

Cost control and beyond: The CFO's agenda for corporate travel



A report prepared by CFO Europe Research Services in collaboration with Amadeus

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Cost control and beyond: The CFO's agenda for corporate travel is published by CFO Europe Research Services, 25 St. James's Street, London SW1A 1HG. Please direct enquiries to Jason Sumner at +44 (0)207 576 8000 or jasonsumner@cfoeurope.com.

CFO Europe Research Services is part of CFO Publishing Corporation, which produces *CFO Europe* magazine, and CFO titles in the United States, Asia, China and India. CFO Publishing is part of The Economist Group.

September 2008

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Executive summary

In the past decade, the rise of online self-booking tools and internet price comparison sites, as well as technological leaps in expense reporting and reimbursement, have revolutionised corporate travel management. These advances have led to cost savings, more choice, more productivity, and have enhanced the personal travel experience for globe-trotting executives.

The research reveals exactly where CFOs want travel managers to focus their cost-control energies

Travel managers have long been aware of the opportunities, but what about CFOs, who, after all, are the ultimate decision-makers when it comes to investing in new technology and ways of working?

This report certainly confirms that finance views travel management primarily through a cost-control lens. The possibility of savings will always get CFOs' attention, and there is no doubt that while controlling discretionary costs has been important to some extent, for many companies it has become paramount as fixed costs rise and economic uncertainty throws doubt on revenue growth.

The research reveals exactly where CFOs want travel managers to focus their cost-conscious energies. For

> About this report

In July 2008, CFO Europe Research Services, a unit of CFO Publishing and part of The Economist Group, began a research project with Amadeus, asking senior finance executives for their opinions about travel management.

The report is based on the results of an online survey of more than 120 senior finance executives in Europe, Asia and the US, and on in-depth interviews conducted with executives at the following companies:

- Affinity Insurance Services (Aon)
- eBuilder
- Logica
- McCann World Group
- Sightsavers International
- Swiss Re

CFO Europe Research Services and Amadeus developed the scope of the research jointly. Amadeus funded the research and publication of our findings, and we would like to acknowledge the Amadeus team for its insight and support. At CFO Europe Research Services, Emily Williamson wrote the report and conducted the interviews. Jason Sumner managed the project and edited the report.

Thanks as well to the executives who took the time to share their views with us.

example, IT systems that provide one view of travel spend, which supports corporate-wide leverage with suppliers, will find favour with finance. And we find that some CFOs do indeed look beyond cost when making travel decisions relating to the adoption of newer travel tools, productivity considerations and the green agenda.

Throughout the report we have highlighted key regional differences between Europe, Asia and the US, where these occur.

Here are the key findings from the report:

Travel costs can be managed better

While 60% of survey respondents believe that managing travel costs is very important, under half say that their companies are managing them well or very well. And in spite of its perceived importance, finance executives say that travel cost management has, as yet, made a minimal contribution to overall cost management at their companies.

CFOs say travel managers should prioritise employee productivity

Cost isn't the only consideration among some CFOs. Nearly two-thirds of respondents said that they wanted travel managers to help save employees' time on their journey. And 45% said that they wanted travel managers to focus on employee productivity when booking travel.

On the whole, CFOs aren't yet convinced of the benefits of green travel

There is a good deal of ambivalence about environmentally-friendly travel policies - more than half of respondents do not see any business benefits. However, some companies, especially those that are highly regulated or have a green reputation to maintain, take green issues into account. We give examples of companies that have made the environment one of their key concerns, because their investors and customers expect it.

CFOs want to see travel IT linked with ERP, HR and expense management systems

Integration may be the goal, but respondent companies are far from achieving it. For example, nearly three-quarters of survey respondents think that integrating travel management systems with expense management systems is very important, but less than 20% say that the two systems are "highly integrated."

Travel managers should focus on improving supplier relationships

Almost three in four respondents said that increasing leverage with travel suppliers was important or very important, but only 36% said that their companies were doing well or very well at this. The survey shows that CFOs believe in economies of scale. IT systems that provide one view of travel across the whole company provide powerful leverage with suppliers.

Finally, we examine how travel managers can use the research in this report to make the best business case for new and improved travel technologies, which could benefit both the travel department and ultimately, employees company-wide. This report encourages travel managers to perhaps take a broader view than they're used to, to ask how new systems might meet the targets on which CFOs will focus.

Section 1 — Cost versus quality

The CFO's travel agenda

Finance executives believe they can and should do better at managing finance costs, yet the research shows that saving on travel isn't their only concern.

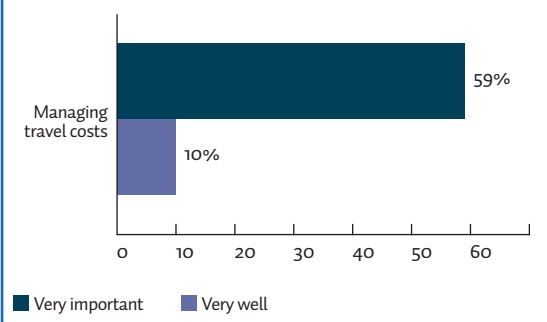
The survey results confirm that cost control is never far from the finance agenda. Almost 60% of survey respondents deemed managing travel costs to be very important, and when asked what they thought travel managers should focus on, nearly 80% selected “immediate” cost savings. Sixty-two percent also wanted to see “longer-term” cost savings.

Up to now though, it seems travel cost savings haven't had much impact on overall cost management. For example, three-quarters of management teams in the survey said they've poured more energy into general cost reduction in the past two years. At the same time, a similar percentage of finance executives said savings from travel had been a minimal contributor to cost control programmes.

The survey also shows there is more room for achieving the travel savings that CFOs say they want. Fewer than 40% say that their companies are managing travel costs well, and only 10% manage them very well. (See Chart 1.) Even among those companies in which travel is one of the three highest costs, just over a third believes that they are managing travel costs well or very well.

These results suggest that if finance executives could manage travel costs better, they might take up a greater proportion of the overall cost control programme. This raises a question - what do CFOs think of the travel programmes, systems or tools they could use to help achieve those savings?

