**MasterCard Worldwide**

# MasterCard Guide to Travel & Entertainment

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## EXECUTIVE HIGHLIGHTS

- A well-crafted **Corporate Travel Policy** creates a structure to systematically reduce costs, fulfill duty of care obligations and streamline processes (p. 2-5)

- Strategies for negotiating with **Preferred Suppliers** (p. 6-9)

- **Booking Travel** with online booking tools reduces costs and increases compliance (p. 10-12)

- Corporate T&E cards as a **Payment Solution** provide critical information on actual travel spend (p. 13-16)

- An integrated **Expense Solution** helps to reduce time and cost of expense management, increases traveler convenience and provides granular data (p. 17-19)

- **Strategic Meetings Management** maximizes synergies with transient business travel (p. 20)

- **Multiple Data Sources** provide the business intelligence for effective travel program management (p. 21-24)

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**87%** Of Fortune 500 size companies identify an "emphasis" or "strong emphasis" on strategies to manage travel spend by greater use of travel card data to justify demand for lower prices from vendors. *

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## EXECUTIVE SUMMARY

As the second largest controllable expense for corporations, travel and entertainment is a critical area of cost control. The influence of procurement practices, an ongoing focus on corporate-wide cost containment, changing traveler demographics and the quickly evolving technology landscape provide both ongoing opportunities and challenges in the strategic management of T&E.

From the design of a travel policy through booking to payment and expense management solutions, the goals of a well-managed travel program are straightforward: to ensure traveler convenience and safety, to enable a cost-efficient process for travel booking and execution, and to implement systems that provide the data necessary to monitor the program's effectiveness.

While the goals might be straightforward, the road to achieving them can be complex. MasterCard Worldwide is pleased to present this Guide to Travel and Entertainment as a solutions tool for corporate travel and procurement managers. In the following pages, you will find an analysis of the goals, challenges and recommended practices for each stage of a well-managed and well-executed corporate travel program.

\* RPMG 2011 Corporate Travel Card Benchmark Survey

# Chapter 1: Corporate Travel Policy

A well-designed, comprehensive and clear travel policy demonstrates responsibility to both the corporation and to the traveler, setting travel parameters that are fiscally sound and aligned with the corporation's budgetary goals, business philosophy and corporate culture while also accounting for the realities of the type of travel required.

The goals of a well-crafted corporate travel policy are multifold:
- Reduce costs by driving travelers to preferred suppliers
- Leverage negotiations by shifting market share to preferred suppliers
- Fulfill duty of care responsibilities by ensuring safety and security procedures
- Streamline tracking, expense and payment systems with company-wide protocols

Travel policy is a living document and should be reviewed annually, as well as during times of business flux to ensure current policy still dovetails with corporate needs. In the wake of the recent economic recession, many companies tightened policy to reflect increasing financial constraints. As economic conditions change, corporations should take another look at policy: For example, is class of hotel still appropriate to the current conditions? Are current advance airfare restrictions still reasonable in economic conditions that might require nimble and flexible travel responses?

For large companies, a dedicated travel management team is often responsible for the creation and maintenance of travel policy, but input from other departments can be invaluable. For smaller firms, the task could be a part-time responsibility rolled into another job description. Whatever the structure of travel management, input from multiple departments, including travel management, select department heads and corporate travelers, is key.

## Key Areas

A corporate travel policy may be anything from a brief one-page overview of guidelines for travelers to hundreds of pages of rules and exceptions. Recommended practice is to include enough information to allow travelers to make informed and compliant decisions, while not overwhelming them with the minutiae of every possible travel scenario.

At minimum, a well-balanced policy includes guidelines on these key areas:
- Travel planning/booking: Preferred travel management company and/or online booking tool, pre-approval requirements
- Air travel: Preferred airlines, class of service, advance purchase, non-refundable tickets, lowest logical fare choice
- Hotels: Preferred hotels, recommended category of hotel/hotel room
- Ground transportation: preferred rental car supplier, size and class of car, other options
- Payments: Preferred corporate travel card, payment of card (individual traveler or corporation)

- Additional areas: Meal limits or per-diems; qualified entertainment expenses; telephone, internet and other communications; reimbursable air, hotel and car ancillary fees; safety and security emergency procedures.

Many travel policies also incorporate reimbursement and expense parameters, such as mandated expense program, receipt requirements for expenses and rules for filing reports.
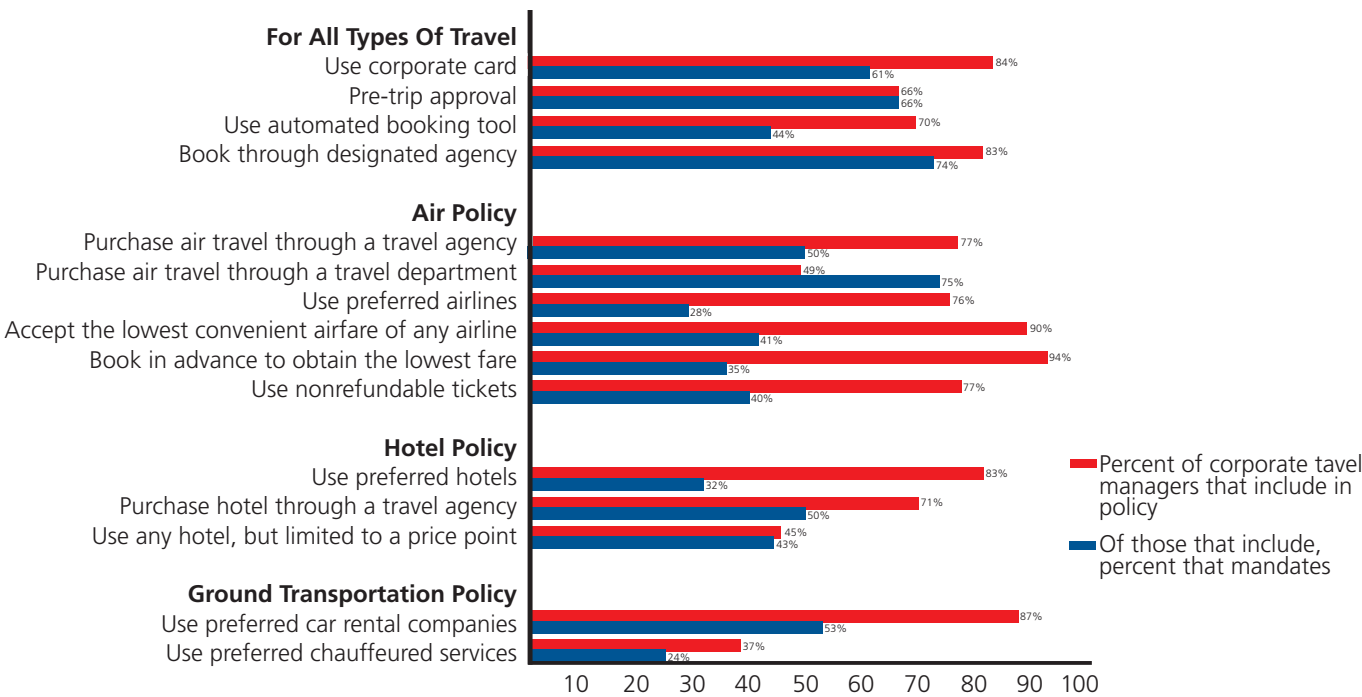
## Mandating Policy

Mandating the corporate travel policy is recommended practice for corporations of all sizes. A study by the Global Business Travel Association (GBTA) in 2010[1] put hard numbers to that practice, noting that stricter policy enforcement could save companies $30 billion annually.

