AMERICAN EXPRESS
GLOBAL BUSINESS TRAVEL

How to drive Program Optimization & Savings via Data Analysis and Smart Traveler behavior

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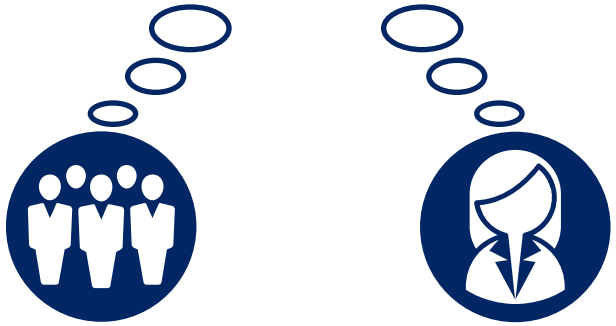
MAY, 2014

Introduction

SITUATION

Travel & Meetings – a multifaceted & still untapped area in many companies

- What's the point of Travel & Meetings?
- How much focus should we put in to it?
- Is it just a cost or a way to drive a competitive edge?
- How can we optimize our T&M program?
- Which resources do we need?
- Where do we begin?

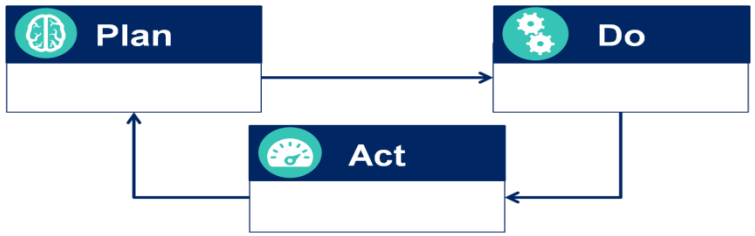


Senior Management ***Travel Manager***

APPROACH

A framework to define how to drive Best in Class Travel & Meetings Management

Our 9 step model



Objectives

1. Outline key steps for an effective T&M program
2. Define best practices & success factors of each step

Scope

- Individual business travel
- Meetings & Events

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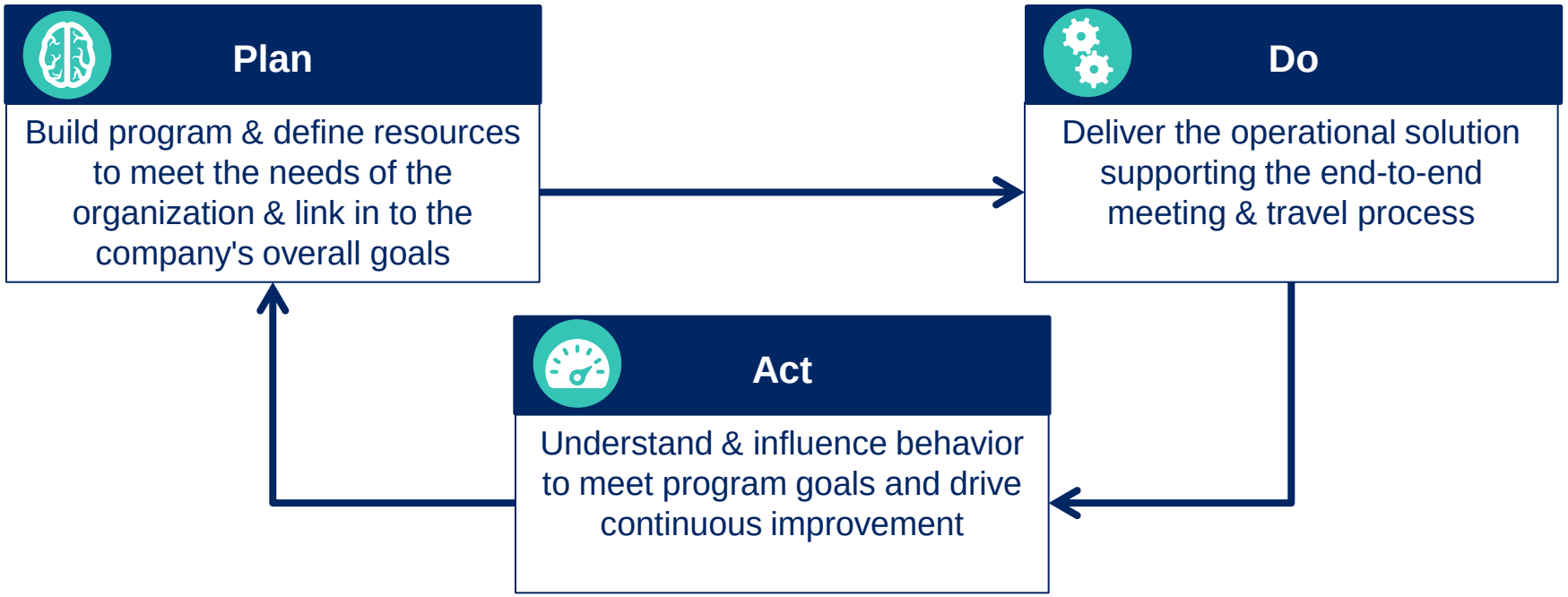
Where do we want to go and why?



