expense lag and payment may skew results across months or quarters. Integration is impractical if level 3 data is not available.

Figure 8

## Emerging Methods for Data Collection

Data collection and analysis has been permanently changed by the introduction of new technology.

Data collection and analysis has been permanently changed by the introduction of new technology. This includes the mainstream adoption of CBTs, the ability to capture GDS information directly into a data warehouse and the ability to feed supplier data electronically into the travel information system. The growth of

business intelligence within the enterprise has resulted in a greater need to integrate travel information with internal corporate systems.

This common GDS travel information flow incorporates more advanced technology to capture and control booking behavior before the expense is incurred.

The growth of business intelligence within the enterprise has resulted in a greater need to integrate travel information with internal corporate systems.

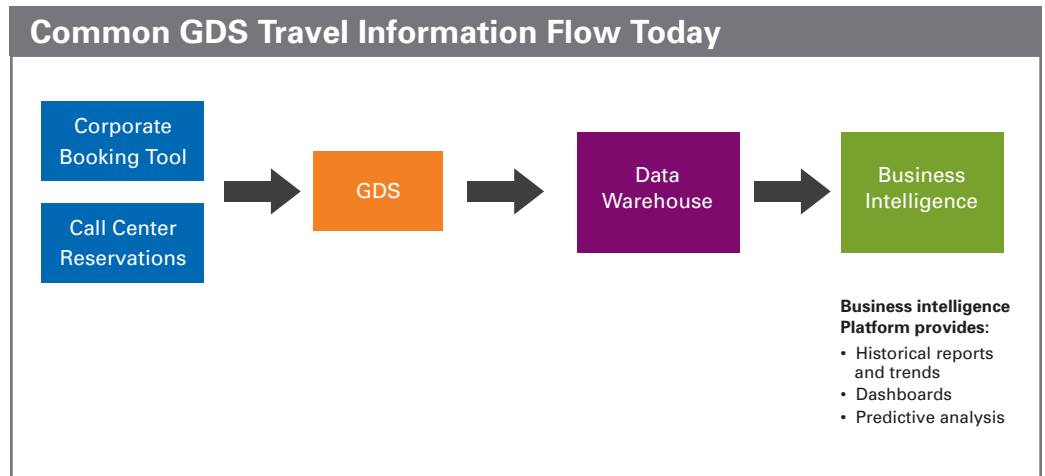


Figure 9

... the ability to use CBTs to alter traveler behavior at the time of booking has become an important cost savings opportunity. For example, GetThere has the ability to deliver timely, market and vendor-specific notes to travelers as they shop online to book their trip.

... the emergence of business intelligence technology from CBT vendors illustrates the critical role CBTs play in both automating reservations and providing actionable, real-time intelligence. Proactively identifying compliance issues at the time of booking is the only way to prevent an expense from occurring.

### **Booked**

- **Corporate Booking Tools (CBTs)**

Over the last seven years, CBTs have become a mainstream way for corporate travelers to book their reservations online and drive policy compliance. As a result, the ability to use CBTs to alter traveler behavior at the time of booking has become an important cost savings opportunity. For example, GetThere has the ability to deliver timely, market and vendor-specific notes to travelers as they shop online to book their trip. This dynamic messaging helps drive use of preferred air, car and hotel vendors. Corporations also use dynamic messaging for relevant cost-saving messages, such as alternative transportation methods to and from an airport when traveling to specific cities. Messages can be triggered at numerous points in the booking process, giving managers newfound flexibility to influence multiple aspects of travelers' trips.

In addition, these tools have also emerged as a source of information for effective travel management. CBTs capture booking behavior at the point of sale, giving greater visibility to the options viewed and selected by the traveler or travel arranger. In fact, at this stage in their development, self-booking applications are much more than simple tools that automate the reservation process – they have matured into complex solutions that provide unprecedented upfront control of travel policy. Best practice travel

managers closely monitor supplier usage and utilize CBTs to shift bookings once contract commitments have been met. This drives increased usage of preferred suppliers and thus positively influences BI measurements.