In particular, the mandated use of preferred suppliers increases control as well as the ability to track spend and market share with a supplier. It may also increase total spend with those suppliers, thus yielding more negotiating leverage and better rates down the line.

Despite the clear savings advantages, mandates don't fit with all corporate cultures. According to a follow-up study by GBTA in 2011[2], 61 percent of travel managers said travel policy is more a "guideline" than a "mandate."

### DUTY OF CARE

Corporations are legally charged with ensuring the health, safety and security of employees. This "duty of care" obligation extends to employees when they are traveling, and encompasses multiple aspects of travel. Mandating the use of preferred suppliers and key aspects of travel policy helps ensure companies can fulfill such obligations. Areas to consider:

- **Mandate use of booking channels to be able to locate travelers in the event of emergency**
- **Formal procedures and policies to follow in emergency situations**
- **Pre-approval policy for travel to high-risk areas**

### POLICY HIGHLIGHTS

A 2011 *Business Travel News* study highlights areas most likely to be included in travel policy. Responses show that some elements of corporate travel policy may be mandated, while others are not.



**For All Types Of Travel**
| | Percent that include in policy | Of those that include, percent that mandates |
|---|---|---|
| Use corporate card | 84% | 61% |
| Pre-trip approval | 66% | 66% |
| Use automated booking tool | 70% | 44% |
| Book through designated agency | 83% | 74% |

**Air Policy**
| | | |
|---|---|---|
| Purchase air travel through a travel agency | 77% | 50% |
| Purchase air travel through a travel department | 49% | 75% |
| Use preferred airlines | 76% | 28% |
| Accept the lowest convenient airfare of any airline | 90% | 41% |
| Book in advance to obtain the lowest fare | 94% | 35% |
| Use nonrefundable tickets | 77% | 40% |

**Hotel Policy**
| | | |
|---|---|---|
| Use preferred hotels | 83% | 32% |
| Purchase hotel through a travel agency | 71% | 50% |
| Use any hotel, but limited to a price point | 45% | 43% |

**Ground Transportation Policy**
| | | |
|---|---|---|
| Use preferred car rental companies | 87% | 53% |
| Use preferred chauffeured services | 37% | 24% |

Legend: Percent of corporate travel managers that include in policy; Of those that include, percent that mandates

Source: Business Travel News "Connecting with Managed Travelers," October 2011

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Even in cases where a corporate culture is not conducive to mandating the entire travel policy, companies may opt to mandate certain aspects of policy. A 2011 study by *Business Travel News*[3] shows that more than half of the companies that include the following in their travel policy also mandate adherence: corporate card use (61%), pre-trip approval (66%), book through designated agency (74%), purchase air travel through a travel department (75%) and use preferred car rental companies (53%). (See "Policy Highlights" chart, page 3. For more information about mandating corporate card use, see page 14.)

## Penalties and Rewards for Non-Compliance

Whether a corporate travel policy is mandated or a guideline, an integral part of travel policy is a clear statement of the consequences, if any, when a traveler does not adhere to policy.

Recommended strategies include:

- Notification to non-compliant traveler before travel is booked: An online booking tool can be configured with an automated feature that notifies the traveler of a non-compliant choice at the time of selection, allowing the traveler the option of changing their selection and even suggesting in-policy alternatives. The tool can also be set up to notify the traveler's manager and/or travel management at the same time to require approval before proceeding. Telephone agents should be trained to understand policy at this level and inform travelers about what types of bookings require manager approval.
- Formal reprimand to traveler: A formal notification may be sent from the corporate travel department, online booking tool or TMC to the traveler, noting the non-compliance, with a copy to various levels of management and HR, after the travel is completed.
- Exception reports to supervisors/other management: Reports can be generated from either the TMC or online booking tool and distributed to appropriate department heads and further up the management chain of all non-compliant choices.
- Non-reimbursement of travel expenses: The most extreme measure, this option is typically only invoked after multiple warnings to the traveler.

Despite the importance of compliance to policy in managing corporate-wide travel spend, the GBTA study noted that 72 percent said there are few to no consequences of policy violations.

For companies where mandates/penalties do not align with the corporate culture, there's an increasing interest in the concept of reward for adhering to travel policy. Strategies to encourage travelers to adhere to policy include points-based incentive programs for compliance, cash rewards for travel choices that save the corporation money, internal benchmarking and recognition for individual travelers or business units that adhere to policy.

## Multiple Communication Channels

A key element in ensuring policy compliance is communicating clear and consistent information about policy.

The printed employee travel policy manual has given way to a live document that resides on a corporate intranet. But that's just the beginning— communication of policy must be an ongoing process.

The savvy travel manager takes advantage of multiple and frequent communication channels to remind travelers about travel policy as well as provide real-time updates and information about changes. Disseminating information via a mix of communication channels ensures the message is received via the employee's preferred mode of communication and increases the chances that employees will receive the message. Reinforce policy messaging with communications from senior executives in addition to those that come from corporate travel management.

Point-of-sale policy messaging, such as a pop-up on an online booking tool, is especially effective in ensuring compliance to policy in such areas as advance airline purchase, maximizing unused tickets, selecting preferred suppliers and more. (See "Booking Travel, pages 10-12, for more information.)

In addition to simply informing travelers of policy, today's travel manager also has unprecedented opportunities to monitor feedback from travelers in real-time, which can be used to guide policy and supplier decisions, improve vendor performance and address problems as they occur. Regular surveys and ratings will uncover confusion about policy as well as ongoing issues with suppliers, while monitoring of employee social networking sites will reveal problems as they start, allowing travel managers to take immediate action.

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### FREQUENT COMMUNICATIONS

**For a well-rounded communications program, travel managers can make use of the following channels:**

- **Printed policy manual and follow-ups**
- **Corporate intranet**
- **Corporate social networking site(s) and blogs**
- **Email and electronic newsletters**
- **Cell phone text messaging**
- **Automatic point-of-sale reminders**
- **Online or interactive training modules**

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# Chapter 2: Working With Preferred Suppliers

Throughout the travel supply chain, preferred agreements with suppliers can lead to a win/win situation—corporations get the benefit of discounts, rebates and/or added-value amenities, while the suppliers are guaranteed a certain amount of travel volume in exchange.

The cost savings potential of working with preferred suppliers is self-perpetuating: First, the corporation achieves cost savings based on current volume. Second, the ability to increase volume may lead to further savings.

## PREVALENCE OF PREFERRED SUPPLIER AGREEMENTS

The size of a company, and its corresponding volume within a supplier category, affects the likelihood of a preferred supplier agreement. The following shows the breakdown of organizations* that have preferred agreements within the following supplier categories.

| | Total | <1$M | $1-1.9M | $2M-11.9M | $12M+ |
|---|---|---|---|---|---|
| Airlines | 70% | 33% | 70% | 92% | 100% |
| Hotels | 87% | 66% | 94% | 100% | 100% |
| Car Rental Cos. | 83% | 62% | 88% | 95% | 100% |
| Corporate Credit Card Cos. | 71% | 40% | 85% | 87% | 94% |
| Travel Agencies | 71% | 44% | 76% | 89% | 89% |
| None | 7% | 19% | 3% | 0% | 0% |

\* Responses categorized by total U.S. booked air volume 2010
Source: Business Travel News "Connecting with Managed Travelers," October 2011

Depending upon the supplier, contracts may be single year or multi-year, and certainly every corporate travel manager is familiar with the required review of existing supplier agreements in the face of upcoming negotiations. Such review may reveal potential in the form of more favorable agreements with an existing preferred supplier or the opportunity to move business to different suppliers. Reviews are particularly important when companies are looking to add new suppliers to their supply chain as a result of overall corporate travel growth or as new travel patterns or destinations become part of the company's ongoing travel mix.