Travel Program goals

- √ Spend optimization & control
- √ Employee comfort & simplicity
- √ Duty of care / employee security
- √ Environmental impact

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Data & insights span through the entire E2E process…

Phase	9 key steps	Objective
Plan	**1. Needs & goals**	Agree on where we want to take our program
	2. Travel & Meeting Policy	Translate our goals into day-to-day guidelines and rules
	3. Supplier strategy & sourcing	Partner with the right suppliers to meet our goals
Do	**4. Planning & booking**	Build a platform supporting our T&M needs & goals
	5. On trip	Ensure an optimal on-trip experience for our travellers
	6. Expense management	Facilitate an effective process for T&M expenses
Act	**7. Review & analysis**	Establish our current state vs goals and react accordingly
	8. Reporting & communication	Inspire and influence the organisation to walk our walk
	9. Identify & drive opportunities	Question our program strategy and find new paths

Data Analysis

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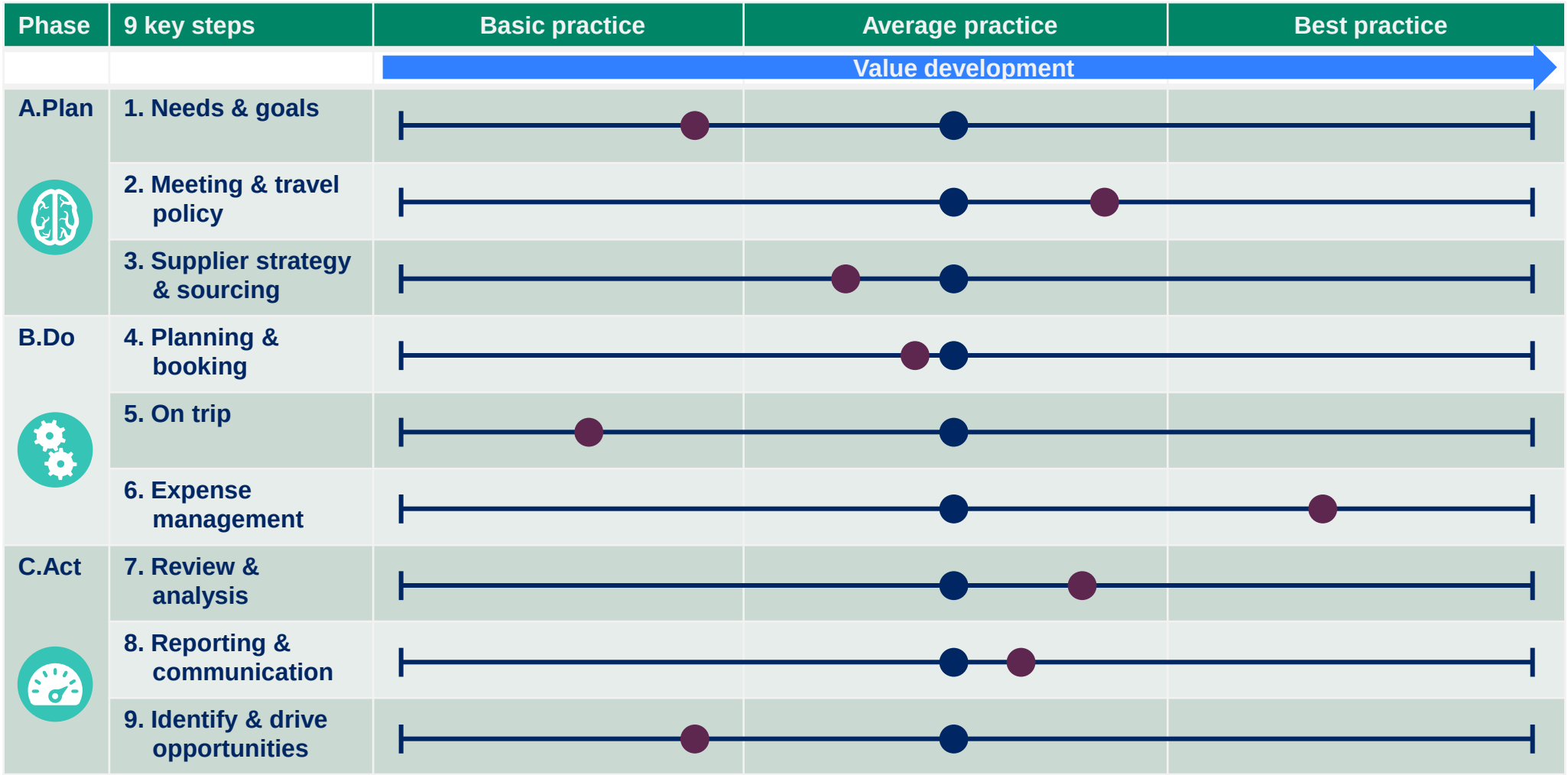
…but how do you perform vs. your peers?