> Chart 1 – Importance versus effectiveness of managing travel costs



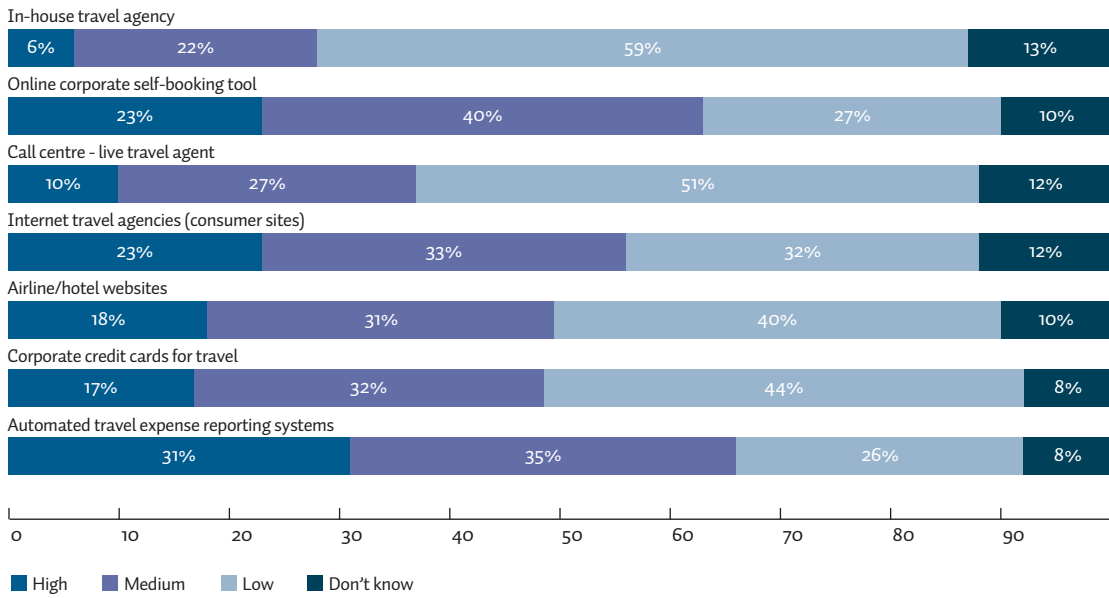
Travel tools: how economical are they?

Of the various travel programmes, IT systems and tools that we asked them to rate, almost two-thirds of CFOs deemed automated travel expense reporting systems and an online corporate booking tool to have high-medium cost-saving potential. (See Chart 2.) Michael Casati, vice president of group logistics at Swiss Reinsurance Company, a global reinsurer, has a goal to reduce global travel spend volume by about €10m in 2009, and one of the ways he hopes to achieve this is by globally implementing an online booking tool. “This will help us to reduce the transaction fee costs by around 80%,” he said. The goal is to achieve a global adoption ratio of 98% by the end of 2009.

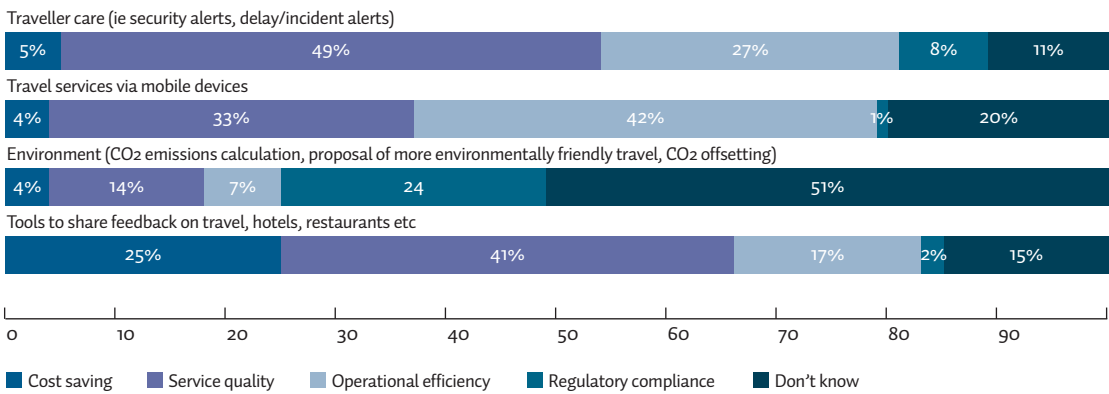
The new world of direct online booking has changed the way that CFOs view the role of travel agencies. Chart 2 shows that 59% of CFOs rated the in-house travel agency as having low cost-saving potential. As Bengt Wallentin, CEO of eBuilder, a Sweden-based developer of automated business processes, said: “The services we would like to see performed by the travel agency have changed dramatically. We need more value-added services, for example, knowing what vaccinations we should have, rather than just booking standard tickets, because we can do that ourselves.”

When it comes to other travel services, CFOs rate their operational and service quality benefits far higher than

> Chart 2 – For each of the following travel programmes, systems and tools, please rate the approximate cost-saving potential for your company.



> Chart 3 – In your view, would the following travel services benefit your company in any of the ways listed?



their cost-saving potential. (See Chart 3.) As can be seen in this chart, respondents deemed feedback tools (to share comments and recommendations on accommodation, restaurants and airlines etc.) to have the highest cost-saving potential of all these newer travel services. This finding could surprise some travel managers, who sometimes worry about feedback sharing tools work-

ing against corporate travel policies, for example, by pushing volume to non-preferred providers.

More American respondents - 36% - thought that feedback tools had cost-saving potential, compared with 19% of European respondents. However, it has to be said that taking all the respondents together, the perceived cost-

saving potential of feedback tools was still far outweighed by their deemed benefits to service quality, a selection made by 41% of respondents. Our interviewees demonstrated exactly when finance executives have a preference for service quality:

- George Yeoh, executive vice-president and CFO for Asia Pacific at the McCann WorldGroup, a global marketing agency, said that the company has a feedback page on the company intranet. “We review the recommendations, and if they are reasonable, we take actions based on them,” he said. “For example, some appointed hotels could be far from places travellers need to get to. The people staying in the hotel know better than us, so we do take those recommendations on board, and in the next round of negotiations, we don't include them in our list of qualifying hotels.”

- Ernie Caponetti, executive vice-president of operations at Affinity Insurance Services, part of Aon, also sees the merits of having a feedback tool. At the moment, the company solicits feedback about a trip on an ad hoc, anecdotal basis. “I think a feedback tool would allow you to respond to things and fix them a little more proactively,” he said.