While the corporation is the "buyer" in such negotiations, it's also the "seller"—corporate travel managers must sell the value of their travel program by proving volume, or market share, to suppliers to obtain the best discounts, highest rebates and other value-added benefits.

To do so requires a deep understanding of the historical data of the program as well as the corporation's ability to increase volume, either with the entry of new travelers to a given market or by shifting market share from one supplier to another. (See "Data Sources and Uses," pages 21-24, for more information about the various sources and uses of data, and "Payment Solutions," pages 13-16 for the effects of a corporate card mandate on supplier discount negotiations.)

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Regardless of the supplier category, the initial research stages are similar:

- Review data from card programs, travel agencies and expense reports for a full view of current volume within a given category.
- Use scenario modeling to estimate future volume and the effects of changing suppliers.
- Monitor economic indices and predictions from industry associations, trade magazines and consulting companies to keep up with current market conditions and predicted supplier rate increases or decreases.
- Use corporate data from industry associations, TMCs and card providers to benchmark against companies of similar size and travel patterns and obtain a baseline of how valuable your program might be to a supplier.
- Periodically audit negotiated rates vs. booked rates to ensure that the correct rates are loaded into the global distribution system (GDS).
- Look at meetings spend in addition to transient business spend to see if existing synergies can be maximized.
- Just as corporations are interested in obtaining value-added amenities in addition to savings off rates, preferred suppliers are not just interested in the volume a corporation can give to a supplier, but the "value" of that volume. Use card data to demonstrate your organization's overall value to the supplier, including areas like hotel meals and airline ancillary fees, as well as additional value in terms of the ability to move market share to a supplier, the use of air tickets with higher profit margins and other advantages your traveler profile might bring to a program.

Beyond those initial stages, the categories of air, hotel and car each have unique characteristics that can affect the choice of preferred suppliers and color negotiations within those categories. (For more information about working with travel management companies and online booking tools, see "Booking Travel," pages 10-12; for more about card suppliers and other payment solutions, see "Payment Solutions," pages 13-16.)

## CARD DATA FOR SUPPLIER DATA

Percent of companies identifying an "emphasis" or "strong emphasis" on strategies to manage travel spend by greater use of travel card data to justify demand for lower prices from vendors.

| | |
|---|---|
| Fortune 500 Size 2010 | 87% |
| Fortune 500 Size 2008 | 72% |
| Large Market 2010 | 70% |
| Large Market 2008 | 68% |
| Middle Market 2010 | 54% |
| Middle Market 2008 | 48% |

Source: RPMG 2011 Corporate Travel Card Benchmark Survey

**Just as corporations are interested in obtaining value-added amenities in addition to savings off rates, preferred suppliers are not just interested in the volume a corporation can give to a supplier, but the "value" of that volume.**

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## Air Carriers

Consolidation of airlines in the form of mergers and acquisitions, along with new alliances and joint ventures, remains an ongoing challenge for corporate travel buyers. With marketplace changes, existing agreements with preferred suppliers may no longer be the best fit for a corporation.

Consolidation of non-preferred carriers might, for example, introduce city pairs that are more suited to a company's traveler profiles, while consolidation that involves an existing preferred carrier might mean more volume goes to the new combined entity, theoretically strengthening a company's negotiating position. On the other hand, it might also mean less competition in that market—which could weaken a corporation's negotiating power.

Key factors in approaching airline negotiations include:
- Existing corporate volume: The more volume, the larger the potential for discounted airfares, an obvious advantage for larger companies. Still, even smaller volume companies are often able to obtain some discounting on specific routes.
- Ability to move market share: A company's negotiating power is increased with the ability to promise additional volume to the carrier. Such a tactic is largely dependent on the company's travel patterns and the existence of competition in the marketplace—are there enough travelers currently using competing airlines that can be moved to the preferred supplier?
- Don't forget to factor in ancillary fees as part of the total cost of a ticket. A higher priced ticket inclusive of typical services may be more cost-effective than less costly tickets plus add-ons. Some corporations have had luck negotiating elite-level frequent flyer status for business travelers, which may exempt travelers from some ancillary fees, or negotiating the elimination of fees for services like checked baggage.

## Hotels

- For large volume corporations, a national or global agreement with a hotel chain will often yield the best results. For smaller companies, look at corporate-wide negotiated rates and locally negotiated rates for the best mix. Locally negotiated rates can be lower than corporate rates because they are not loaded into a GDS. It is likely, however, that a locally negotiated rate will not be honored at any other property even within the same brand. Buyers should attempt to include a clause that locally negotiated rates should be applied across the brand to build the strongest program.
- Room price is not the only negotiating factor: Corporations can save significant dollars with the inclusion of free WiFi, breakfast, parking and other typical hotel add-ons.
- Some hotel chains have made a push to move towards dynamic pricing—a discount off the hotel's best available rate—rather than fixed negotiated rates. While few corporations are willing to move to dynamic

pricing across the board because of a lack of data transparency and difficulties with budgeting, some are working with preferred hotel suppliers to create a mix of preferred rates at most properties and dynamic pricing at properties with less volume.
- Consider Last Room Availability (LRA) in contracts for top markets. Rates negotiated with LRA can be as much as 5 to 10 percent higher, but they can ensure that travelers can obtain a room with the preferred supplier during periods of high volume, rather than having to go to another supplier.

## Car Rentals

- In addition to total car rental volume by number of transactions, total rental days and total costs, metrics for negotiations should include breakdown by class of car, breakdown by number of days per rental, top markets, inter-city and one-way rentals, average miles per day, booking channels used for car rental and spend on additional services or amenities such as GPS, satellite radio, automatic check-in and so on.
- As with hotels, corporations may choose one nationwide preferred agreement or opt for a mix, such as one preferred supplier and a secondary supplier as back-up or a nationwide agreement supplemented by agreements with local vendors for high-volume areas.
- Evaluate the full package. Are there surcharges for supplemental insurance, high-cost cities, one-day rentals, taxes, off-airport access fees, etc.? Those add-ons might be negotiable. Be aware of insurance through other avenues, such as card collision insurance or a corporate umbrella liability policy that might influence desired insurance through the car rental company.
- Also ask for other concessions such as unlimited mileage, premium club memberships, insurance, upgrades and special rates in high-volume cities.

**SUPPLIER MANAGEMENT**

As procurement practices have influenced travel management, service level agreements (SLAs) have become best practice in preferred supplier agreements. Used to measure supplier performance, an SLA is a formal part of the preferred supplier agreement that defines the products and services the supplier is expected to deliver in return for a certain volume from the corporation. Elements of the SLA should be both measurable and objective, and should include recourse if either the supplier or the corporation fails to execute their commitments.

Tactical key performance indicators (KPIs) may be used to measure performance using data from the supplier and third parties. Supplier KPIs should not be confused with internal travel management KPIs, which are used by corporate travel departments to measure their own tactical progress in areas such as compliance or online adoption, or the travel department's alignment with strategic corporate goals such as revenue generation or cost containment.

