Travel 2.0: Another Viewpoint

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President and CEO
Topaz International

Bruce Finch
Director, Global Travel
Autodesk, Inc.
Introduction: Managed/Unmanaged Travel

- A Hot Topic for many today…
- A story typical of other companies
- How to handle Senior Management Pressure
- Conflicting messages in the market
- What really matters in the end?
About Autodesk

- 31 years ago launched first product: “AutoCAD”
- Global Leader in 3D Design Software
- Media and Entertainment Division (Transformers, Incredible’s)
- Headquartered in San Rafael, California
- 7,500 employees worldwide with over 3,000 travellers
- Multi-national Corporation with 103 offices in 38 Countries
- $2.3 Billion Annual Sales
- 100% of Fortune 100 Companies use Autodesk products
Chapter 1: Autodesk Travel in 2004

- Fractured global travel program
- Over 20 TMC contracts worldwide
- No SLA’s or KPI’s in any agreement – no accountability
- No global or regional TMC account management
- Cumbersome and inconsistent application of Travel Policy
- Inability to monitor spend, travel suppliers or policy compliance
- Weak partner contracts – low discounts and too many vendors
- No tracking of employees (Duty of Care)
- No data collection or travel metric reporting
- No automated T&E process – all manual
- Vendor “mistrust” – Autodesk always promising but never delivering
CRITICAL Issue:

Executives did not see the Travel Department as *driving value* to Autodesk
Chapter 2: Let’s Build a Travel Program

- Met with leadership to understand business requirements
  - What do travelers and managers want and need?
  - What do executives and finance want and need?
- Reviewed Travel Policy: made recommendations for major changes
- Updated technology infrastructure
  - New online booking tool for US/CA and EMEA
  - Launched online T&E reimbursement tool (after extensive research)
- Consolidated travel data aggregation to one vendor
- Implemented key metric reporting for executives
  - Monthly divisional reports
  - KPI’s for C-level reports
- Formed Global Travel Councils in each Geo
- Established deliverables and milestones for new travel program
- **Conducted surveys** to determine efficiency and satisfaction
Travelers Speak Up: Survey Says!!!

Conducted Annual Traveler Surveys Globally
Identical top 3 responses/issues in each region

#1 – “I can find it cheaper on the internet”

#2 – Slow response time for OBT (where implemented)

#3 – “Why do I have to pay a transaction fee”
Chapter 3: It’s 2010 - Let’s Audit

*Topaz engaged:*

Compare agent and TMC/Online tool vs. airfares found on the internet (Airline Website, Expedia and Orbitz)

**Online Booking Results:**
97% of domestic and 80% of international itineraries were found to be lower using OBT vs. the same itinerary found on any of the internet sites

**Telephonic (Agent assisted) bookings:**
86% of domestic and 65% of international itineraries were found to be lower through TMC than on the internet

24% of itineraries were not the lowest fare because the traveler opted not to take the lower priced option offered by the agency or booking tool
And then everything was going along just fine…

Until…. 
Chapter 4: 2.0 Launched April 2012

- Developed by Scott Gillespie and Evan Konwiser
- Concept: Let your travelers do just about anything
- Get happier “more productive” travelers and reduced Traveler “Friction”
The principles of Travel 2.0

1) Shop Anywhere

2) Book Anyone (as long as it’s safe)

3) Book Anywhere (with quick data feeds)

4) Book Anything (as long as in budget)

5) Use the corporate card to purchase
An Interesting Definition

Open Booking, noun: A travel industry term concocted to describe the process whereby problems that don't exist are solved using techniques that don't work, so as to produce savings that can't be defined.

David Wardell
Travel Industry Consultant
Does the title sound presumptuous?
Why do you need a travel manager?
Why do you need supplier management?
Does automatic data collection matter with duty of care?
Questioning the Travel 2.0 Model

- Why does budget know best?
- Do travelers know best?
- Why are younger travelers more savvy?
- Does time matter to your leadership?
- Unused Ticket Management implications
Legalities

Open booking presents a serious legal problem that no one has yet touched on: By allowing employees to use the public websites and mobile apps offered by suppliers and online travel agencies, travelers and their employers waive all of the contractual and other legal rights that they normally have under U.S. law.

Mark Pestrkonk
Travel Industry Attorney
Duty of Care: Who’s Obligated?

What are the obligations of a corporation to the employee who is traveling on behalf of the corporation? Is there a legal responsibility to ensure reasonable safety and reasonable care to remove employees from dangerous situations? What is that responsibility when knowledge of whereabouts are limited?
Chapter 5: Gulp...GBTA Said What???

- 2012 GBTA Foundation Study:
  - 1,788 business travelers surveyed
  - Study suggests 80% of unmanaged respondents “very satisfied”
  - Compared to only 69% “very satisfied” in managed environment
  - Study suggests unmanaged traveler’s purchase lower priced options

- Was Autodesk missing something?

- Had the industry changed that drastically in 2 years?