- Bengt Wallentin at eBuilder explains why some CFOs could be dubious about the cost-saving potential of feedback tools: they are too subjective and in his opinion don't count for much in the business of negotiating with suppliers. “You can ask two people what they think about a hotel, and it could be exactly the same situation, but they will judge it differently,” he said. “We need to have an impartial measurement network as well. What we're trying to go on is more about cost efficiency and performance fulfilment. Those are things that are indisputable and factual, and which we can use when we negotiate agreements with our suppliers.”

- James Scott, finance director for outsourcing country operations at Logica, a provider of IT and business services, agrees. “Feedback is informal. If somebody has a terrible experience, they'll tell our travel bookers. I'm not sure how a feedback tool would really help from a financial point of view. Obviously, we could remove hotels that are flea-infested, and make sure that we don't take customers there. But if somebody's had a bad experience on a flight, or had a bad meal, or had a broken seat, or the flight was three hours late, I'm actually not particularly interested. That's something for the individual or our travel bookers to take up with the airline,” he said.

Quality: how far can it be compromised in the name of cost savings?

Talking to CFOs, we found that they have been looking at other ways of saving money on travel. One way is to establish a quality threshold for travel with two levels - one for employee travel or internal meetings and another for customer meetings and events.

The McCann Group recently changed its rules about flying business class in response to the rise in petrol prices and inflation. Yeoh said, “It used to be that you travelled in business class when your flight was three hours or over, now we've increased that to five hours. So for countries that are nearby, it's all on economy class.”

Scott says that Logica places tight restrictions on business class travel: “We are very strict about the class of travel that people are allowed to use. Staff have to use economy class, pretty much everywhere, unless they're going on a long haul flight, to India, for example. If the flight is anything less than eight hours' duration, then no staff member can travel anything other than economy.”

However, as Ernie Caponetti at Affinity Insurance points out, there is a minimum level of acceptability when it comes to, for example, providing hotels for customers. "If we're conducting internal meetings or you're simply doing an office visit, then all you really want to do is stay in a place that has the basics in terms of quality. If you're putting on a client meeting though, then quality is paramount. Quality can't be sacrificed."

McCann also feels that the company can't compromise on service quality. It chose Cathay Pacific as its preferred provider over its cheaper competitors because: "They have direct routes from Hong Kong to any country in the region and around the world... They are more convenient and more efficient," CFO Yeoh said. Of course, employee productivity is another, albeit indirect, cost of travel, as we shall see later in the section.

Seeking alternatives to travel

Aside from the IT systems and tools that reduce the overall cost of travel, some companies achieve cost savings by reducing the need to travel altogether. For example, by the end of last year, Logica Outsourcing had reduced its monthly travel expenditure by about 15% by asking its staff to cut down on travel. "If you want to do things like changing airport departure times and locations, you can probably save 5%. If you want to save 15-20%, then you have to stop people getting on a plane. You have to make them use the telephone, or video conferencing, or plan quarterly trips to meet staff instead of monthly trips. It's all about the mindset. You see people starting to realise that they do have a responsibility to save money, they do have a responsibility to be sensible," Scott said.

McCann is also asking people to replace some travel with other ways of communicating. "We are rolling out web conferencing quite seriously so that people can actually cut travel and spend more time on conferencing."

Similarly, Swiss Re plans to fly less in 2009 and is pushing web-based and video conferencing. The firm operates up to 200 video conferencing rooms globally, and held around 24,000 web-based conferences in 2007, a figure Casati thinks will be higher this year and next.

Case Study: Justifying the travel budget at Sightsavers

How can organisations find more efficiencies when travel costs are already at a minimum?

Sightsavers International, a charity that combats blindness in developing countries, already requires its staff to take economy seats and book the cheapest flights, so at the end of the year Petra Ingram, director of finance and support services at Sightsavers, plans to carry out a travel review that will be focused on ways of getting the most from each trip.

"We want improve our processes further, and those improvements will probably be more on the value side than the cost side," she said. This will include considerations about the way in which travel is booked, the number of people who are travelling, and how they share the benefits of travel with others, for example, with "documentation that supports the trip, the terms of reference of the trip, the report after the trip... Making sure that what we get out of it justifies the spend," Ingram said.

Ingram also envisages a travel database that is linked to Sightsavers' events calendar. That way, "we know who's going on the trip and, if, for example, I'm travelling to Bangladesh, I can find out if I can do something for somebody else while I'm there. It gets more value out of the trip and avoids unnecessary travel," she said.

Filling time: Is productivity a priority?

CFOs show interest in productivity gains but don't necessarily have the tools to measure them.

Almost two-thirds of CFOs in the survey said that travel managers could show their travel programmes to be more effective by saving employees' time. And 45% of respondents said that in the next two years, they would like to see their travel services departments focus on employee productivity in booking travel. Moreover, for more than two thirds of respondents, employee productivity should be a moderate or major goal when procuring travel. (See Chart 4.)

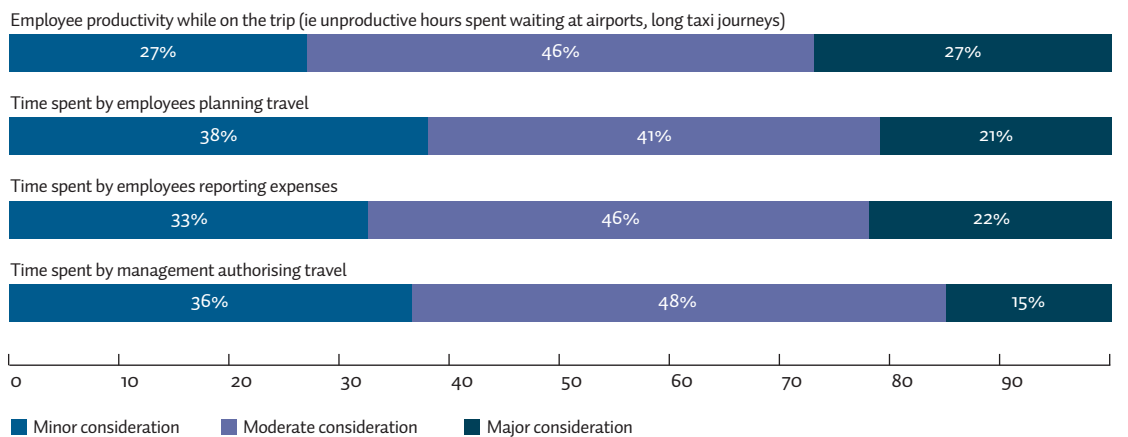
Time is money. We asked CFOs if they would be prepared to invest in new tools that would allow them to measure employee productivity. Some, like Caponetti, think that it would be difficult to make a strong case for this type of investment: "I would have trouble seeing how something like that, compared with the other options for capital spending, would be considered to be a higher priority than something that is much more directly related to the business. I think in a vacuum, it's easy to make the case for how [measuring productivity during travel] would be useful, but it would be hard to assess whether it is going to be the

most important thing compared to the other uses of capital spending," he said.