**While few corporations are willing to move to dynamic pricing across the board because of a lack of data transparency and difficulties with budgeting, some are working with preferred hotel suppliers to create a mix of preferred rates at most properties and dynamic pricing at properties with less volume.**

# Chapter 3: Booking Travel

While it's the creation of policy that sets the standards for managing travel, it's in the booking process where most of those standards are implemented.

Many companies opt to outsource those processes through a travel agency or a full-service travel management company (TMC), whose primary function is to expedite a corporation's travel planning and execution. However, today's TMC is more than simply an order-taker. In addition to providing the staff for processing travel reservations via telephone and access to an online booking tool for self-booking, a full-service TMC will be a true partner with a corporation, lending its expertise in areas that range from determining policy to managing data to negotiating with suppliers.

The corporate culture will determine the preferred booking channels for any given company. Given current technologies and potential cost savings, most companies today adopt an online booking tool. For the majority of companies, an online booking tool is offered through their TMC in conjunction with telephone travel agents for trips that are more complex, such as those with multiple legs or international travel. Some companies, particularly those with internal corporate travel departments, may contract separately with an online booking tool provider.

Whether the booking process is by phone or online, it's a standard that the TMC is charged with integrating a corporation's specific policy guidelines into the booking processes to drive compliance. The effectiveness of the TMC in helping drive corporate travel goals can be gauged through the use of service level agreements (SLAs), which outline performance goals in areas such as implementation (e.g., policy compliance, online adoption), service (e.g., call center performance, systems integration) and fees and cost management (e.g., per-transaction costs, attachment rates—the number of transactions that include hotel or car in addition to air, thus decreasing transaction costs).

## Online Booking Tool

The potential cost savings that come with advances in technology have been the primary driver of the move to online booking tools. Corporations realize cost savings through the use of online tools in multiple ways:

- **Reduced per-transaction costs:** According to *Business Travel News* research, the cost of a telephone booking transaction is $29.95, compared to $12.36 for an online transaction with no agent assistance, a savings of $17.59 per transaction (see chart, next page).
- **Decreased total transaction costs:** Total transaction costs fall with an increase in hotel and car attachment rates (the number of online bookings that include hotel or car in addition to air).
- **Increased compliance:** Online booking tools optimize technology to increase compliance, thus enhancing savings with increased booking of the lower negotiated rates with preferred suppliers as well as augmenting other TMC data, which can help corporations leverage their volume to negotiate rates that are further reduced.

## MOBILE BOOKING

Mobile phones are predicted to surpass computers as the most common web device by 2013, according to predictions from the information technology research company Gartner Inc.[1] While easy access to travel booking sites increases the convenience factor for travelers, it can also be a threat to compliance—tech-savvy travelers accustomed to immediate access are likely to go directly to consumer booking sites when corporate preferred channels don't offer the necessary web mobility.

In response to this traveler demand, several corporate travel-facing suppliers have recently introduced mobile web access, with more on the way. Airlines, hotels, TMCs and corporate travel departments are already using mobile web access to confirm reservations, track itineraries and advise travelers of delays and other issues.

In the booking arena, hotel chains led the way, introducing mobile apps that allow for booking of corporate negotiated rates, and were eventually followed by the first of online booking tools that allowed for mobile corporate travel booking complete with embedded policy.

## GROSS PER BOOKING FEES *

| | | |
|---|---|---|
| Telephone | | $29.95 |
| Online with Agent Assistance | | $20.30 |
| Online without Agent Assistance | | $12.36 |

* For an air or rail ticket issued in 2010, including operating expenses and indirect costs, accounting for overhead and profit paid to the agency (total divided by the numbers of tickets and refunds issued)

Source: Business Travel News "2011 Corporate Travel 100," September 2011

To maximize the potential savings, a best-in-class online booking tool will customize the booking experience by embedding policy into the tool to drive corporate travelers to choose preferred suppliers and comply with policy:

- **User-friendly interfaces:** As online travel booking has skyrocketed in the consumer space, corporate online booking tools have adopted the look and feel of consumer sites, minimizing the learning curve in adoption for corporate travelers.
- **Pre-populated fields:** The traveler's information is already input into the system, with data such as name, location, cost center, frequent traveler programs, corporate card information and more. Such information decreases the risk of inputting errors, increases compliance to card and facilitates standardized data sharing with expense tools and other corporate programs.
- **Biased displays for preferred suppliers:** An online booking tool can be configured so that preferred suppliers appear first or are otherwise highlighted to encourage their selection.
- **Highlighted displays for TMC discount rates:** In areas where a corporation doesn't have its own preferred suppliers and negotiated rates, TMCs might have their own negotiated rates to drive savings.
- **Visual guilt:** Studies have shown that when travelers can see a variety of price points together on their screen, they tend to choose the lower-price option.
- **Dynamic messaging:** Based on the parameters input, online booking tools can be programmed to display relevant messaging to travelers as they are making decisions. Such messaging can remind travelers of general policy such as preferred suppliers, optimal booking timeframes and pre-trip approvals, as well as be customized to the individual traveler, notifying them that a corporate card is about to expire or that they have unused air tickets, for example.
- **Pre-trip notifications or approvals:** To better control costs before the spend has actually occurred, more companies are turning to pre-trip approvals or pre-trip notifications to the travel department and/or traveler's manager before a trip may be booked. An online booking tool should be able to automatically generate notifications to the appropriate department(s) upon completion of the travel selection but before the booking process is completed. If approval is necessary, the tool can be configured to process the booking only upon electronic

## SAFETY AND SECURITY

In addition to cost savings, matters of safety and security are closely tied to the use of TMCs and online booking tools. In the event of emergency, corporations must be able to locate travelers and communicate with them quickly. A mandate that travelers book through an online booking tool or with the TMC expedites this process, providing enhanced visibility into the location of all travelers on a real-time basis.

From a pre-travel standpoint, corporate travel managers have the ability to include real-time warnings to those booking travel to high-risk areas, as well as immediately implement pre-trip approvals to such areas as necessary.

**Corporate travel managers should ensure any online booking tool or TMC under consideration has the capability to include supplier content that is important to their markets.**

receipt of approval from the employee's manager or the travel department.

- **Out-of-policy messaging**: An online tool can also be configured to notify a traveler when the traveler attempts to make a booking that does not comply with policy. In such cases, an automatic notification is generated, allowing a traveler the opportunity to change the booking on the spot. The tool can also be set up to provide compliant alternatives and/or notify the traveler's manager or travel department to require approval before processing the booking.

## Content Fragmentation

Despite the power of an online booking tool in driving compliance, there is no one online booking tool that can provide all the content needed for every market. Regional and low-cost airlines, independent hotels, and black car and limousine companies have traditionally not been part of the content of a global distribution system (GDS)—the main content source for both TMCs and online booking tools.

To include access to such suppliers when booking, some TMCs and online booking tools have the technology necessary to aggregate at least some of this content and display it along with GDS content for travel agents and for self-booking. Corporate travel managers should ensure any online booking tool or TMC under consideration has the capability to include supplier content that is important to their markets.

In addition, industry tensions and lawsuits in 2011 have led to an increasing focus on the issue of "direct connect" between airlines and TMCs—the process by which an airline bypasses the GDS entirely to provide content directly to a TMC. This unresolved issue is one that has the potential to change the standards for content access and should be carefully monitored by corporate travel managers.