● = company assessment ● = Industry average

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Key considerations before we start digging!

Need to assess extent of savings goals:

- Aggressive (reduce >10% of current spend)
- Passive (reduce <10% of current spend)

Need to consider timing of savings initiative:

- Short term impact (<1 year)
- Long term, permanent impact

Savings can be achieved through:

- Supplier sourcing and negotiations (Unit Price)
- Policy modification or enhancement (Specifications)
- Modifying traveller behaviour & compliance (Quantity)
- Analysing spend and results (Feedback)

MANAGING SPEND

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Assess program health on a frequent basis – What gets measured gets done!

ANALYSE → **SAVINGS ROADMAP** → **PRIORITISE**

Travel Spend Categories
- Air
- Car & Rail
- Hotel
- Meetings & Events
- Online

Optimization Levers
- Travel Policy
- Supplier Strategy
- Travel Behaviour
- Deployed Travel Tools

Savings Targets Per Optimisation Lever: Related Actions at Global, Regional & Local Level

Communications Plan Identified: Change Management Initiatives, Targeted Emails, Gamification

Key Performance Indicators

Ease of Implementation

Easy-Hard

- Virtual Meetings
- Usage Of Low Invent. Fares
- Cabin Usage
- Advance Booking
- PNR Optimisation Savings
- Use Of Preferred Airlines
- Air Fare Capping
- Hotel Compliance
- Hotel Rate Capping

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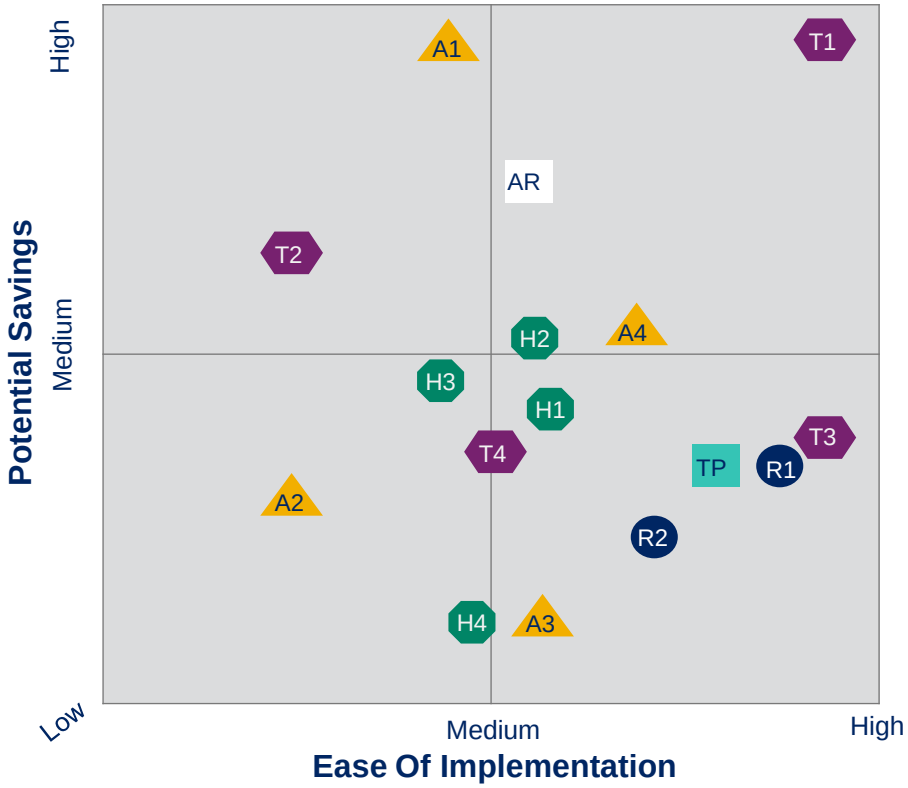
“Let’s get our priorities straight”