After all, he continued, "compared to, say, five or ten years ago, it is a bit easier to be productive with so-called downtime" thanks to BlackBerries and laptops. "There's probably a little more tolerance towards downtime because the tools that are at your disposal allow you to still be productive."

McCann World Group, on the other hand, takes another tack when it comes to measuring productivity. Rather than measuring the time that an employee spends travelling *per se*, the company measures the efficiency of a project as a whole: "We only measure productivity indirectly, based on the time charged to the job. Everyone who is on the road has to charge the time to the client. If someone had been sitting around at home and not charging any of the effective billable time to the project, it will emerge that he has not been productive for the month," said Yeoh, McCann's CFO.

> Chart 4 – Please indicate to what extent the following considerations are taken into account in your company's travel procurement policies?

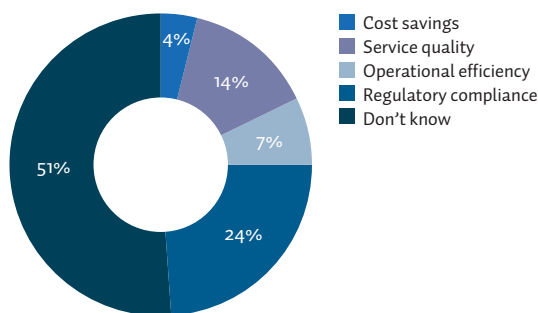


The green light - Travel and the environment

The survey demonstrates ambivalence among CFOs towards environmental issues. Here we focus on green travel and see why the issue is more important for some companies than for others.

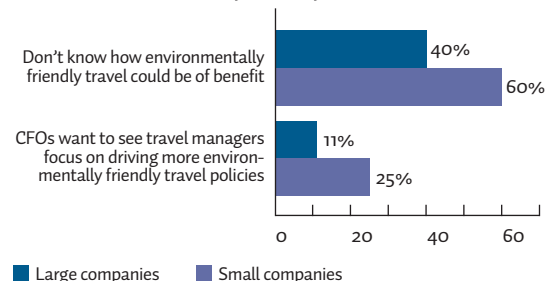
More than half of the respondents did not know how more environmentally-friendly travel could benefit their companies, dwarfing the quarter who said that it would improve regulatory compliance. (See Chart 5.)

> Chart 5 – How might environmentally friendly travel benefit your company?



For smaller companies, ie those earning under \$500m, the percentage of 'don't knows' jumps to almost 60%, but for larger companies, those earning over \$500m, nearly 40% of respondents selected 'don't know.' From this it would seem that large companies have more awareness of how environmentally-friendly travel could be of benefit. Nevertheless, more respondents at small (25%) than large companies (11%) said that they wanted travel services to drive more environmentally-friendly travel policies in the next two years (see Chart 6), compared with 19% of all respondents.

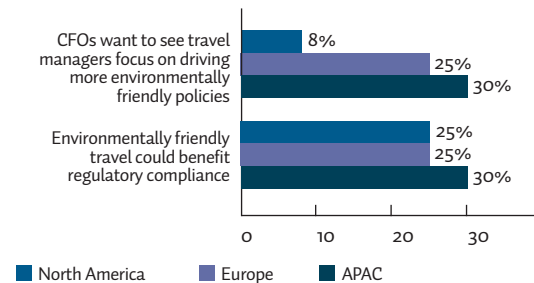
> Chart 6 – Comparison of large and small companies' attitudes to environmentally-friendly travel



Environmentally-friendly travel is less of a consideration for American respondents, only 8% of whom wanted to see travel services focusing on driving more environmentally-friendly travel policies, compared to a quarter of European respondents and a similar percentage of Asian respondents. (See Chart 7.) This result was mirrored by US-

based Affinity Insurance. Caponetti said that environmental considerations had never come into play when traveling. When it came to regulatory compliance on the other hand, similar numbers of American, European and APAC respondents thought that it would be prudent to consider the environmental impact of travel. (See Chart 7.)

> Chart 7 – Regional response to environmentally-friendly travel



As seen in Chart 5, only 4% of respondents thought that environmentally-friendly travel could generate costs savings. However, Casati at Swiss Re plans to link a reduction in CO2 emissions to a reduction in travel spend. "All divisions must reduce their CO2 emissions by 25% in 2009. This will be reported on in yearly and quarterly reports. Reducing CO2 emissions is directly linked to a cost saving at the end," because it will reduce the volume of air traffic.

eBuilder, developer of automated business processes, is also focused on environmentally-friendly travel. Why? Because its customers and investors have come to expect it. "More and more of our customers, who are partly in the public sector, will need to do business with environmentally-friendly companies," said Bengt Wallentin, the company's CEO.

With offices around the world, including sales offices in Beijing and Sydney, eBuilder spends 7% of its annual turnover on travel. Wallentin wants to cut this figure to 5%, relatively speaking, within the next two years, and if possible, tie it in with the company's CO2 emissions targets.

Yeoh also understands the need to demonstrate an environmental conscience. "In our annual report we have to highlight the fact that we are an environmentally-friendly company, so I think this is something we will have to take more seriously."

Section 2 — A tighter ship One view of travel across the business

Finance departments want one view of travel across the business but are being hampered by a lack of integration with other IT systems.

We asked CFOs to rank the top three important benefits of having one accurate view of travel expenses across the organisation. In first position was the ability to advise businesses on improving profitability, which fits with the key priority of generating immediate cost savings that we saw in Section 1. The ability to track spending by project or employee was the second most important benefit, and the ability to create better budgets and forecasts was the third most important benefit. (See Chart 8.) Looking at

discounts from one accurate view of travel. This makes sense: the larger the number of travellers, the bigger discounts you want to find.

Ernie Caponetti of Affinity Insurance mirrors this view. “[One view of travel] gives you the ability to drill down further and get a sense for where the spend is highest, and then utilise preferred vendors. It certainly gives us leverage in negotiating contracts with preferred vendors, because now we can measure reliably how much cost we're incurring and how much business we're throwing certain vendors' way. And then, by being able to negotiate proper deals, that can arguably bring the cost down further,” he explains. (See the case study on page 11 for more detail.)