An emerging trend is for vendors to release interactive dashboards that track overall performance and provide actionable intelligence to the corporate travel manager. By proactively generating alerts, CBT dashboards will soon become a crucial source of information, providing critical real-time identification of policy noncompliance or risk management issues to the corporation's management. Whether the tool is delivered through the TMC reseller or directly from the CBT vendor, the emergence of business intelligence technology from CBT vendors illustrates the critical role CBTs play in both automating reservations and providing actionable, real-time intelligence. Proactively identifying compliance issues at the time of booking is the only way to prevent an expense from occurring. By organizing this information in an interactive dashboard, immediate opportunities can be programmatically identified. This is a dramatic change from a report-based environment, where travel managers must actively query pre-trip data in order to run a specific report that highlights noncompliance or risk management issues. A report-based process lacks real-time notification, often resulting in missed opportunities.

The “visual guilt” and fear created by an electronic reservation environment have brought policy compliance to the individual transaction level. Therefore, driving online adoption provides not only a cost savings opportunity designed to reduce TMC transaction fees, but also an improved information flow that helps proactively drive policy compliance, resulting in lower overall trip costs.

CBTs draw information from a variety of sources. Though the GDS remains the primary source of CBT inventory, most tools incorporate low-cost carriers and other Web-based inventory into a single display. Some tools also connect directly into supplier reservations systems. Because of this multi-source capability, CBT information provides greater visibility into all the options evaluated at the point of sale, closely tracking the user’s reservation process. With a traditional call center-based reservation process, policy exceptions are tracked by entering reason codes into the passenger name record (PNR). These codes do become part of GDS data delivered by the TMC, but are less visible to the employee’s manager.

But when a traveler or travel arranger uses a CBT, policy violations are communicated at the point of sale through an online notification. If the traveler does not change the selection to be compliant, the violation is automatically sent to the employee’s manager. The “visual guilt” and fear created by an electronic reservation environment have brought policy compliance to the individual transaction level. Therefore, driving online adoption provides not only a cost savings opportunity designed to reduce TMC transaction fees, but also an improved information flow that helps proactively drive policy compliance, resulting in lower overall trip costs.

Corporate Booking Tools	
STRENGTHS	WEAKNESSES
Ability to alter traveler behavior at the time of booking	Corporate Travel Managers must work with internal stakeholders to develop dynamic messaging that supports policy goals, but also recognizes the needs of the traveler.
Gain visibility to the options viewed and selected by the traveler	Many companies use the CBT to generate a passive notification, therefore the responsibility to monitor noncompliance lies with traveler’s supervisor.
Provides travel management the ability to shift bookings based on supplier contract commitments	Supplier contract commitments need to be balanced with traveler preferences .
Dashboards that track overall performance and provide actionable intelligence (Emerging trend)	Primary view is on booked and ticketed data and therefore CBT dashboards may lack true expenses incurred.
CBTs draw information from multi-sources allowing greater analysis of multiple sources of data	To be an effective tool the CBT adoption needs to be high to make the multi-source information valuable.

Figure 10

**Ticketed**

- GDS (ticketed)**  
 Some newer approaches to travel management data integration bypass the travel agency accounting system, allowing the extraction of information directly into a travel data warehouse. This approach normalizes the travel information within the data warehouse to provide more real-time information. As tickets are exchanged or refunded, a revised record is generated and normalized in the data warehouse. Providing this near real-time flow of information enables proactive travel management. The information may be delivered in a nightly batch or streamed directly into a travel information data warehouse. The data warehouse may be housed by the GDS, TMC, a third-party technology provider or may be part of an internal corporate data warehouse.

**Consumed**

- Supplier Data**  
 At the core of an effective travel management program is the ability to negotiate preferred agreements with suppliers. Travel information provides the foundation for these negotiations, but ultimately supplier data is the measure of contract performance. It is common to find gaps between TMC or expense information and reports generated by the supplier.