Air	A1	Change in cabin policy for flights
	A2	Consider low cost alternatives
	A3	Monitor the SN contract
	A4	Encourage restricted fares
Air & Rail	AR	Make advance booking mandatory for Air & Rail
Rail	R1	Encourage usage of air vs. rail
	R2	Increase compliance to cabin policy for rail
Hotel	H1	Drive volume towards the preferred hotels
	H2	Encourage travelers to book hotels with transportations
	H3	Maintain & review coverage & city caps
	H4	Re-evaluate hotel contracts
Tools & Reports	T1	Develop usage of OBT for Rail bookings
	T2	Monitor non-compliance of reservation enforcing pre-trip approval process
	T3	Communicate on impact of actions
	T4	Monitor performances at BU level and edit internal benchmarking
Travel policy	TP	Change travel policy to address missing topics & improve comprehensiveness

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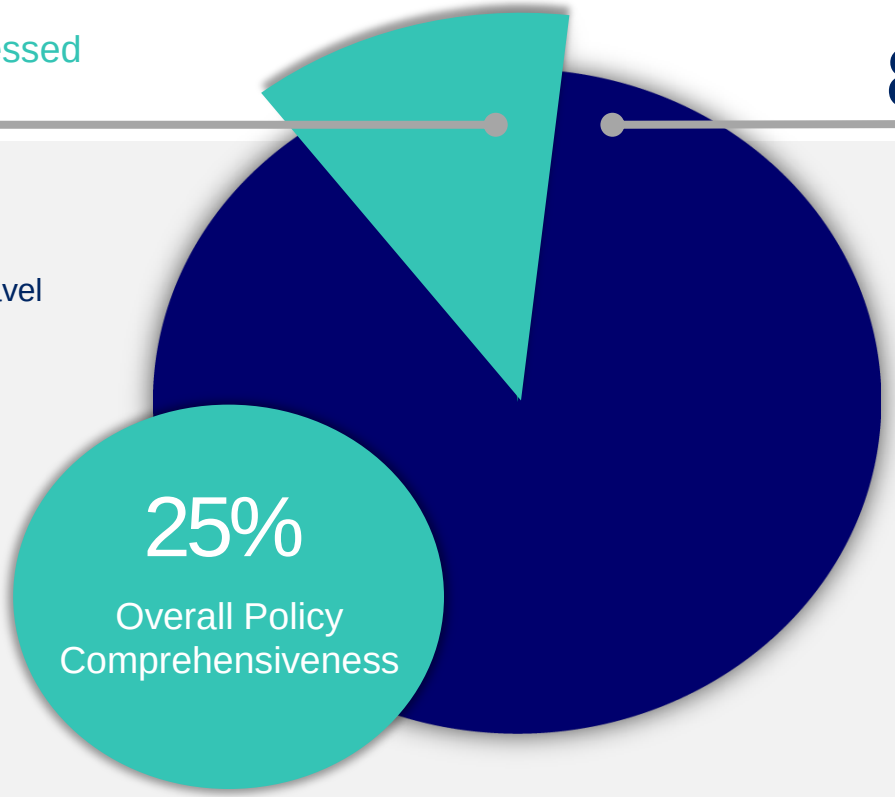
Data insights will support Policy optimization as well…

Addressing the key issues in your policy will drive savings

20% Not addressed in policy

80% Addressed in policy

- ECO / Emissions
- Duty of Care
- Group & Meeting Travel
- Traveller Perks
- Extended Stay
- Mobile and WiFi communication



- General Policy Issues
- Travel Arrangements
- Risk Management
- Air/Rail/Hotel/Car/Other
- Health & Infirmity
- Meals & Entertainment
- Insurance
- Payment Method
- Travel Alternatives
- Compliance
- Expense Reporting
- Consultants/Contractors

Comprehensiveness: "the level of detail included in each category"
Overall Comprehensiveness is 25% while Best in Class is between 75-80%.