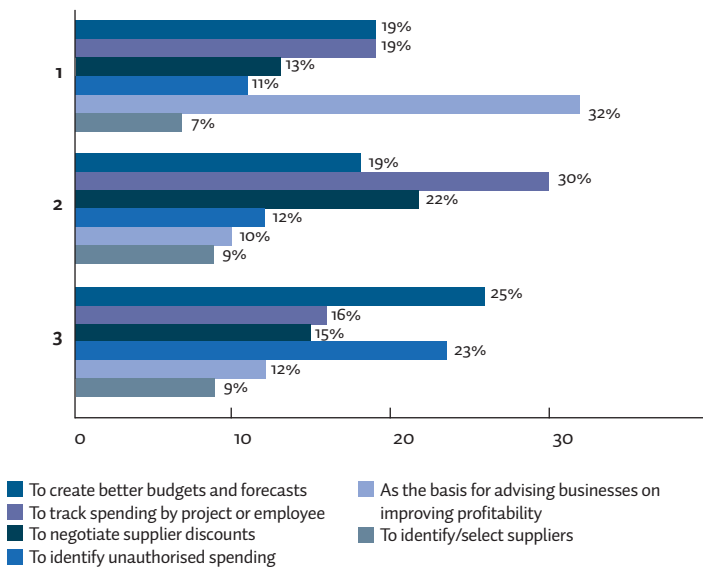
Integration is key

So how can CFOs obtain this single view of travel expenses? The answer from the survey is that integrating travel technologies with other business systems is very important. However, the results also suggest that this is an area where most companies are falling short of the mark. For example, almost three-quarters of CFOs recognise that integrating travel management IT systems with the expense management system is very important to the overall mission of managing travel costs, but only 18% of them say this has been achieved at a high level. (See Chart 9.)

eBuilder's system, for example, accommodates its own particular travel and compensation regulations and “has integration functionality that takes relevant information from the HR system and the operating system and automates the information flow between the different parts in the process. For instance, if you book a hotel, that information will be fed into your travel expense report and also into the electronic invoices,” Wallentin, its CEO, said. This functionality is not only useful for controlling cost, but also for obtaining a clear picture of individual travelling activity. “It's not only about cost, it's about being able to have transparency and control with your staff and impose a global travel policy,” he said. This transparency, as we

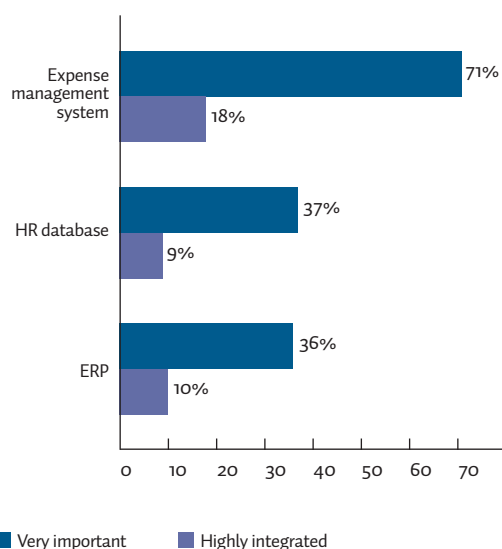
> Chart 8 – What are the most important benefits of having one accurate view of travel across the whole business?

Ranking (1 being the highest)



the responses from companies earning above and below \$500m highlighted some departures from the overall result. At companies with revenues over \$500m, respondents placed more importance on negotiating supplier

> **Chart 9 – The importance of integrating travel systems versus the actual level of integration**



saw in Chart 8, was considered the second most important benefit of a single view of travel costs.

Swiss Re is also linking its online booking tool to its expense management systems. This will help to provide greater visibility on spend data, which in turn will drive the negotiation of better rates with suppliers.

Integration becomes even more key after a merger or acquisition, which will bring new and conflicting technologies into play. Affinity Insurance extends its one-view-of-travel concept to acquisitions too. “Pretty much without exception, we don’t allow an acquisition to stand alone,” Caponetti said. “It doesn’t take a lot of time to get somebody plugged in and get an ID to log into the travel and expense reporting system. So that’s how we’re able to bring a lot of that data and reporting in as quickly as we can.”

Case study: The single view at Affinity Insurance

How one view of travel expenses helps build leverage with suppliers

Affinity Insurance Services, part of Aon Corporation, produces one view of travel costs across the whole company. The travel department is a centralised group that operates in Chicago. “We have centralised travel booking, an electronic expense reimbursement system that everybody has to use to get reimbursed, and a corporate card that allows certain reporting,” said Ernie Caponetti, Affinity’s executive vice-president of operations.

Having the data captured in such a way allows the company to measure reliably how much cost it’s incurring and how much business it’s throwing certain vendors’ way. This will then assist in negotiating deals.

“We can say, over the past 12 months, our executives took ‘x’ number of trips and spent ‘y’ number of dollars. We can then leverage that by asking what type of vol-

ume discount that would entitle us to. So go through the negotiation process,” Caponetti said.

Essential to this process is the need to have every employee use the preferred provider. “We require that once we have an arrangement in place, every traveller uses the preferred provider. If they don’t, it requires ‘exception reporting’ when they ask for reimbursement for travel. For example, if I chose to use a non-preferred provider, it would be flagged on my report, and I couldn’t process my expense report without explaining why I chose to use that provider. People don’t like to be flagged and called out as an exception, so it needs a compelling reason. That way you’re forcing compliance.”

This in turn proves to the carrier that the company is able to persuade and convince its travellers to use the preferred provider and also enables it to negotiate even deeper discounts.

Section 3 — The right mix How to impress the CFO

CFOs seek better relationships with travel and procurement departments. Facilitating this requires travel managers to speak finance's language.

When we asked CFOs about finance's relationships with various departments in the business, there was a clear disparity between the numbers that deemed these relationships to be very important and those that deemed them to be very effective. (See Chart 10.) For example, 51% said that finance's relationship with procurement was very important, but only 33% judged it to be very effective. And 50% thought that finance's relationship with travel services was very important, but only 27% deemed it to be very effective. How can this gap be closed?