# Chapter 4: Payment Solutions

As the second largest controllable expense for corporations, travel and entertainment is a critical area of cost control and expense management. Corporate payment solutions provide the bridge between the initial stages of travel—policy, preferred suppliers and booking methods—and the data from corporate cards and integrated expense systems necessary to get a full picture of travel spend, make informed decisions, leverage volume with suppliers and provide processing efficiencies.

## Corporate T&E Card

Recommended practice for most companies is a corporate T&E card, used by travelers for purchasing air, hotel, ground transportation, meals, client entertainment and other associated costs of travel.

The benefits of using a corporate T&E card run through the life cycle of travel, from the initial booking stages straight through to integration with expense systems and robust data acquisition.

Capturing all travel data through one card provides the company a full view into travel spend, including data necessary for tracking compliance, establishing policy and leveraging negotiations with suppliers.

Corporate card data will show if there's variance between what a traveler intended to do when booking and what the traveler actually did on the road. It will also provide information about any travel expenses booked outside of a travel management company or an online booking tool, including airline ancillary fees, detailed hotel folio information, food and beverage, additional entertainment expenses, taxes and local fees that might not be included in the original booking rates and more. Such data is integral to proving a company's market share with suppliers, as well as presenting the full picture of current and potential value to those suppliers.

While there are other options for payment, the data that comes from the corporate card can provide the most complete view of travel expenses. Under certain circumstances, however, the addition of other payment solutions can enhance the use of the T&E card. Other options include:

- **Procurement Card:** Typically used for corporate purchases, such cards may also be used for travel expenses
- **Lodged Card for Air Travel:** Some corporations maintain a card account at the preferred TMC that is centrally billed to and paid by the corporation. This is one strategy for driving bookings through the preferred channel, as well as increasing corporate control by limiting the number of employees with corporate cards. In the case of individual liability corporate cards, a company may also choose a lodged card to reduce the spend liability for the employee.
- **Temporary Cards:** For trainees, clients, specific one-time use or to replace cash advances, such cards include prepaid or stored value cards, declining balance cards, single-use cards and meetings cards.
- **Executive Cards:** T&E cards with enhanced value, such cards typically have a higher annual fee, but include value-added features

such as increased insurance, higher spend levels and extra perks like concierge service or priority access through security that makes travel easier for senior executives and road warriors.

- **One Card:** A card that combines T&E, Procurement and Fleet cards into a single card; for more information, see the sidebar "One Card Payment Solutions."

## Mandating Corporate Travel Card

According to the RPMG 2011 Corporate Travel Card Benchmark Survey, nearly three-quarters of the companies surveyed mandate use of a corporate travel card: 75 percent of Fortune 500 companies, 72 percent of large market companies and 68 percent of middle market companies.

The following is a summary of similar sized Fortune 500 and Large Market respondents that do and do not mandate travel card use. Companies with a mandate capture a higher percentage of travel spend, use that data to support more supplier negotiations and are more likely to integrate travel card data directly into expense reports.

| | Companies With Mandate | Companies Without Mandate |
|---|---|---|
| Percent of Travel Spend Captured On Travel Card | 86% | 68% |
| Use of Travel Card Data To Support Discount Negotiations for... Airfare Lodging Auto Rentals | 81% 86% 82% | 67% 75% 76% |
| Expense Reports are Electronic and Pre-populated with Travel Card Spending Data | 74% | 45% |

Source: RPMG 2011 Corporate Travel Card Benchmark Survey

## Payment and Liability Options for Corporate Cards

Corporations typically have two potential liability options for corporate cards, although available options may be dependent upon the corporation's credit rating and history with the issuer.

- **Corporate Liability:** Increasingly common, the corporation is fully liable for all charges on the issued cards, eliminating potential issues of individual employees whose credit ratings might not be sufficient to ensure appropriate card limits for necessary travel expenditures. Across the board, corporate liability is growing as the preferred structure (see chart below).
- **Individual Liability:** Most often accompanied by individual payment, the cardholder is solely liable for charges issued on the card. Potential disadvantages of this form of liability may include a requirement of individual credit reviews, limited distribution of cards and insufficient credit limits on individual cards.

Corporations also have two common options when it comes to the method of payment for corporate card charges.

- **Central Payment:** The corporation receives one bill for all employee charges and is responsible for remitting payment to the card company, simplifying the transactional aspects between the card issuer and the corporation and increasing processing efficiencies as the company issues one disbursement to the card issuer as opposed to individual reimbursements to card holders. In addition, the corporation has more control over cash flow and can ensure timely payment, thus eliminating late fees and finance charges and ensuring full accrual of rebates. Individual travelers typically receive a statement of all charges as well.
- **Individual Payment:** The cardholder is responsible for remitting payment to the card issuer, receiving reimbursement from the company after submission of an expense report. This method may reduce corporate administrative costs, but may also cost the company rebates if individual travelers don't pay in a timely manner. Such a structure may also weaken compliance—employees may choose to use their own credit cards to accrue rewards since they're ultimately responsible for the payments.

As automated expense management tools have become increasingly common, the combination of corporate liability and central payment has become best practice. The combination allows for the optimum control of corporate cash flow and rebates, while reducing processing inefficiencies and simplifying traveler payment responsibilities.

Less common are structures that combine elements of both, such as individual payment and corporate liability or corporate payment and individual liability. In addition, some liability agreements share the liability among the individual and the corporation, including a "joint and several liability" agreement, in which both the corporation and the individual are liable; "split liability," in which the card company splits travel transactions away from other card spending using merchant codes and the cardholder is responsible for travel while the corporation is responsible for other expenditures; and "contingent liability," in which the individual is responsible, but the issuer may pursue the company for payment if the card goes into default.

### LIABILITY AGREEMENTS FOR CORPORATE TRAVEL CARD SPENDING 2004-2010

Over the past several years, the trend has been towards an increase in corporate liability, according to the RPMG 2011 Corporate Travel Card Benchmark Survey, increasing from 56 percent in 2004 to 65 percent in 2010.

| | Corporate Liability | Individual Liability | Joint and Several Liability | Other |
|---|---|---|---|---|
| 2004 | 56% | 37% | 6% | 1% |
| 2006 | 58% | 28% | 12% | 2% |
| 2008 | 63% | 25% | 10% | 2% |
| 2010 | 63% | 23% | 10% | 2% |

Source: RPMG 2011 Corporate Travel Card Benchmark Survey

### ONE CARD PAYMENT SOLUTIONS

For mid-market companies, an emerging alternative is a "one card" solution that combines Travel & Entertainment, Procurement and Fleet cards into a single card. For companies with a lower spend volume and limited resources to manage that spend, a one-card solution can offer several benefits:

- **Simplified program management:** A single card streamlines program management from an administrative perspective, as well as for employees who can use the card for all purchasing needs
- **Consolidated volume:** By consolidating all spend onto one card, a corporation may be eligible for more rebates and point consideration
- **Spend controls:** Program managers can specify what types of spend categories can be accessed by each employee, as well as place spend and vendor limits for individual employees
- **Consolidated data:** A single source of data encompasses all T&E, Procurement and Fleet spend

## CARD REWARDS

**While a corporate card mandate is clearly the best way to drive card usage, some companies opt for a reward structure instead of—or in addition to—a mandate. According to the RPMG 2011 Corporate Travel Card Benchmark Survey, there is little difference among companies that do and don't mandate card use when it comes to rewards.**

**Specifically, 67 percent of companies with a card mandate do not participate in a program that generates rewards or loyalty points that are given to either employees or the company, compared to 66 percent of those without a mandate.**

**However, according to that same study, there is a striking difference between the amount of travel spend captured on travel cards between companies that use only a mandate or only a rewards structure. For those that have a mandate with no rewards, 89 percent of travel spend is captured on travel cards, while for those with a reward structure and no mandate, only 70 percent of the spend is captured on travel cards.**

**The increased spend captured from the travel cards can result in significant benefits for the corporation, including overall better quality data, less fraud, increased compliance and process efficiencies.**

## Additional Considerations

Corporations that source multiple card products from a given issuer may be eligible for relationship pricing, volume-based savings opportunities that result from consolidation. For example, when a corporation sources a corporate travel card from the same financial institution from which it sources other corporate cards, such as procurement, meetings or fleet, the financial considerations will likely be greater than if all the products were spread among multiple issuing banks or multiple card brands.