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…where the copy/paste method is a big ”No No”

Old wording

1. Travelling by plane
All flights of *less than four hours* shall be booked as economy flights.

2. Book rail
Rail is to be booked in 2nd Class.

3. Travel
In general, all fares *should* be booked 7 days before departure.

New wording

1. What air travel to use?
Business class tickets may only be used in the following situation:
- Intercontinental flight with meeting same day: For intercontinental flights where the traveler have external meeting the same day as landing takes place, business class may be used.

2. How to book rail
Rail is allowed to be booked in 1rst Class.

3. How to plan travel
- *Internal and Intercontinental trips must* be booked at least 14 days in advance.
- *External/customer trips must* be booked at least 7 days in advance.

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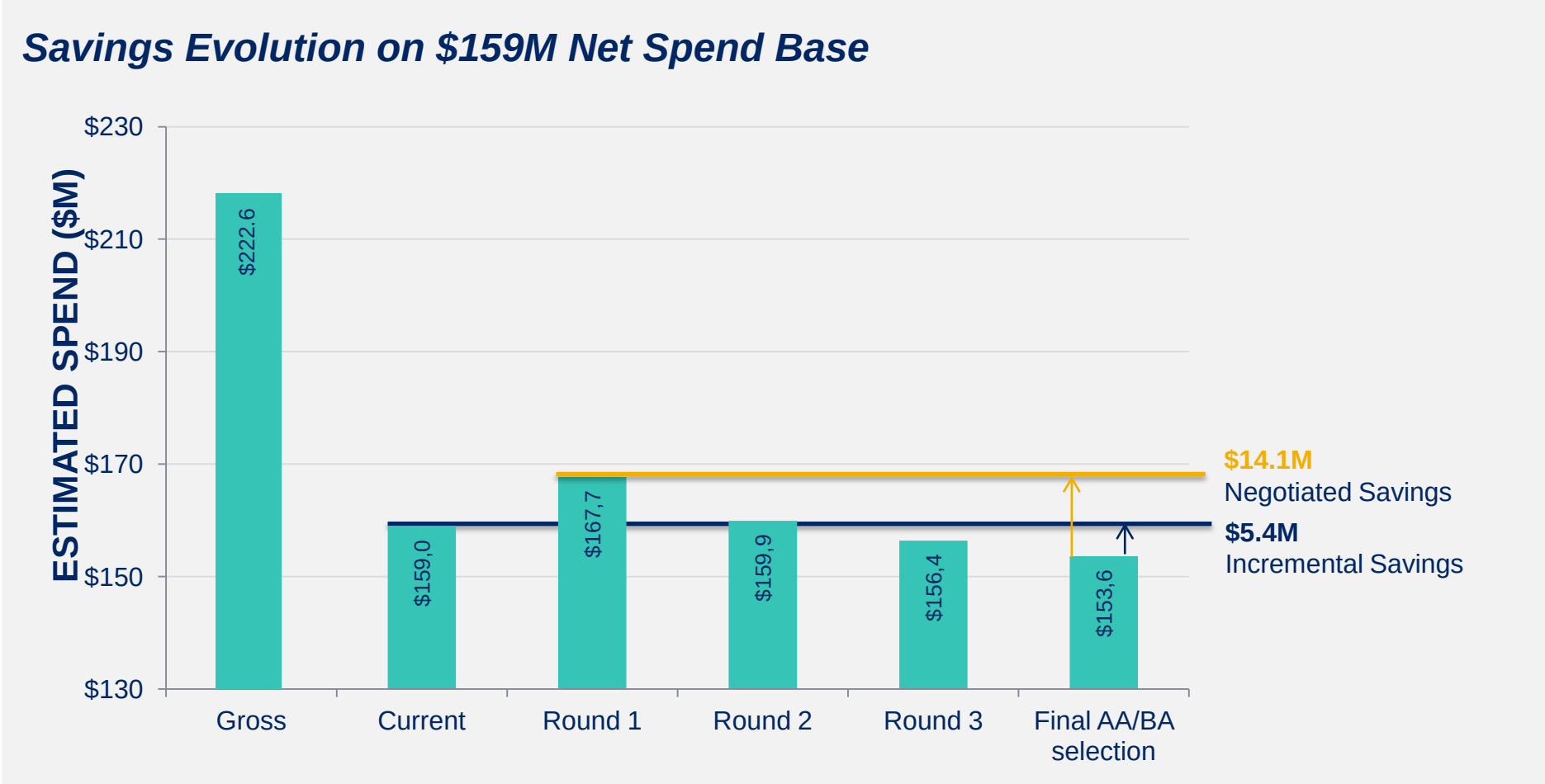
Detailed data analysis follows the entire sourcing process (unit cost reduction)...