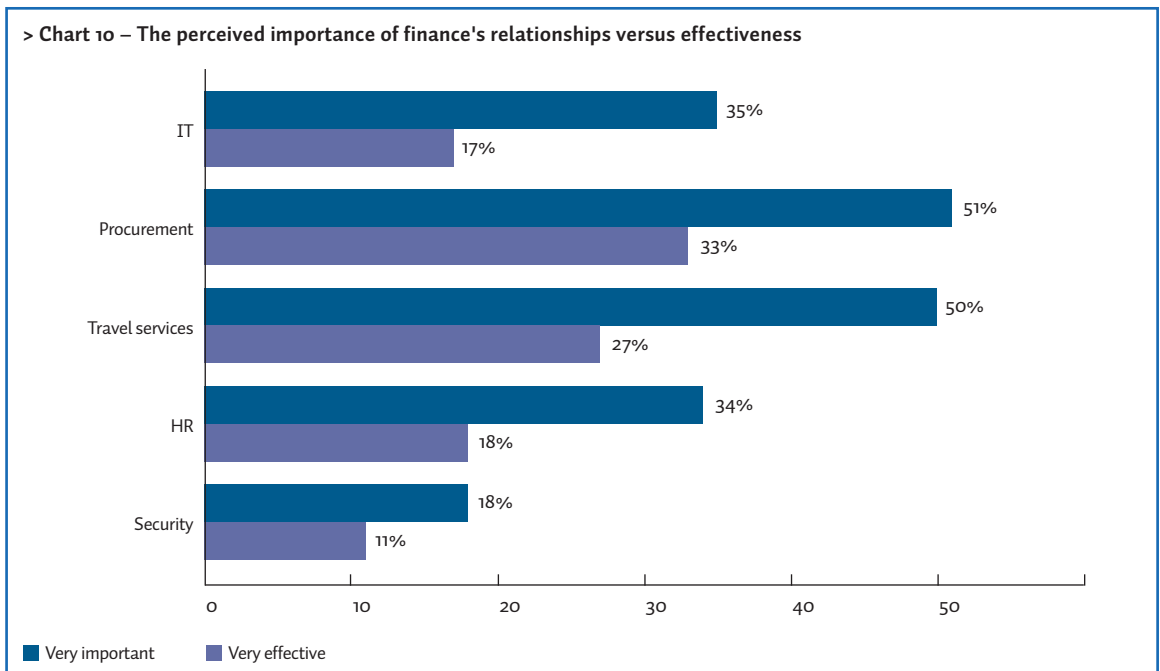
How can travel managers close the gap?

As the chart shows, the greatest disparity lies between

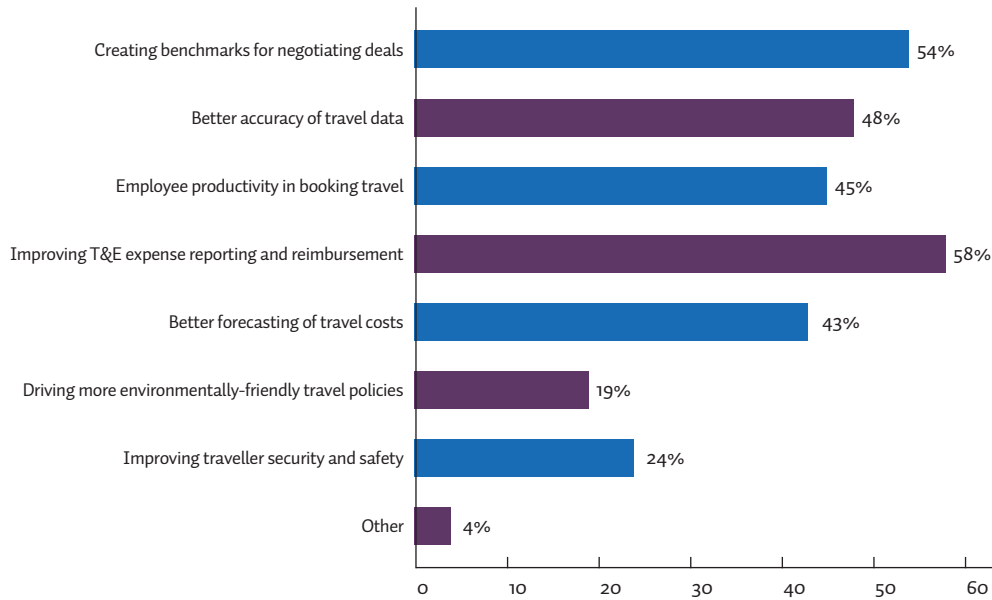
the deemed importance and effectiveness of finance's relationship with travel services. So what would CFOs like travel managers to focus on in the next two years? The greatest number (58%) said that they wanted to see travel managers improve T&E expenses and reimbursement. (See Chart 11.) This desire was particularly strong among American respondents, 72% of whom said they would like to see travel services improve T&E expense reporting and reimbursement, compared with 59% of Europeans and half of Asians. (See Chart 12.)

58% of CFOs said that they wanted to see travel managers improve T&E expenses and reimbursement

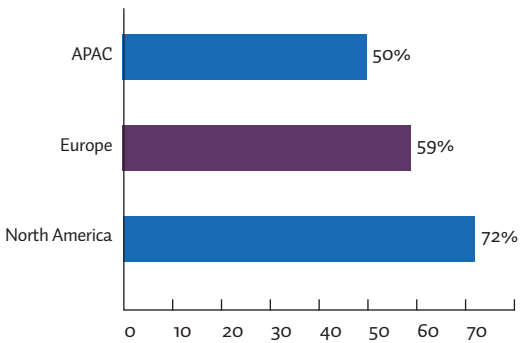
As Chart 11 shows, 48% of CFOs said they'd like travel services to improve the accuracy of travel data, which is unsurprising given what we have seen. This will help to create benchmarks for negotiating deals with suppliers, something that over half of CFOs requested,



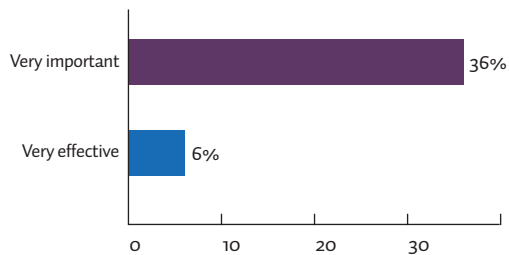
> Chart 11 – What would you like to see your travel services department focus on during the next two years?