Similarly, corporations that reach a certain volume of charges on a corporate T&E card may be eligible for rebates from the card vendor. Typically rebates are tiered, with companies that produce a higher volume of spend eligible to receive a higher percentage of that spend as a rebate from their card company. According to *Business Travel News*[1], for most companies, rebates average between .25 and .80 percent, but may exceed 1 percent for large spenders. These back-end revenues may be used to offset some of the costs of administrating a corporate travel program or may be attached to a department's profit and loss statement.

Beyond any specific rebate, relationship pricing should be a factor when considering a payment solution—consolidation of spend onto one travel card, and consolidation of card issuers and brands among all corporate cards, can drive the most beneficial financial considerations for the corporation.

Once the relationship is established, it is recommended practice to mandate the use of a corporate card, driving all T&E activity to that payment solution and reducing the leakage that occurs if employees pay for travel with their own personal credit cards. Such a strategy also ensures a more holistic data capture, which is critical to controlling costs and leveraging negotiations with other suppliers.

# Chapter 5: Expense Solutions—End-to-End Integration

Integrating the expense management tool with the online booking tool, corporate card and data management systems provides an "end-to-end" solution that helps to reduce the time and cost of expense management, increase traveler convenience and satisfaction, and provide the high-level data necessary for a holistic view of managed corporate travel.

Until recently, the cost of entry to access these types of technologies was too high for many companies. Off-the-shelf systems were not robust, and customized, in-house technology solutions were expensive to create—not to mention maintain. That landscape has changed in recent years, with several expense solutions companies offering different levels of sophistication tailored to corporation size along with more open attitudes about technology integration.

## Tech Talk

Today's expense solutions allow for integration of the primary systems involved in the process of travel, at both the front end and the back end, allowing for comparisons between booked (intended) travel and completed travel. Data can flow from front office booking systems to an expense system that also accepts data feeds from corporate cards, and through to reimbursement and data reporting systems.

An end-to-end solution can either be "closed platform," which requires all tools and processes to be supported by one supplier, or "open platform," a solution that integrates tools and processes from multiple vendors.

According to a 2011 expense management survey by *Business Travel News*[1] among respondents who indicated their organizations had an automated expense tool, nearly half (45 percent) cited integration with a payment tool as a top priority. Other integration priorities were with a corporate booking tool (40 percent), with ERP systems (35 percent), payroll (32 percent) and other technology solutions (30 percent).

The survey also asked buyers to prioritize the most important expense management system features. More than three-quarters (77 percent) cited customizable reporting among their top two priorities, followed by receipt imaging (70 percent), auditing automation (60 percent), online booking integration (53 percent) and mobile capabilities (49 percent).

Organizations that use electronic expense reports pre-populated with travel card data are also more likely to integrate other expense processing technologies, including automatically attaching scanned or faxed receipts to expense reports, bar-coding employee expense reports, image scanning card receipts, digitally archiving electronic expense reports and hyperlinking expense reports to scanned images of receipts.

**Today's expense solutions allow for integration of the primary systems involved in the process of travel, at both the front end and the back end, allowing for comparisons between booked (intended) travel and completed travel.**

## Process Savings

According to the RPMG 2011 Corporate Travel Card Benchmark Survey, the integration of travel card data and electronic expense management software is reported to reduce the average cost to process an expense report by 55 percent, from $44 to $20 per report. That savings is derived from reductions in the time to complete, approve, process and reimburse expense reports that are traditionally completed manually, submitted on a paper form and processed by accounts payable, which cuts a reimbursement check. The same study reports that 69 percent of paper expense reports are processed without delay or correction the first time through, compared to 78 percent of electronic reports pre-populated with travel card data.

### TIME IN MINUTES TO PROCESS EXPENSE REPORTS

| | Electronic Expense Reports, Pre-Populated with Card Data | Paper-Based Expense Reports |
|---|---|---|
| Time for traveler/cardholder to fill out an expense report | 14 | 28 |
| Time for supervisors to review an expense report submitted | 6 | 11 |
| Time for clerical employees to process and prepare an expense report for payment | 8 | 20 |
| Clerical/accounting personnel to reimburse expense report and reconcile payment to bank data | 7 | 17 |
| TOTAL | 35 Minutes | 76 Minutes |

Source: RPMG 2011 Corporate Travel Card Benchmark Survey

Based on the cost to process expense reports and total travel budgets, the RPMG study estimates that corporations can save significant percentages from their total travel budget with integration. For a Fortune 500 company, for example, the potential savings of electronic expense reporting is $1.4 million, equaling a 2.6 percent give-back to the travel budget, while large market companies can expect a 3.3 percent savings and middle market companies a 3.2 percent savings.

## Traveler Convenience

Pre-population of expense reports with corporate card data decreases the time needed for travelers to fill out expense reports from 28 minutes to 14 minutes, increasing the ease of use and therefore decreasing the time before filing. According to the RPMG study, companies with electronic pre-populated expense reports average eight days between expense report submission and when reimbursement is issued, compared to 14 days for paper-based expense reports. Integrated systems can also automatically notify a traveler of reimbursement, reducing paperwork frustrations on the part of the traveler and administrative time needed to follow up on reports.

More recently, expense solutions have introduced technology that allows travelers to take and upload pictures of receipts with mobile technology, further reducing the time needed to complete expense reports and allowing travelers to file complete expense reports while still on the road.

**According to RPMG estimates, for a Fortune 500 company, the potential savings of electronic expense reporting is $1.4 million, equaling a 2.6 percent give-back to the travel budget.**

### INCREASE IN ELECTRONIC EXPENSE REPORTING

The use of electronic expense reports pre-populated with travel card data has increased dramatically over the past several years, from 23 percent in 2004 to 43 percent in 2010 across the board (for all types of organizations, including government and not-for-profit). For larger companies, the growth has been even greater.

| Fortune 500 Size | | | | |
|---|---|---|---|---|
| **Type of Expense Reporting** | **2004** | **2006** | **2008** | **2010** |
| Electronic, pre-populated with travel card data | 38% | 48% | 49% | 75% |
| Electronic, not pre-populated with travel card data | 29% | 20% | 24% | 11% |
| Paper-based | 33% | 28% | 22% | 12% |
| Travel card statement in place of expense report | 0% | 1% | 5% | 1% |
| Other | 0% | 3% | 0% | 1% |

| Large Market | | | | |
|---|---|---|---|---|
| **Type of Expense Reporting** | **2004** | **2006** | **2008** | **2010** |
| Electronic, pre-populated with travel card data | 27% | 24% | 54% | 59% |
| Electronic, not pre-populated with travel card data | 9% | 16% | 12% | 13% |
| Paper-based | 60% | 41% | 22% | 24% |
| Travel card statement in place of expense report | 4% | 5% | 5% | 4% |
| Other | 0% | 4% | 7% | 0% |

| Middle Market | | | | |
|---|---|---|---|---|
| **Type of Expense Reporting** | **2004** | **2006** | **2008** | **2010** |
| Electronic, pre-populated with travel card data | 21% | 25% | 33% | 40% |
| Electronic, not pre-populated with travel card data | 21% | 16% | 14% | 23% |
| Paper-based | 54% | 50% | 43% | 26% |
| Travel card statement in place of expense report | 5% | 5% | 9% | 8% |
| Other | 0% | 4% | 1% | 3% |