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...but it certainly doesn't stop only with the RFP process

Air OPM Report	Service Description	Benefits
Savings by airlines - Quarterly & YTD - 10 primary airlines (>90% savings)	Shows contractual savings value & net effective discounts by airline	Understand which airlines are driving value
Deal Gaps - Quarterly & YTD - 10 primary airlines	Shows spend by fare class/route that is not getting a contractual discount	Identify gaps in contract terms where deals are possible
Goal performance - Quarterly & Contract to date - 10 primary airlines (>80% spend)	Shows performance to contractual goals	Track performance to contractual goals Identify goals where performance is poor & make adjustments
Route Average Price change vs. Last Year - Quarterly & YTD - All airlines	Shows top routes & changes in price vs. last year	Identify changes in route prices
Route/Cabin Average Price change vs. Last Year - Quarterly & YTD - All airlines	Shows top routes & changes in price vs. last year by cabin Identifier to indicate fare used is client nego fare or published fare	Identify changes in route/cabin prices
Advanced Route Analysis - Quarterly & YTD - All airlines	Provides detailed overview of routes flown by selected airlines, Fair market share, actual market shares, savings & monopoly spend detail	Understand in detail the role played by each airline in client's program

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Set reasonable Savings Forecast Timelines that are aligned with company goals

			YEAR 1		YEAR 2		YEAR 3	
INITIATIVE	MANDATED	EASE OF IMP.	IMPRO. TARGET	SAVINGS	IMPRO. TARGET	SAVINGS US $K	IMPRO. TARGET	SAVINGS
Day Trips to V-Meetings	**NO**	EASY HARD	15%	$558K	15%	$558	20%	$774K
Usage of Low Inv. Fares	**PARTIAL**	EASY HARD	15%	$760K	15%	$760K	20%	$1.01M
Cabin Usage	**YES**	EASY HARD	20%	$1.45M	20%	$1.45M	10%	$724K
Advance Booking	**NO**	EASY HARD	15%	$164K	20%	$219K	15%	$164K
PNR Optimisation	---	EASY HARD	20%	$585K	25%	$293K	5%	$98K
Preferred Airlines Usage Air Fare Capping	---	EASY HARD	15%	$378K	20%	$504	15%	$378
Hotel Rate Capping	---	EASY HARD	15%	$225K	20%	$300	15%	$225
Non-Pref. Hotel Opp.	---	EASY HARD	15%	$83K	20%	$111	15%	$83
New Hotel Coverage	---	EASY HARD	15%	$12K	15%	$12K	20%	$16K
Total: Adjusted for Double Dipping				**$3.27M**		**$3.32M**		**$2.62M**

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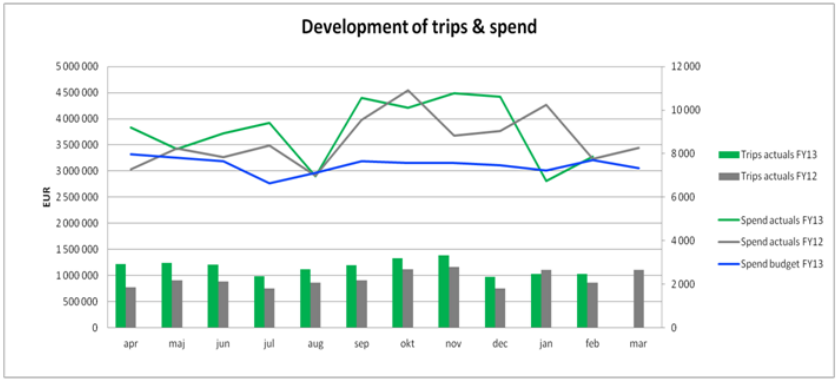
Expected Savings Delivery: **Moderate** Scenario

Keeping track of program performance needs aggregated focus…

Dashboard metrics



Metric	Feb 2014	YTD	Variance	Comments
Share of internal travel	63%	64%	-1%	
Share of 1-2 day trips	48%	46%	2%	
Share of multiple traveller trips		28%	N/A	

