



How the Australian arm of a multi-national company regained control of its online travel management – and saved more than \$1 million

Summary

The travel business is volatile and competitive, making the business of travel management vital for companies seeking ways to streamline processes and control costs. For the Australian arm of a multi-national IT systems integrator with an annual travel spend of about \$7 million, an online travel solution seemed the answer.

But the company's existing online booking system was underperforming. Employee adoption had plateaued at 68%, rogue spending persisted, reconciliation was cumbersome and expense management complex.

The challenge was to find a travel management expert that could appraise the company's needs then design and implement a more efficient online travel solution.

American Express Business Travel provided a combination of travel management consulting expertise, advanced technology and strategic sourcing and supplier negotiation skill to build a new interactive travel solution for the company.

Not only is American Express online (AXO) easier to use, but it saves time and removes human error from the process of booking travel.

The company now has a fast, flexible and efficient online travel program with more control, 95% employee adoption, 100% compliance and simpler expense management processes.

The company's move to American Express Business Travel has generated results that have exceeded all expectations: productivity improvements of up to 53 days a year across accounts payable, management and administration, and estimated savings of \$1.1 million over a five year period.

It's no small surprise then that the implementation was the overall winner of the 2005 Qantas/Australasian Business Travel Association Excellence Award for the company, and the Excellence in Account Management Supplier Award for American Express Business Travel.

"American Express Business Travel continue to set high standards in online travel solutions by exceeding client satisfaction and fostering industry best practices to progress professionalism within the Australian business travel community."

– (Glenn Buckingham, CEO, ABTA)

"The online solution has been enormously successful in delivering process and direct cost savings. It is easier and more cost-effective. We have achieved the behaviour we wanted and are set for a steady state of online success".

– Procurement Lead and Travel Manager for the company

Benefits at a glance

- Savings of more than \$1 million over five years
- Online usage rate of 95%
- Streamlined travel bookings and approvals
- Improved internal controls and policy compliance
- Simplified back office payment reconciliation





Situation

Since 2002, the company had been using an online travel tool that discouraged people from booking online. Its adoption had plateaued at only 68% for domestic bookings, resulting in many missed opportunities to secure cheaper fares.

The system included a pre-trip approval routine that failed to capture 32% of its domestic travel bookings because the process did not detect reservations made by traditional means. Back office payment and reconciliation processes were complicated and inefficient. There was no mechanism to track travel expenses back to client projects. Transaction costs were higher than they should have been. Internal systems were beset by unnecessary bureaucracy. Compliance with corporate travel policies and preferred supplier agreements was poor. And too many stored credits and e-tickets were not redeemed.

The company needed to simplify back office payment reconciliation, reduce transaction costs with its travel management company, assist travellers to make sensible decisions, improve internal controls without adding bureaucracy, capture transaction fees at point-of-sale, recover credits and tickets not flown and improve compliance with corporate travel policies.

This would help staff spend less time organising travel and more time on their core job responsibilities.

“While we wanted a streamlined process we needed to ensure that there were appropriate control mechanisms in place,” said the company’s Procurement Lead.

“The online solution and associated processes that American Express was able to customise for us allowed us to establish controls for all bookings, not just those transacted online.”

Solution

American Express Business Travel conducted a rigorous process and technology evaluation to determine the company’s travel requirements and strategy. A team of implementation experts designed and built a solution around the company’s travel policies and goals. This included a program of change management to alter employee behaviour.

As project manager, American Express Business Travel ensured successful technical implementation, operational and vendor integration and site configuration. It also managed the site launch, pilot, rollout and review.

Following implementation, a specialist American Express Business Travel usage manager helped the company increase staff adoption of the AXO, answer day-to-day queries and manage the solution.

American Express Business Travel continues to provide advice to ensure that the company maximises the benefits of its new system and stays abreast of any technology enhancements. This includes the Amex@Work applications and various reports for management at the company. In most cases, these reports are automatic and are sent directly to recipients.

The solution, which can be accessed from the home, office or on the road on any PC via intuitive point-and-click screens, automatically stores all reservations booked through the system. AXO integrates the company’s corporate travel policies and displays the best negotiated rates with air, car and hotel vendors. Some agreements even ensure that the company’s rate defaults to any cheaper prices offered at the time of booking.