Supplier Information	
STRENGTHS	WEAKNESSES
<i>Airline Performance Data</i>	An emerging best practice is to receive an electronic feed from a company's major airline suppliers used to identify potential gaps between the two corporate travel management sources and airline information before renegotiations begin.
<i>Hotel Information</i>	Hotel suppliers track usage of corporate agreements through special rate codes, but errors do occur, so hotel usage numbers don't always synch with travel management information
<i>Car Rental Information</i>	Car rental companies have long provided detailed reporting of rental usage for corporate customers, and these reports often contain more detail than exists in the TMC information system

Figure 11

The willingness of an airline, hotel or car rental supplier to provide an electronic feed of actual flown, stay or rental numbers to a company is dependent on whether that supplier believes the delivery of the information will result in better performance. So, those best practice companies that have standard processes in place have an upper hand on these negotiations ...

### ***Supplier Cooperation***

The famous quote by Alfred Kahn, father of airline deregulation in the Carter Administration, is worth repeating here: “The definition of yield management is **you** yield to **my** management.” By the very nature of supplier/customer relationships, each party tries to gain the upper hand in the negotiation process — and information is at the center of all negotiations. The willingness of an airline, hotel or car rental supplier to provide an electronic feed of actual flown, stay or rental numbers to a company is dependent on whether that supplier believes the delivery of the information will result in better performance. So, those best practice companies that have standard processes in place (e.g., global TMC contracts, charge card agreements, expense management systems) have an upper hand on these negotiations and thus greater leverage to pressure the electronic submission of supplier data into a central travel management information system.

- **Corporate Financial Systems**

Best practice travel managers work with finance managers to calculate the cost of travel as a percentage of sales performance, translating travel savings opportunities into the ability to hire additional personnel, or even equating travel cost savings to improved earnings per share. Corporations rely on internal systems for budgeting, planning, accounting and customer management. With much of travel information existing outside these applications, integrating travel data with corporate systems is clearly a best practice. Figure 12 lists various internal corporate systems and describes how integrating travel management information provides value to the enterprise.

## Corporate System Integration

SYSTEM	VALUE OF INTEGRATING TRAVEL INFORMATION
Accounts Payable (AP)	Integration with AP systems is critical to track reimbursement cycles and employee expense management behavior.
Accounts Receivable (AR)	Accounts receivable integration can provide the enterprise a way to account for funds due from negotiated supplier agreements, such as back-end airline program and charge card rebates.
Customer Relationship Management (CRM) Systems	By integrating travel information into CRM systems, senior management can better understand the travel component of the overall cost of sales as it relates to specific customers.
Data Warehouse	Integrating travel information into the company's internal data warehouse provides a way to use enterprise-wide reporting standards for travel information distribution.
E-procurement Systems	Corporate booking tools can be tied to e-procurement applications to allow a single entry point for all employee purchases.
Enterprise Resource Planning (ERP) Financial Modules	ERP systems often house the corporate General Ledger (GL), which measures corporate performance. Integrating travel information with these systems can improve budget tracking and planning.
Human Resources (HR)	With the constant changes in employee information, integration with HR systems can ensure that travel profiles are accurate and that organizational changes are correctly represented in travel reporting. This integration enables companies to evaluate travel compliance based on organizational hierarchy.

Figure 12

## Best Practices in Business Intelligence

Though an integrated view of multiple travel information sources is the best practice, the reality of the state of travel management today is that few companies have been able to reach this lofty goal.

### **Corporate Data Requirements**

Corporate travel data provides not only the foundation for supplier negotiations and compliance measurement, but also the source for internal and external reporting.

- **Data for Government Reporting Purposes**

The 2002 Sarbanes-Oxley Act (SOX) was passed to rebuild public confidence in the way corporate America governs its business activities after the highly publicized scandals at Enron and WorldCom. SOX has given added corporate focus to the integration of travel management information systems, particularly the automation and storage of expense management. The Act also provides motivation for senior management to work with their corporate travel department to consolidate disparate travel systems.

- **Data for Suppliers**

Many companies have implemented scorecards for all their direct and indirect suppliers. Scorecards generally operate on the total cost of ownership concept that blends price savings with service delivery to establish a quantitative score.

- **Data for TMC Selection**

When a corporation decides to rebid its TMC contract, the corporate travel department must compile information that not only tracks supplier usage, city pairs and destinations, but also includes operational metrics, such as number of transactions by location, online adoption, current and proposed service configurations and mix of domestic versus international volumes.