Source: RPMG 2011 Corporate Travel Card Benchmark Survey

## Holistic Data

The first-pass yield on process efficiencies, convenience and cost savings that results from end-to-end solutions is critical for selling such a solution to company executives. A corporation will also benefit from refining the quality of their travel program year over year with the help of consolidated data and better insights into their programs overall. An end-to-end travel and expense solution facilitates comparisons between booked and actual billed travel, which shows program leakage by highlighting discrepancies between what travelers originally booked and what they actually did in the end, as well as increases transparency into real trip cost with hard data about ancillary fees and other expenses, such as mileage reimbursements and gas, on-site upgrades and more. By diving deeper into their data, travel managers should be able to identify ways to improve compliance, negotiate better deals with suppliers and drive more savings to the corporate bottom line.

# Chapter 6: Strategic Meetings Management

Following the success of managed corporate travel, the strategic management of meetings has emerged. Working together, travel, procurement and meetings departments can create a comprehensive plan for managing meetings as part of the overall managed travel program to maximize synergies and leverage volume between transient business travel and meetings.

Broadly defined, a strategic meetings management program (SMMP) applies the same sort of consistency and policy to meetings that has become the standard in managed travel programs. That includes creating meetings-specific policy, applying standards, creating metrics to measure the program and supplier performance, and managing risk.

While it can be a challenge to obtain a complete picture of corporate meetings and events, industry studies consistently show it's worth the effort, saving corporations anywhere from 10 to 25 percent on meetings and events spend.

In addition to the savings derived from consolidation of vendors, the ability to negotiate rates and enhanced meetings policy compliance, SMMP leads to risk reduction with the standardization of meetings contracts and enhanced supplier service levels through the use of service level agreements and key performance indicators.

## Maximizing Technology

The cornerstone of an SMMP is a robust technology solution designed to streamline and facilitate key meetings endeavors. A sophisticated online tool optimizes the following:

- **Meeting registration:** Policy may dictate all meetings of a specified size and/or type must be registered with the meetings department via the tool
- **Strategic sourcing:** Corporations realize economies of scale with preferred suppliers for meetings; the tool should drive meeting planners to the preferred suppliers when appropriate
- **RFP process:** For meetings that fall outside the bounds of preferred suppliers, a standardized RFP and automated tracking helps ensure compliance
- **Execution of standard contracts:** Boilerplate clauses include cancellation, attrition and others pre-approved by the corporation's legal department to mitigate risk
- **Budget tracking at all stages:** The tool should have the ability to monitor approved budget, working budget and final budget for individual meetings
- **Card integration:** Sophisticated meetings technologies should have the ability to integrate a data feed from a preferred credit card. Some companies choose to associate a single card with every meeting or a single-use account, with fund availability limited to an approved amount.
- **Attendee registration:** For most meetings, attendees should be able to register online as well as select housing, transportation, payment and other options

## PAYMENT SOLUTIONS

Historically, meetings payment has been executed through purchase orders, a manual process that can prove cumbersome and time-consuming. Travel and entertainment or procurement cards can help streamline and automate meetings payment, but come with their own challenges in systematically separating meetings spend from transient travel or other centrally procured items.

As the process of meetings management has become more strategic, designated meetings cards have become the preferred payment method. Designed to facilitate planning, track expenses, control costs and simplify payment, a dedicated meetings card clearly delineates meetings spend from other expenses, providing the data to leverage supplier negotiations and the ability to allocate spend to a specific meeting, department or business unit.

With a stored value meeting card, the meetings department can customize and control spending limits, single purchase limits and approved merchant category acceptance for individual meetings, as well as receive automatic data feeds for real-time budget tracking. Single-use accounts can also be used to tie a variety of spend (catering, audiovisual, etc.) back to the meeting card while increasing control on that spend.

# Chapter 7: Data Sources and Uses

In the world of managed travel, data is power. It's the numbers that tell the story of what is happening in the managed travel space: Are travelers using the selected travel management company and online booking tool? What are travelers buying outside of preferred booking channels? Does the corporate card and expense tool capture full spend? Is the company meeting its volume with preferred suppliers? Does that volume warrant more of a discount or a better rebate?

And ultimately: Do the resources and expenses required to manage the travel program result in process efficiencies and savings that make it worthwhile?

To obtain the business intelligence to answer those questions, corporations pull data from multiple sources that together provide a complete picture of booked and executed travel.

## Sources of Data

No single source of data will show every element of travel expenses. Therefore, data streams can—and should—come from multiple sources in order for a corporation to get a 360-degree view of expenses throughout all parts of the travel cycle. The following are the primary sources of data for managed corporate travel.

### Travel Management Company/Online Booking Tool

Data from the travel management company and/or online booking tool demonstrates compliance to policy, use of preferred suppliers, online adoption rates and other booking information for air, hotel and car suppliers. The TMC should also be able provide booking information from global distribution systems (GDSs), such as city pairs, average ticket prices and top destinations.

While most data reports will be after the fact, the TMC and online booking tool have the potential to provide real-time data to travel management in the case of out-of-policy bookings, providing the opportunity to stop non-compliant bookings before the travel occurs.

However, the pre-trip data from TMCs and online booking tools only shows what the traveler booked—and intended to do—not what the traveler actually did do. This data also cannot show the complete travel picture, as multiple expenses are incurred outside TMCs and booking tools, such as last-minute upgrades, hotel and air ancillary fees, most food and entertainment, taxi fares and more. TMC data does not provide a complete picture of total T&E spend.

### Corporate Card

The corporate card provides information that cannot be acquired through the TMC or online booking tool, as it shows actual billed travel data, as opposed to booked travel.

A mandated corporate card increases both the volume and value of data, providing a more complete picture of travel expenses. To that end, card data can include transactions that take place outside the TMC or online booking

## MEASURING TRAVEL'S ENVIRONMENTAL IMPACT

A 2010 study by MasterCard[1] revealed that 78 percent of the surveyed companies were interested in green travel initiatives. However, only 24 percent of companies surveyed said their companies currently measured the carbon emissions of travel, primarily due to a lack of reliable emissions data.

TMCs have been able to provide some data on emissions tied to air travel, but only for bookings made through the TMC, not total spend. New reporting and spend analysis tools are emerging in the card space to offer higher resolution emissions data, not only for air travel but for other aspects of travel, such as car rentals and hotels.

For environmental reporting that has value, look for suppliers who can provide data across all the major spend categories and independently verified, standards-compliant calculation methodologies that produce high-resolution data on actual travel.

tool, such as hotel or air upgrades, airline ancillary fees, food and beverage, client entertainment, hotel surcharges for internet and other on-site fees, taxi fares and additional expenses incurred during the actual travel phase.