The system offers floor plans for seating selection, city maps to assist in selecting hotels, destination information, currency conversions, a world clock and many other features that travellers need to plan and make their business travel reservations.

AXO also comprises 128-bit encryption to protect company information and to meet all of American Express Business Travel’s requirements for data security.





Benefits

The company says it has achieved all of its travel management objectives by implementing a centralised reservations and payment solution. Booking online, staying within established travel policies and using preferred vendors is helping the company achieve significant long-term benefits.

Savings of more than \$1 million

The company's previous online tool provided visibility of all fare types and expected the traveller to choose which fare to buy. AXO searches for the cheapest option within the selected category automatically.

The company estimates this will generate bottom line savings and efficiency gains of \$400,000 in the first 12 months and \$1.1 million over five years.

By implementing the online solution from American Express Business Travel, the company can charge TMC costs for billable travel directly to its cost centres or customers.

Compared to traditional bookings, the company's average ticket price on 12 key sectors is 12% cheaper when using its new online travel solution. Given the company's usage increase from 68% to 95% of all online bookings for domestic fares, the additional savings total \$70,000 per year. The company also expects that the 35% increase in preferred hotel usage will generate savings of \$50,000 per year across its hotel spend in major cities.

The company's new business travel account (BTA) accuracy is saving its accounts payable 18 days or \$10,000 per year. Reducing pre-trip approval has eliminated managerial effort of five minutes per booking, which equals 23 days or \$16,500 per year. Eliminating the average 10 minutes of phone calls from the 27% of bookings the company has shifted online saves about 12 days or \$6,000 worth of administrative time per year.

Online usage rate of 95%

Online usage is the company's critical metric – it drives TMC fees, travel commodity costs, compliance with policies and support of preferred suppliers. The company achieved an online usage rate of 95% in the first month with AXO and it has been able to maintain this level ever since.

The company tracks online usage closely, with weekly reports from American Express that identify its level of adoption for the previous week, month-to-date and year-to-date.

Since the data includes explanations for travel not booked online, the company can determine why it is not achieving 100% online adoption. Typically, the 5% of travel booked offline is due to travellers not having Internet access at the time of booking or an itinerary that is too complicated to book online.

The American Express Online usage manager follows up with the company to determine what issues may need to be addressed.



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Streamlined travel bookings and approvals

The online travel solution has helped the company remove 12 steps from the typical travel booking process. The new system stores personal preferences for airlines, hotels and car rentals in user profiles that can be updated at any time. People do not need to input details such as frequent flyer numbers or meal preferences each time they use the system.

AXO also recognises reservations that need to be ticketed immediately and instructs the company's travel office to expedite last minute bookings, provided they are made at least four hours before flight departure.

People can make reservations for several different trips, while frequent travellers to a particular destination can create and save templates that book travel automatically when it is time to travel again. Templates can also be shared among colleagues.

The solution allows users to designate others to arrange their travel and each user receives frequent flyer miles just as they do booking with a travel consultant over the telephone.

Improved internal controls and policy compliance

Where the company was previously certain that only 68% of its online domestic bookings were approved business travel, it now has a process that promotes 100% compliance with travel policies and preferred supplier agreements.

AXO ensures that non-preferred providers can be selectively locked out of the system. While travellers may choose a non-preferred hotel with some effort, they must provide a reason. Reason codes allow ready analysis of data and information for the next tender season.

The new system also increases control while reducing administrative effort. It provides pricing options across all commodities, allowing travellers to make compliant decisions about hire cars, preferred hotels or flights. This has led to a reduction in average ticket prices.

The company can enforce its travel policy and capture valuable data that is useful in negotiating contracts with airlines, hotels and car rental providers. It also ensures the company can contact its travellers in an emergency.

Simplified back office payment reconciliation

Time spent by the company's accounts payable on reconciling BTA has decreased from two days per month to half a day.

With AXO the company implemented post-payment notification rather than pre-trip approval. This approach notifies the selected delegate of travel after tickets have been issued and payment made. The delegate's name now appears on the BTA which helps assure the company that all charges are authorised. As a result, disputed charges on the company's BTA have decreased from more than 30 per month to nil.



For more information on American Express Business Travel services and offerings please contact your American Express Business Travel Representative on 1300 666 083. Visit us at www.americanexpress.com.au/travelmanagement.