- **Internal Management**

Best practice travel managers build alliances with multiple levels of corporate management. These alliances range from C-level support to divisional heads, finance managers and ultimately line managers. Comparing performance on savings, online adoption and other metrics across the enterprise is critical in driving greater support for the travel management program and ultimately changing traveler behavior.

### **Comparing Data Sources**

- **How Different Sources Can Identify Gaps in Compliance**

Though an integrated view of multiple travel information sources is the best practice, the reality of the state of travel management today is that few companies have been able to reach this lofty goal. Despite a lack of true integration, comparing different sources of travel data can reveal important gaps, which can aid in tailoring compliance efforts. The list below contains a few examples of some of the more common ways corporate travel managers compare data sources:

- Comparing reservation data (self-booking or call center) with expense data to measure leakage outside the TMC or CBT.
- Comparing reservation data (CBT or call center) with expense data to isolate changes made after the ticket was issued — for example, travelers who use their corporate credit card to upgrade at the airport.

- Comparing TMC segment detail with supplier reports to understand gaps in contract performance.
- Comparing the hotel expenses charged on corporate cards against the amount of hotels booked through CBTs or call center agents to identify leakage and potential noncompliant bookings.
- Comparing expense totals by corporate divisions to TMC divisional totals to understand the mix of what's ticketed versus expense by company groups.

Figure 13 depicts the ideal travel information system environment. Inputs are received from booked, ticketed and post-trip sources. Information is then stored in a data warehouse. This data warehouse may be in-house at the corporation or outsourced to the TMC or a third party. At this point, travel information should be integrated with corporate systems. The travel information is accessed through BI software, which generates reports and powers a BI dashboard. As information is analyzed, gaps in various sources are identified and opportunities that need to be brought back to the point of sale are isolated.