> Chart 12 – CFOs want travel managers to focus on improving T&E expenses and reimbursement in the next two years



> Chart 13 – Effectiveness v importance of increasing leverage with travel suppliers



and an area where there is room for improvement: 36% of respondents said that increasing leverage with travel suppliers was very important, but only 6% said that their companies were doing very well at this. (See Chart 13.) There was much less concern with driving more environmentally-friendly travel policies and improving traveller security and safety. In fact, only

18% of respondents said that finance's relationship with security was very important, but this can't be overlooked if staff travel to dangerous countries. This is why, a year ago, McCann started subscribing to a risk control company that provides immediate reports on various dangerous events. "If there is a blast in Pakistan, two hours later we will get a report saying 'beware of travelling to this country because this is happening.' I do receive reports that we pay for, so that they can be communicated to people," Yeoh said.

Speaking the language of finance - Top tips for travel managers

Saving money, in both the short- and long-term, is uppermost in the minds of the CFO, but the research shows they are concerned about the standard and value of travel too. A smart business case will have the right mix of cost, standard and value arguments. The elements to emphasise when making a business case will depend on the company culture - whether the CFO sees travel as a vital component of doing business, or as an unnecessary evil.

- **Demonstrate immediate and long-term cost savings:** 78% of respondents say they want travel managers to demonstrate immediate cost savings (ie in the current fiscal year) and 62% want them to demonstrate longer-term cost savings (ie in future fiscal years).
- **Emphasise the integration benefits of any new IT system in terms that will resonate with finance:** Integrating travel technologies with the expense management system, HR database and other business operating systems will help to produce one view of travel across the organisation. As we have seen, this will be indispensable in negotiating better deals with suppliers, which half of CFOs said they wanted from their travel managers.
- **A single set of travel data helps justify the expenditure:** A single set of coherent travel data will increase the transparency and control of travellers' spending and thereby help to justify each trip to finance.
- **Frame quality proposals with customers in mind:** The survey results show that CFOs do care about service quality, and indeed, it goes without saying that when it comes to customer-facing travel, quality is a must. Proposals that see the company positioned well with customers will win plaudits with CFOs.
- **Find a way to measure productivity:** The research suggests that CFOs are interested in how employees can save time while on the road. Budget travel needs to be efficient as well as save money, because after all, inefficient travel is an indirect cost. Currently travel managers don't have a way of measuring productivity effectively. But CFOs will be impressed with an ROI that passes the plausibility test, even one based on rigorously presented anecdotal evidence from senior executives around the company.
- **Choose carefully when making green arguments:** In the right industry, with the right management team, incorporating CO₂ emissions targets into travel policies will also resonate with the CFO, especially as the green issue moves even higher up the global agenda and as clients and investors alike come to expect it.

Conclusion

This report examines CFOs' priorities for corporate travel management against a backdrop of technological advances in travel tools, economic uncertainty and environmental concerns.

CFOs do see scope to save more on travel, but the research shows that companies looking to do this by introducing travel tools like online booking and automated travel expense reporting systems should focus on integrating them thoroughly with other IT systems to get one coherent set of data. This will help to negotiate better deals with suppliers and to track spending by project and employee to increase transparency and control. A smoother, fully integrated system will also save employees time in booking, authorising and reimbursing travel, and help them to get the most out of each trip.

As travel managers scramble to cut costs, they know that they can't afford to compromise on upholding certain standards, namely, when it comes to looking

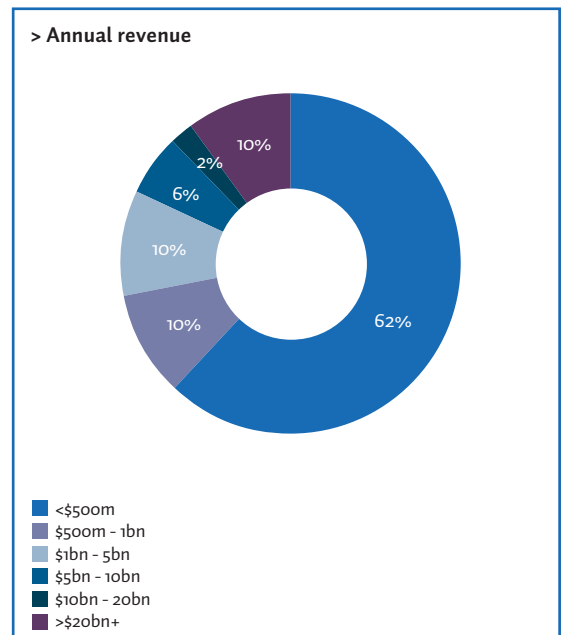
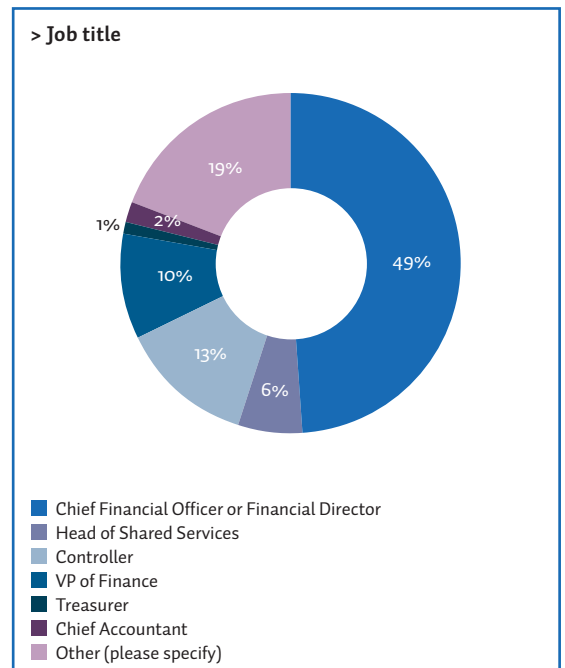
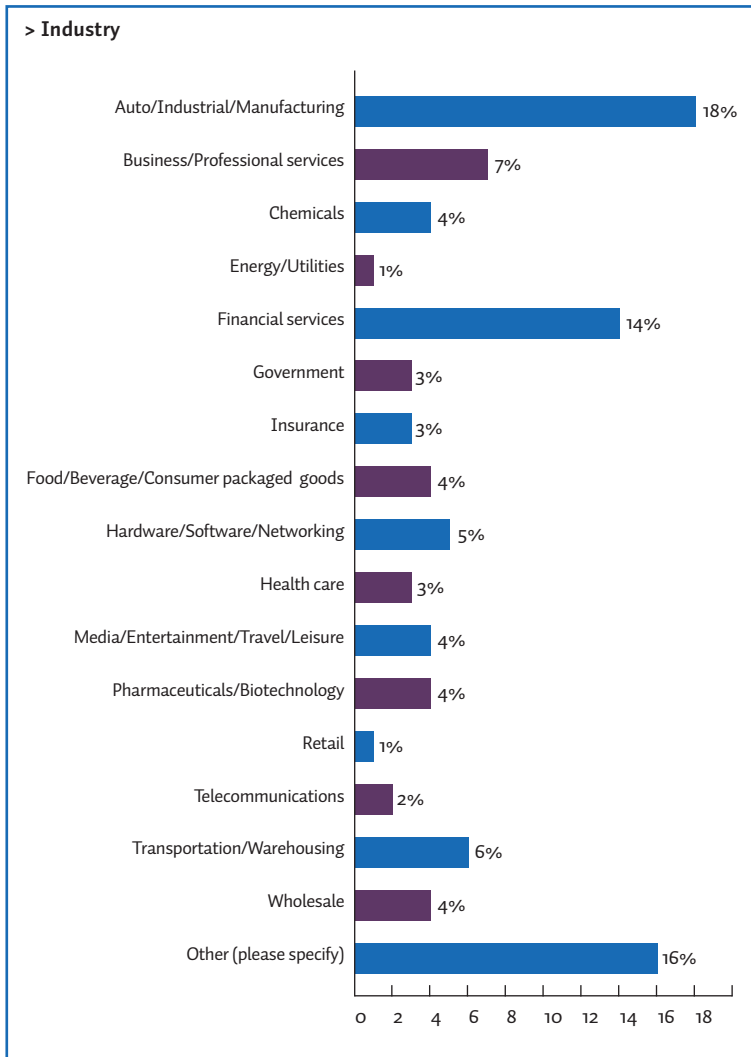
after clients, who, as drivers of future business, have always been, and will remain, a key concern. Companies should consider whether newer travel services, such as feedback tools, security or incident alerts, and mobile travel services, will result in a return on their investment. Every company is different in this respect, and certainly, some profiled in this report have seen improvements in both service quality and operational efficiency as a result of adopting such tools.