Travel compliance metrics

Metric	Country/ route/ city	Feb 2014	YTD	Target	Target Variance	Comments
Booking behaviour						
Online adoption - Domestic / regional	**Total**	**71%**	**68%**	**70%**	**1%**	
		74%	76%	70%	4%	
		85%	68%	70%	15%	
		100%	99%	70%	30%	
		62%	58%	70%	-8%	Needs further analysis
		46%	42%	70%	-24%	Needs further analysis
		77%	75%	70%	7%	
Online adoption - International	**Total**	**29%**	**26%**	**N/A**	**N/A**	
		46%	50%	50%	-4%	
		55%	51%	50%	5%	
		1%	1%	N/A	N/A	
Air fares						
Average ticket prices - one way fares (EUR)	**Top 4 routes**	**467**	**488**	**N/A**	**N/A**	
		239	254	250	-4%	
		913	960	950	-4%	
		807	815	815	-1%	
		130	148	140	-7%	Lower share of flexible tickets.
Hotel rates and compliance						
Average room rate (EUR)	**Top 5 cities**	**97**	**103**	**N/A**	**N/A**	
		69	72	72	-4%	
		179	189	175	2%	
		114	119	110	4%	Usage of Embassy suites. Q program hotels.
		108	106	100	8%	EMT member 13 r n in Sheraton Miyako
		134	136	130	3%	
Share of overnight flights with a hotel-booking	Global	55%	54%	TBD	N/A	Excluding China: YTD 64% feb 61%
Share of program hotels in program cities	Global	88%	86%	80%	8%	100 r n in Renaissance Yantze in Shanghai

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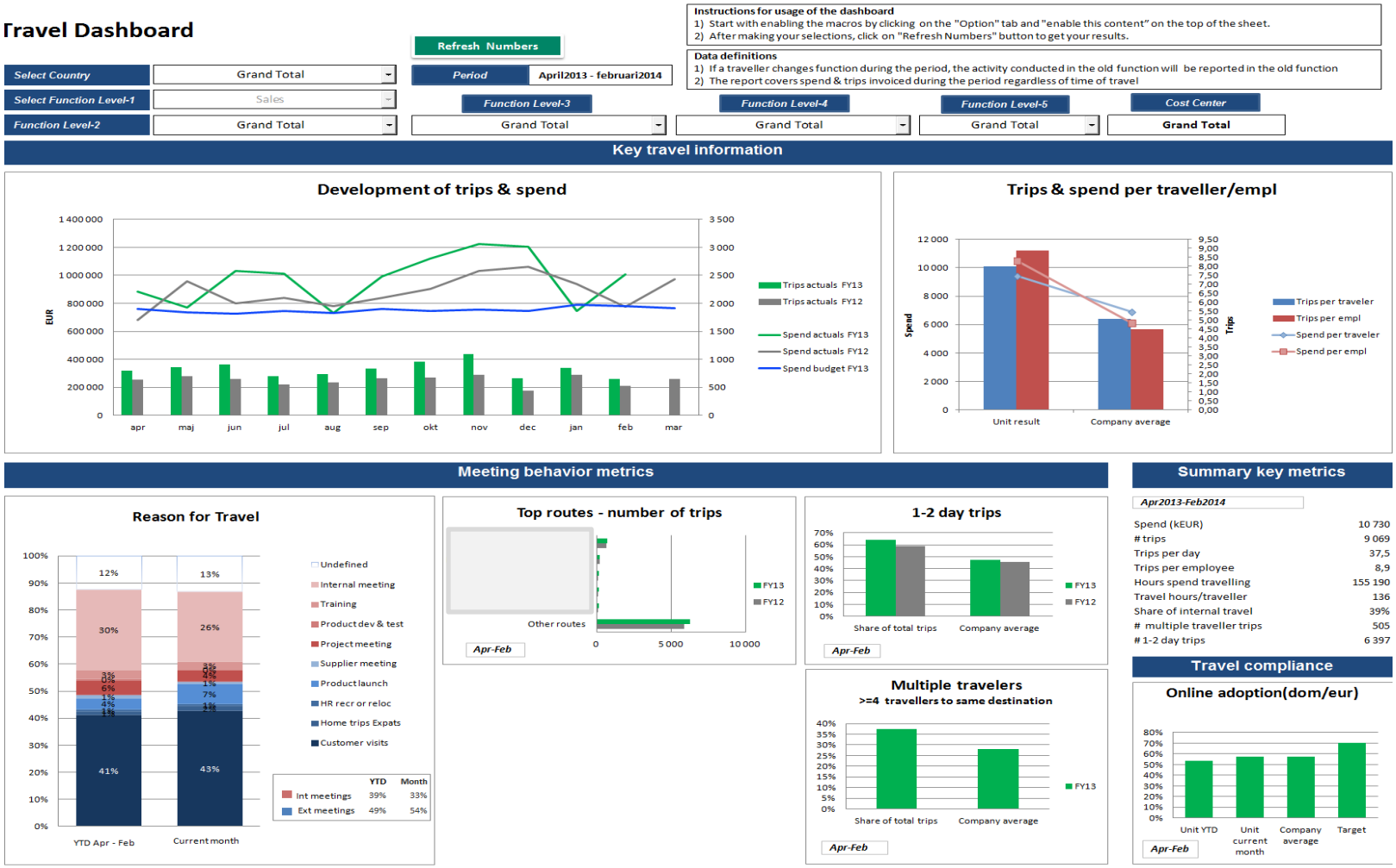
…as well as detailed analysis to track and improve behavior