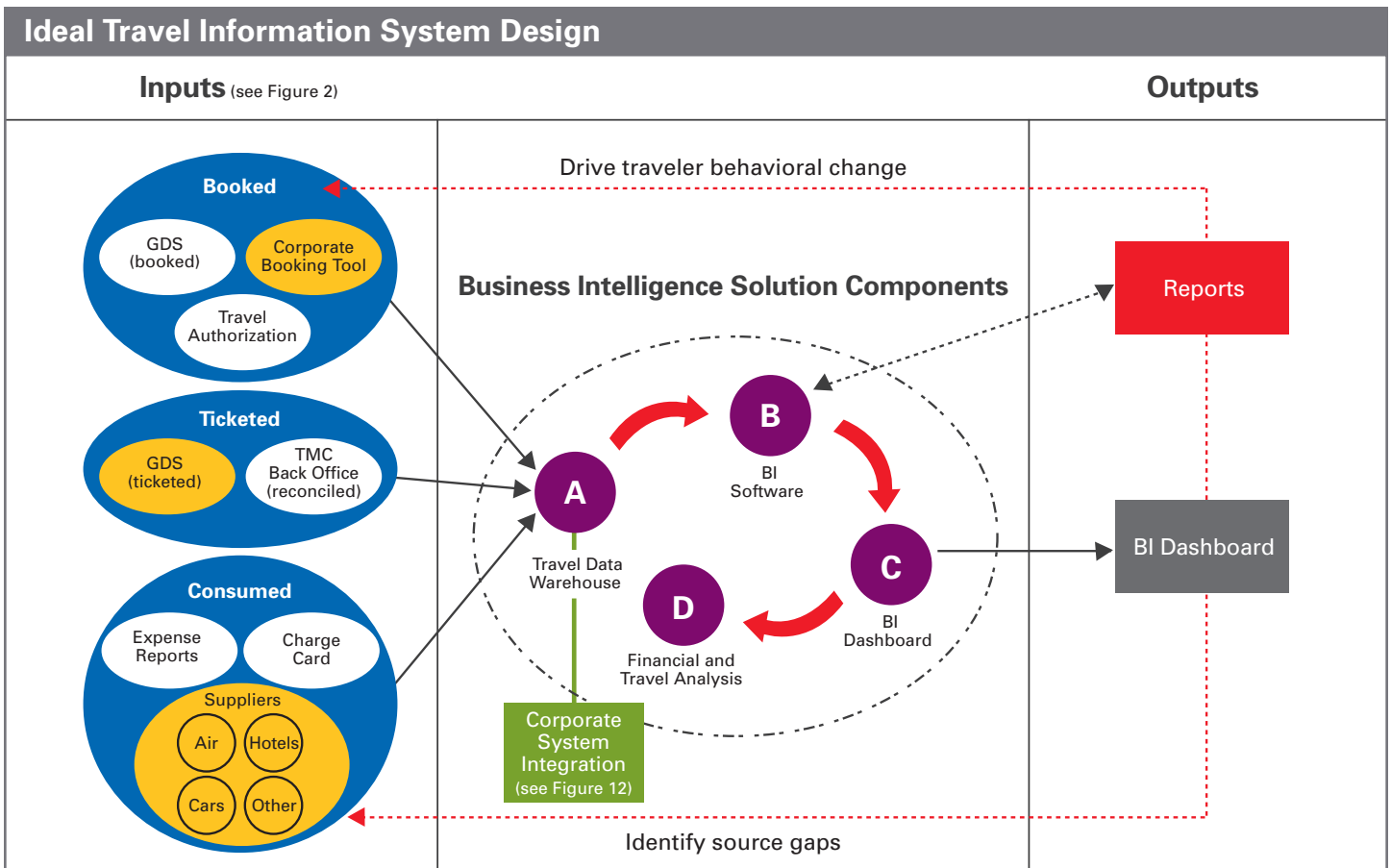


Figure 13

***Incorporating Regional and Country-Specific Travel Data***

On a global basis, many corporations find it challenging to integrate regional and country-specific data if a single TMC is not used either for global services or as the aggregator for multiple TMCs. The best practice in this area involves outsourcing the activity to a single source. Most of the large TMCs and a number of third-party providers offer global data aggregation as a service. Cultural differences do impact the ability to extract relevant information from international sources. For example, some cultures have not embraced charge cards and thus consolidation through a single form of payment is not practical. Travel agencies in certain parts of the world do not use automation for accounting and therefore, they lack the ability to provide a robust data feed. Many companies fall into the category of “micro-multinational,” meaning that their international offices are mostly small with limited volumes. In these cases, best practices used by large multinationals don’t necessarily apply. Adopting a common reservation platform can help mitigate the challenge of micro-multinationals, as feeds can be extracted from the GDS.

***The Role of Benchmarking in the Travel Management Process***

Benchmarking travel practices against like companies has become more common. TMCs, third parties and trade organizations offer benchmarking services, which can be useful in optimizing contracts and communicating to senior management the relative success or failure of the company’s travel management program, especially from a competitive viewpoint.

## Moving from Data to Information to Action

Without the constant monitoring of travel information systems, compliance cannot be increased and ultimately leverage will be lost when renegotiating contracts with preferred suppliers.

Another common best practice involved the use of “what if” scenarios to demonstrate how changes in travel policy can impact the corporate bottom line.

The analysis showed that 50% of travel expenses were being incurred by only 15% of the travelers — primarily senior executives flying first class.

### ***How Actionable Data is Derived***

Actionable data refers to information that points to specific activities that can yield a measurable cost savings. Often, these opportunities are uncovered when analyzing the travel information and comparing different sources of data. A simple example is the discovery of high travel volume to a hotel or city where there are no negotiated hotel rates. Complex actions that require behavioral changes on the part of travelers are more difficult to implement. For example, many companies try to increase the number of days travel is booked prior to the trip (e.g., advance purchase behavior) but find implementing this change to be difficult. Implementation of such a behavioral change must happen at the point of sale, whether travel is self-booked or arranged through a call center agent.

### ***How Actionable Travel Intelligence Impacts Compliance, Vendor Negotiations and Policy Management***

Travel policy should be thought of as a fluid process, where adjustments to the policy are made (e.g., switch from business to coach class for international travel) based on changing market dynamics. Without the constant monitoring of travel information systems, compliance cannot be increased and ultimately leverage will be lost when renegotiating contracts with preferred suppliers.