- Conducted second “identical” Topaz audit in 2012
## Audit Assessment Results

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2012</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of PNR's Pricing Lower Using Agency vs. Internet</td>
<td>82%</td>
<td>83%</td>
<td>1%</td>
</tr>
<tr>
<td>Domestic Agent Assist</td>
<td>87%</td>
<td>90%</td>
<td>3%</td>
</tr>
<tr>
<td>International Agent Assist</td>
<td>65%</td>
<td>80%</td>
<td>15%</td>
</tr>
<tr>
<td>Domestic Online</td>
<td>97%</td>
<td>93%</td>
<td>-4%</td>
</tr>
<tr>
<td>International Online</td>
<td>80%</td>
<td>70%</td>
<td>-10%</td>
</tr>
<tr>
<td>Average Per Ticket $ Savings Using Agency vs. Internet:</td>
<td>X</td>
<td>X</td>
<td>-44%</td>
</tr>
<tr>
<td>Domestic Agent Assist</td>
<td>X</td>
<td>X</td>
<td>20%</td>
</tr>
<tr>
<td>International Agent Assist</td>
<td>X</td>
<td>X</td>
<td>-47%</td>
</tr>
<tr>
<td>Domestic Online</td>
<td>X</td>
<td>X</td>
<td>-12%</td>
</tr>
<tr>
<td>International Online</td>
<td>X</td>
<td>X</td>
<td>-64%</td>
</tr>
<tr>
<td>Annualized Total Ticket Savings:</td>
<td>X</td>
<td>X</td>
<td>-8%</td>
</tr>
<tr>
<td>Airline Soft Dollar Program (Ticket Value):</td>
<td>X</td>
<td>X</td>
<td>12%</td>
</tr>
<tr>
<td>TMC Management of Non-Refundable Ticket (as a % of savings):</td>
<td>X</td>
<td>X</td>
<td>30%</td>
</tr>
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</table>

Although the reduction in PNR ATP’s and cost savings were lower in 2012, the savings achieved was still in the millions of dollars.
And Then…Conflicting Surveys!

- **2012** – GBTA Survey: Travelers not happy
  - And they are more successful with open bookings….
  - And they are paying less….

- **2013** – GBTA “semi-reversal” savings narrows

- **2013** – CWT finds 87% of companies have no plans for open bookings….

- **2013** – GBTA Study: Rogue Travelers cost more….

- So now what?
2013 GBTA Foundation Study

GBTA Foundation Study on “Rogue Travelers in Managed Programs”

- Out-of-policy travelers spend an average $2,881 more annually
- Out-of-policy travel adds 14% to travel costs
- 59% of business travelers flaunted policy on at least one major travel expense on their last trip
- 55% of out-of-policy travel involved a hotel stay
- Out-of-policy hotel stays cost an extra $232 per trip
- 29% of out-of-policy travel involved air
- Out-of-policy air travel saved an average $2 per trip
- 12% of out-of-policy travel involved rental cars
- Out-of-policy car rentals cost an additional $28 per trip
- 79% of out-of-policy travelers thought they found a better deal by shopping around.

Chapter 6: The Impact of Culture

- Wharton GLP research team
- Neither endorse or refute Travel 2.0
- Assess corporate culture
- Let culture direct Travel 2.0 adoption
What is Culture?

Observable

Hidden

Customs / Forms

Assumptions

Attitudes

Values
Three Culture Types

- **Operational Excellence, Financial stability, Hierarchy, Stability**
- **Flexibility, cross-functional work environment, leaders are mentors**
- **Competitive, first to market, innovation, Winning unifies**
Chapter 7: It is all About Value

- In the aggregate, Managed Travel Programs save millions each year
- Not all lower fares are “apples to apples”
- Cancelation penalties and restrictions – hotels, cars and airfare
- Irregular operations (weather, strikes, cancelations by airlines)
- Will travelers really forward their bookings?
- Soft dollar program benefits
- Ticket tracking and exchange programs
- Survey’s show “Opinions” – Data drives “Reality”
- And….everyone has something to “sell”….figure out if you “need” it…
And we hear: “Travelers Will Do the Right Thing”

- Ask your TMC to help develop compliance triggers
  - Build alerts/flags: PNR with only air or hotel or car booking
- Trust but verify…engage your audit team
  - Group buying travel direct on preferred vendor in First Class
  - Car Rental: Non-preferred vendor – no use of corporate card – accident
- Capture your savings to show value of managing travel

Highlights of one week of “Travel Management” in November

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<thead>
<tr>
<th>Issues</th>
<th>Booked</th>
<th>Rebooked</th>
<th>Savings</th>
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<tr>
<td>Non-Preferred Hotel</td>
<td>$2,994</td>
<td>$995</td>
<td>$1,999</td>
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<tr>
<td>Suggested Travel Date Change</td>
<td>$2,276</td>
<td>$480</td>
<td>$1,796</td>
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<tr>
<td>Chose Non-Preferred Hotel</td>
<td>$1,377</td>
<td>$750</td>
<td>$627</td>
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<tr>
<td>Booked a Suite</td>
<td>$1,557</td>
<td>$702</td>
<td>$855</td>
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<tr>
<td>VIP First Class Air</td>
<td>$13,963</td>
<td>$8,682</td>
<td>$5,281</td>
</tr>
<tr>
<td><strong>Total Saved (48%)</strong></td>
<td></td>
<td></td>
<td><strong>$10,558</strong></td>
</tr>
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Epilogue: Create “The Value Travel”

Get Involved
Contract
Connect and Listen
Executive Voice
Time Matters
Duty of Care
Audit

Use Social Media
Understand Content
Measure
Benchmark
Quality Program
Mobile
Evolve
Questions?
Thank you!
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