Companies cannot afford to overlook the green agenda either, as environmental concerns become ever more critical. It seems that companies will become increasingly held to account for their CO₂ emissions, either through governmental regulations or customer pressure, but they might also find that tackling this issue has the added bonus of saving money. Part of the answer here too could be to replace some travel with web-based conferencing or other high-tech ways of communicating, but once again, this must not be undertaken at the expense of alienating clients or undermining the firm's business position.

The research shows that companies looking to introduce travel tools like online booking and automated travel expense reporting systems should focus on integrating them thoroughly with other IT systems to get one coherent set of data

Study methodology

In July 2008, CFO Europe Research Services conducted a survey of 127 senior executives in Europe (50%), the US (25%) and Asia (25%). Most major industries were represented. Here is a further breakdown of the demographics.



Cost, Quality and Corporate Travel

While the role of the CFO in the corporate travel process has not undergone sustained scrutiny in the past, it is obviously a crucial one; and one which is continuing to grow in importance as businesses in every sector feel the pinch of the credit crunch and look to cut costs accordingly. Travel managers and procurement teams are constantly challenged to demonstrate the value of their programmes to finance and in today's challenging economic climate this will be more the case than ever.

So, Amadeus' objective in commissioning this report is to find out how exactly these groups can work together more effectively and what role technology can play in supporting this.

Looking at the key findings of the research we see IT's role as facilitating the following:

Hard data to make the case with finance and suppliers

It is through the use and application of hard data that travel managers can best begin to talk the language of finance. Whether it is to facilitate negotiations with suppliers, to track and account for spending, or to benchmark the value and cost of programmes, the demand for a ready and transparent source of information which consolidates data from a variety of sources is increasing exponentially. It is not enough to be able to claim abstract benefits. Finance needs to work with tangible figures, as do procurement and supplier management teams.

Hard and soft savings through systems integration

Participants in this research are united in their recognition of the importance of integrating systems of the various units – whether influencers or decision-makers – involved in travel procurement. However there is also widespread acknowledgement that companies have been slow to implement such integrations. Specifically for Finance such integration, including deeper meshing with corporate IT infrastructure (ERP, CRM etc) would allow the impact of travel spend to be determined as it relates to key financial concepts such as cost-of-sale. It would also facilitate improved budget planning and tracking across all business units and projects.

Industry benchmarking

According to the research CFOs see industry benchmarking as a key focus for travel managers/procurement teams moving forward. This would give companies different views of what could be considered an appropriate level of travel spend or savings vs companies of similar profile, size, organisational structure, industry sector etc. Such benchmarking will require a co-ordinated response from the industry as a whole and could perhaps be driven by industry associations. IT will play a key role in consolidating and analysing the diverse data and delivering appropriate benchmarks for Procurement and Finance teams.

Cost versus quality: must it always be a trade-off?

Can CFOs go in two directions at once and cut costs without damaging quality? CFOs work from the stand-

point of running the business, weighing up the costs of travel against client satisfaction. It is no longer simply a question of controlling expenditure directly through the reduction of unnecessary overheads. Instead questions over employee productivity are beginning to be considered at every stage of the travel process. Indeed the rise of social networking facilities, such as online feedback and opinion-sharing tools, is an interesting reflection of this. What is often viewed as a 'nice-to-have' to improve traveller service, can also be applied to help limit expenditure for example thanks to employees advising fellow travellers of best value travel options. Ultimately this attains both service and cost objectives.

CFOs clearly perceive that there are substantial savings still to be made in the area of travel. Why this strong perception exists is not exactly clear. But for travel managers and procurement teams it means they will have to work considerably harder - and smarter. They will need to demonstrate the real returns of their efforts to limit negative impact on the company's bottom line. And they will need to prove more clearly that they are achieving the very best value for their company's travel spend.

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Amadeus

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Over 2,500 corporations worldwide use Amadeus' corporate travel solutions to manage their global travel programmes more efficiently and cost-effectively, integrating all elements of their programmes into one intuitive and easy-to-administer solution. This allows business travellers plan, personalise and purchase their trip while remaining compliant with the global travel policy. Customers include Altría, Cemex, Daimler, Ericsson, Huntsman, Nestlé, Total and Thales.