- Successful implementation of actionable travel intelligence often requires a multi-departmental approach. For example, one travel manager at a major consumer products company works in the administrative services department and reports to the CFO, but partners closely with security and

procurement. This proved an effective strategy, as corporate procurement assumed the lead in TMC selection for India and Asia/Pacific, with the travel manager acting as the subject matter expert to help procurement understand the nuances of travel in emerging markets.

- Senior management support is another critical success factor in implementing actionable recommendations. In the case of the consumer products company above, the travel manager was able to document the number of reservations where hotels were not booked through either the CBT or the call center. Using this intelligence, the travel manager was able to encourage a senior executive to send out an email requiring employees to book a hotel at the same time they booked their air reservations.
- Another common best practice used by this corporate travel manager involved the use of “what if” scenarios to demonstrate how changes in travel policy can impact the corporate bottom line. The travel manager instructed the TMC to calculate the potential impact of eliminating first-class travel worldwide and the associated savings. The analysis showed that 50% of travel expenses were being incurred by only 15% of the travelers — primarily senior executives flying first class.

## Additional Success Stories

A global travel manager at a large professional services firm instructed its TMC representative to create a report that highlighted, by division, the financial impact of low adoption of the corporate CBT. By publishing these reports across the enterprise, a natural sense of competition was created, driving adoption of the CBT to nearly 80% from a low of 25%. This directly translated into savings to each division's bottom line as call center reservations were converted to online touchless transactions.

The following descriptions were derived from conversations with travel managers as part of research for this white paper.

### ***Top-Down Approach to Travel Compliance***

A global commodity manager for a large financial services firm was summoned to the CEO's office to discuss a particular policy issue. The manager answered the CEO's immediate question and then took the opportunity to discuss the differences in compliance (and thus savings) across the CEO's major direct reports. The manager then created a dashboard by extracting information from both the TMC database and the company's GL, highlighting the lost savings and differences in average ticket and hotel costs across each division. This proved to be an eye-opening experience for the CEO, who then instructed the commodity manager to create a similar dashboard for each of his direct reports, reflecting lost savings across their division. The meeting with the CEO allowed the commodity manager to enlist financial analysts' support to drive more savings across all divisions.

Focusing on service, the global commodity manager created a financial incentive for the TMC to improve key performance metrics (KPMs), such as online booking adoption, traveler satisfaction and number of errors. The TMC was financially penalized if the KPM was not achieved. CBT adoption increased from a low of 42% to a high of 80% by providing an incentive to the TMC to encourage self-booking. This incentive was also responsible for a lower average hotel rate, as TMC call center agents became salespeople offering the lower rates at adjacent preferred hotel properties.

### ***Driving Down TMC Transaction and Core Supplier Costs***

A global travel manager at a large professional services firm instructed its TMC representative to create a report that highlighted, by division, the financial impact of low adoption of the corporate CBT. By publishing these reports across the enterprise, a natural sense of competition was created, driving adoption of the CBT to nearly 80% from a low of 25%. This directly translated into savings to each division's bottom line as call center reservations were converted to online touchless transactions.

***Using the Right Type of Data for the Right Purpose***

The director of travel services for a large consumer products company accesses six sources of data to manage its travel program – charge cards, TMC, supplier data, self-booking statistics, electronic expense reporting, and the corporate GL. Which source of data is used depends on the particular goal behind the query. For example, charge card information provides the foundation to measure overall spend and leakage due to noncompliance (e.g., not using the preferred TMC or suppliers). The charge card information is comprehensive, but does not include cash outlays or enough supplier and department-level detail for vendor negotiations. TMC data, on the other hand, does contain robust information on supplier usage and is essential for compliance tracking and vendor negotiations, but represents only ticketed data, not consumed information (e.g., flights flown, hotel rooms used, cars rented). Supplier reporting is used to measure contract performance. To make this measurement, supplier information is contrasted with other data sources — for example, TMC, charge cards and expense reports – to verify or dispute supplier contract usage. Self-booking statistics help monitor online adoption and trends.