For a more complete view, some card providers can also pull in information from GDSs, providing line-item expense details like airline segments and city pairs, critical for high-level airline negotiations. Best-in-class card data now also includes Level 3 hotel folio data from select hotel suppliers, with breakdowns of such details as room rate, number of nights and ancillary charges.

When a card is integrated into an expense management system, reports are automatically pre-populated with card transactions, ensuring a match-up between card and submitted expenses. This is a well-documented industry best practice as it significantly reduces processing time, reduces human error and decreases employee expense reporting fraud. (For more information, see Expense Solutions, pages 17-19.)

### Travel Suppliers

In cases of large volume with a supplier, that supplier might be willing to provide data on completed travel. Data from travel suppliers such as hotels, airlines and car rental companies can be used as a complementary source of information to other existing data feeds for comparison purposes, but should not be relied upon as a sole source of information. Like TMC data, such supplier data may not include all spend if cash or personal cards were used to pay for extras.

### Expense Reporting System

The expense tool complements the corporate card and travel supplier data by providing a full picture of what the traveler actually spent, potentially allowing for comparison between booked travel and actual spend, although timeliness can vary considerably. Expense reports will also show out-of-pocket transactions not captured through other methods, such as taxi and bus fares, small meals, tips and other expenses likely to be cash transactions. Automated expense tools, with pre-population from corporate cards, decrease the risk of fraud and errors, as well as ease the traveler burden in submitting expense reports.

Expense systems, like data from a corporate card, may also be integrated with other Enterprise Resource Planning (ERP) systems, as well as Accounts Payable, Human Resources, internal data warehouses and other corporate systems for better data tracking, information updates and a holistic view of travel performance within the framework of the corporate whole.

### Third-Party Data Consolidators

One way to aggregate all the available data for a complete picture of travel booking and actual travel spend is to work with a data consolidation company, which will pull in data from multiple sources. In addition to the act of aggregating data from these many sources, data consolidators "cleanse" or "normalize" the data to ensure standardization of supplier names and identify questionable data before reporting to show the true extent of spend with any given supplier. According to *Travel Procurement*[2], only about 20 percent of companies outsource data aggregation and management to a third-party, but

many access these services on a limited basis via their TMCs or card companies, which often partner with data consolidators to provide customized reporting

### Data as Business Intelligence

Visibility into travel spend—corporate totals and discrete components, sliced and diced in a variety of ways—is essential to the management of a travel program. Robust and reliable data provides the business intelligence needed for all aspects of travel program management, from policy decisions right through to proving the value of a managed travel program.

TMCs, card companies and other travel suppliers should be able to provide data in a variety of ways, from detailed reports to high-level overview dashboards. The key is using the right data to support the question being asked.

Just a sampling of reporting possibilities includes total corporate spend; spend per supplier or supplier category; and a variety of metrics by corporate breakdowns such as business unit, geographic region, department or individual traveler that can include spend, compliance, online adoption, average air and hotel prices, and more.

Such analysis can be used to guide policy decisions, increase compliance and provide additional leverage for supplier negotiations.

- **Compliance:** Evaluation of the corporate card or expense report will illuminate non-compliant behavior on a macro level. Reports can also drill down to business unit, division and even individual travelers, allowing targeted communication efforts and benchmarking across the corporation to improve compliance.
- **Supplier Negotiations and Management:** In order to negotiate the most favorable rates, corporations must be able to prove not only current volume with a given supplier, but the potential to increase that volume—or market share—with the supplier. According to the RPMG 2011 Corporate Travel Card Benchmark Survey, advanced data capabilities such as Level 3 hotel folio data, airline trip leg detail and potential insight into airline ancillary fees allows companies to better supplier discounts by an average of 2 percent. The data will also allow the corporation to measure the performance of the supplier against agreed-upon key performance indicators (KPIs) and service level agreements (SLAs).

## DATA FOR DISCOUNTS

**The vast majority of corporations of all sizes use travel card data in discussions to obtain discounts in airfare, lodging and auto rental.**

**Airfare**



| | | |
|---|---|---|
| 80% | 75% | 71% |
| Fortune 500 | Large Market | Middle Market |

**Lodging**

| | | |
|---|---|---|
| 87% | 79% | 82% |
| Fortune 500 | Large Market | Middle Market |

**Auto Rental**

| | | |
|---|---|---|
| 83% | 83% | 79% |
| Fortune 500 | Large Market | Middle Market |

Source: RPMG 2011 Corporate Travel Card Benchmark Survey

### CARD DATA FOR NEGOTIATIONS
**Organizations that identify card data as "very important" in their discount negotiations report higher average discounts from market price for airfare, lodging and auto rentals.**
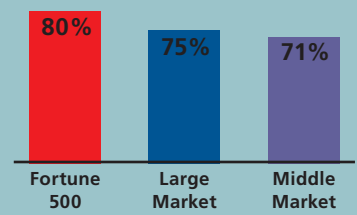
| | Average Discount From Market Price | | |
|---|---|---|---|
| | Airfare | Lodging | Auto Rental |
| Card Data Is Very Important | 9.1% | 12.3% | 14.5% |
| Car Data Is Not Very Important | 5.9% | 9.5% | 12.4% |

Source: RPMG 2011 Corporate Travel Card Benchmark Survey; results based on large organizations (defined as at least $500,000 in monthly travel card spending and at least 1,000 employees) that pay for at least 80 percent of their travel spend with a travel card
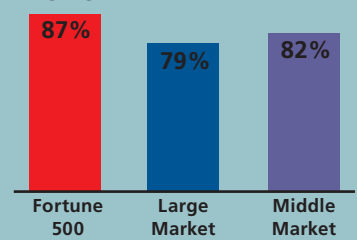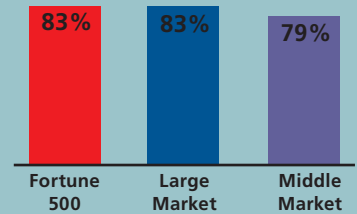
MasterCard
Worldwide

**Data from various sources can show additional potential savings, such as dollars lost from the lack of preferred suppliers in a given market, unused air tickets, travelers paying for hotel amenities that are already part of a negotiated package and more.**

- **Additional Savings Opportunities**: In addition to the savings opportunities presented by driving compliance and preventing leakage, data from various sources can show additional potential savings, such as dollars lost from the lack of preferred suppliers in a given market, unused air tickets, travelers paying for hotel amenities that are already part of a negotiated package and more.
- **Scenario Modeling:** Having a complete picture of data allows companies to use scenario modeling to determine what the effects would be if a certain change is implemented. For example, what would the savings be of restricting first-class airfares to international travel or eliminating them altogether? What would happen to volume with a hotel supplier if a preferred negotiated rate is added for a new city? How much more data would a corporate card capture with the addition of a mandate?
- **Benchmarking With Similar Companies:** Corporations can use the various sources of data to benchmark against companies with similar travel patterns and costs for a view to how the corporation is performing compared to others. TMCs and third-party data firms can provide detailed benchmarking metrics, while industry associations often release data that corporations can use for broader comparisons.
- **Proving Value of a Managed Travel Program:** In addition to using data to improve a travel management program, the multiple sources of data can also be used to prove the value of a managed travel program within the larger goals of the corporation. Savings in travel are ultimately savings that go to the bottom line. Data can be used to demonstrate the financial impact of implementation of recommended practices, strategic sourcing, technology investments and more.

## END NOTES

Chapter 1
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1. MasterCard Worldwide Commissioned Research, June 2010
2. Procurement Travel "State of the Practice 2009," January 2009

Additional Chart Resources
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