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Carrots vs. sticks?

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Gamification, a Modern Loyalty tactic

- Social game mechanics
- Feedback
- Recognition
- Competition
- Community
- Digital platform

Making it interesting for your travelers to **do the right thing**.

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Never underestimate the power of recognition

DRIVE **ENGAGEMENT**

40%

40% of best-in-class companies use recognition as the #1 way to increase engagement.*

Gamification is changing the travel booking game.

- Recognize and reward your travelers for smart booking choices.
- Have happy travelers and increased travel policy compliance.

Savings and satisfaction **can go together…**

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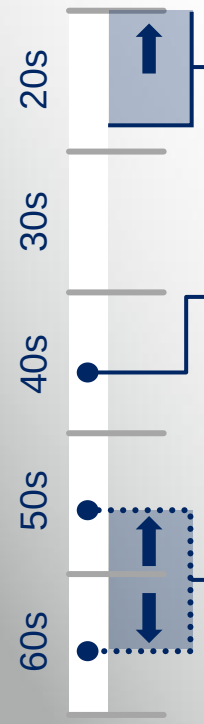
*http://www.incentivemag.com/News/Industry/Articles/Research-Finds-Employee-Recognition-Key-for-Top-Companies/?cid=eltrInc

It's not just kids who love technology

DID YOU **KNOW**:



67 percent of **Millennials** judge their company on workplace technology.*

The average social gamer is a **43-year-old female**. **

Twitter's fastest growing demographic is **55- to 64-year-olds**.***

Generation Xers and Millennials make up **50 percent** of today's workforce .*

- Competition.
- Collaboration.
- Community.

…driving increased travel **policy compliance**

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*CompTIA, May 2013 online survey.
**http://socialtimes.com/the-average-social-gamers-are-43-year-old-women-infographic_b87767
***http://blog.globalwebindex.net/twitter-now-the-fastest-growing-social-platform-in-the-world/

Think gamification is a passing trend? Think again.

WE DO IT A LOT.

@ HOME

- Rack up points.
- Earn freebies.
- Beat your friends.
- Track your fitness.

@ WORK

40% of Global 1000 organizations will use gamification by 2015.*

Why? It works.

We like to compete. Status – where we rank amongst others – plays a role in our health and well-being.**

Get in the game – Engage your travelers.

Don't play **with** your travel policy. Play **for** it.

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*Forbes, The Gamification of Business, January 21, 2013
**Sapolski, R.M. (2002). A Primate's Memoir: A Neuroscientist's Unconventional Life Among the Baboons. Scribner.

Interactivity is key in Gamification

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In conclusion: Visibility – Change – Optimize

		Year 1	Year 2	Year 3
Stage	**Action**	Build	Optimise	Re-evaluate
Visibility	Build Network - Program Stakeholders / Key Travelers	✓	✓	✓
	Benchmark Program vs. Goals & Peers - Set Scorecard	✓		
	Change management and demand management initiatives	✓		
	Business Growth & Talent Management	✓	✓	✓
Change	Drive Savings Levers	✓	✓	✓
	Targeted Compliance Initiatives	✓	✓	✓
	Traveler Behaviour & Change Management Initiatives, Gamification	✓	✓	✓
	Online Program Management	✓	✓	✓
	Ongoing Program Management Linked To Sourcing plan (air & hotel)	✓	✓	✓
Optimise	Detailed Program Assessment	✓		
	Data Delivery & Touch Points	✓	✓	✓
	Program Audits	✓		✓
	Technology Relevance Review			✓
	Budgeting Insight			✓
	Future Requirements	✓	✓	✓

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Takk !

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