As an example, the director used these sources of information to expose the need for global consolidation. Working with the company's procurement department, she demonstrated how the lack of control in non-U.S. locations (EMEA, APAC) was costing the company money. She was then able to persuade senior executives to improve international travel management practices by enforcing the use of a single charge card and by consolidating travel volume with a limited number of TMCs driven by an RFP process. This demonstrated the importance of funneling information into a limited number of sources to increase visibility of compliance and drive additional savings.

## Summary and Recommendations

A clear best practice technique is to measure performance across divisions, allowing the competitive nature of business to drive greater compliance.

### ***Developing a Data Aggregation and Implementation Strategy***

The degree of difficulty in creating and implementing a successful data integration strategy depends greatly on the specific stage of development of the travel management program. Best practices have long recommended a single global form of payment, consolidation with a single TMC or consortium and online bookings for a majority of reservations. Without these three elements, creating an effective data aggregation strategy can be challenging, but the reality of the marketplace is that many companies have not achieved this lofty goal. Corporate travel buyers need to rely on their TMCs and technology providers to assist with this effort. Larger TMCs can consolidate global information from other TMC companies. GDS and third-party technology providers offer solutions to consolidate multiple TMCs and charge card information. Expense management vendors can help integrate other sources of data into a single data warehouse.

### ***Achieving Best Practices in Travel Business Intelligence***

Page 27 provides a summary of travel management goals and specific actions suggested (see Figure 14).

### ***Delivering Corporate Value through Effective Travel Data Management***

Best practice travel managers not only enlist the support of senior management, but also work on an ongoing basis to promote compliance throughout the enterprise. A clear best practice technique is to measure performance across divisions, allowing the competitive nature of business to drive greater compliance. Translating travel management savings into standard corporate measurements, such as cost of sales or earnings per share, helps position travel management objectives within the core goals of the company. Effective travel management can positively impact the corporate bottom line, and information is critical to achieving sustainable value for the program.

## Align with Internal Stakeholders

GOAL	SUGGESTED ACTION
<p><b>Global consolidation</b></p> <p>Given the fact that many smaller multinationals may not be able to consolidate globally with a single TMC or charge card, travel management information can still play an essential role in reducing corporate T&amp;E expenses on a global basis.</p>	<ul style="list-style-type: none"> <li>• Consider using a common GDS reservation platform for all international offices in order to collect information on a global basis.</li> <li>• Identify opportunities for consolidation within individual countries or across geographic regions – for example, selecting a single TMC for India rather than using multiple TMCs within the country. If European offices are too small for a country-wide consolidation, consider a pan-European approach.</li> <li>• Consolidate with a single CBT on a global basis, standardizing the online reservation process and gaining insight into regional travel compliance and practices.</li> <li>• Develop relationships with finance executives responsible for international offices to understand their requirements and practices.</li> <li>• Develop relationships with existing TMCs who support small international offices and ask for reports on travel expenditures in any form available.</li> </ul>
<p><b>Proactive travel management</b></p> <p>Find ways to identify policy noncompliance and negotiation opportunities prior to expense being incurred.</p>	<ul style="list-style-type: none"> <li>• Maximize the use of CBT by using dynamic messaging to change traveler behavior based on near-term supplier performance goals.</li> <li>• Use travel business intelligence to go after “low-hanging fruit.” This includes identifying PNRs booked without hotel reservations, advance purchase patterns and class of service usage.</li> </ul>
<p><b>Improve travel policy compliance</b></p>	<ul style="list-style-type: none"> <li>• Compare divisional performance and generate strategic support from key senior management for noncompliant divisions and locations.</li> <li>• Identify TMC leakage by comparing expense or charge card information with GDS data delivered by the TMC. Demonstrate how leakage impacts the division’s bottom line.</li> </ul>
<p><b>Work with internal stakeholders</b></p>	<ul style="list-style-type: none"> <li>• A common activity across all of the company’s locations is budgeting. Work with corporate finance by identifying specific areas of lost savings due to noncompliance. Provide insight into expense trends to help the budgeting process, even for offices not currently under the managed travel program.</li> <li>• Become familiar with internal corporate financial systems to understand how T&amp;E expenses are derived. Work with corporate finance to assist in measurement with respect to T&amp;E for all locations worldwide.</li> </ul>

Figure 14