

BUSINESS TRAVEL NEWS

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The Corporate Traveler

POLICY COMPLIANCE AND
TRAVELER PREFERENCES

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2008 RESOURCE GUIDE

The Corporate Traveler



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Cover, photography, layout design and information graphics by Eric Wong.
Special thanks to Emily Lewis.



DAVID MEYER
Editor-in-Chief
(646) 654-4431
dmeyer@btnonline.com

CHRIS DAVIS
Executive Managing Editor
(646) 654-4437
cdavis@btnonline.com

JAY BOEHMER
Airline Editor
(646) 654-4434
jboehmer@btnonline.com

MICHAEL B. BAKER
Hotel, Expense/Payment Editor
(646) 654-4433
mbaker@btnonline.com

SETH HARRIS
Travel Management Editor
(646) 654-5716
sharris@btnonline.com

ELISSA HUNTER
Meetings, Ground Transportation Editor
(646) 654-4432
ehunter@btnonline.com

ERIC WONG
Art Director
(646) 654-4439
ewong@btnonline.com

CONTRIBUTING EDITORS

AMON COHEN
+44 (0) 1963-351-219

PATTY DONMOYER
pdonmoyer@aol.com

We welcome your letters, comments and feedback. Please contact the editor at dmeyer@btnonline.com.

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NANCY LAZARUS
Research Director

SUBSCRIPTION SERVICES
(847) 763-9050
Fax: (847) 763-9037

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(845) 731-2731

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KRISTI FULKERSON, The YGS Group
(800) 290-5460, ext. 144
BTN@TheYGSgroup.com

BTN EDITORIAL & SALES OFFICES
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New York, NY 10003-9595
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LETTER FROM OUR SPONSOR

As the end of the year approaches, the industry continues to face a challenged environment. The economic slowdown that started in the United States has made its way overseas. Uncertainty surrounding the future price of fuel, movement in airline consolidation and alliances and tighter controls over contract performance measurement will impact air travel pricing and also have a ripple effect within other areas of travel, including hotel, car rental and corporate meetings. All this equates to increased costs for buyers and fewer options for travelers.

In this marketplace, companies continue to view travel as an investment and are doing everything to maximize their return. Our role is to help companies adjust and manage their travel programs in a disciplined way by incorporating best practices, optimizing policy and compliance strategies, and leveraging technology that make governance of policies feasible.

As travel expenses draw attention from senior executives who recognize the need to balance travel spending with the role it plays as an essential revenue-generating business function, companies will employ strategies to maintain the frequency of travel while mitigating increased costs. At the same time, traveler satisfaction on the road is becoming increasingly important. This year's Corporate Traveler survey reveals that while travel buyers are more cost-conscious than ever, they are paying greater attention to traveler comforts from the mode of transportation to the choice of hotel.

We're proud to partner with *Business Travel News* on the 2008 Corporate Traveler survey. We hope these findings provide insight into trends and preferences of those making purchasing decisions as well as the corporate traveler impacted by those choices so we can help shape the future of our industry.



Hervé Sedky
Vice President and General Manager, Advisory Services
American Express Business Travel

BTNonline.com Highlights

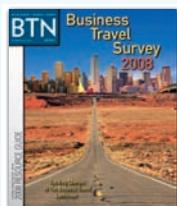
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>> Sponsor: American Express Business Travel
Today's Corporate Traveler: Exclusive *BTN* research highlights their wants, expectations and policy compliance
Date: Wednesday, November 12
Time: 2:00 PM Eastern

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2008 BUSINESS TRAVEL BUYER'S HANDBOOK
Techniques for managing business travel





Who Is Today's Corporate Traveler?

BY DAVID MEYER

Facing escalating airfares and substantial reductions in domestic airline capacity, frequent travelers who work for companies that manage travel today are taking fewer trips and spending fewer nights on the road than in the past, but they are following their companies' travel policies more than ever. While domestic travel is down substantially, there is an increase in international travel.

It has been six years since *Business Travel News* last took the measure of corporate travel policy compliance, service expectations and technology use, along with business travel buyer insight on policy compliance and traveler behavior, and what we have found in 2008 shows marked differences from our last and previous studies.

A year after Sept. 11, 2001, frequent travelers had cut back their nights away from home, but continued to take 25 domestic and three international trips per year, as original *BTN* research showed they had done in 1996 and 1998.

During the past six years, increased federal security regulations and frequent airline delays have made flying even more of a hassle. Escalating airfares and fuel surcharges, improvements in remote conferencing technology and weakness in some traditionally travel-intensive vertical markets, such as the pharmaceutical and technology industries, have eroded some business travel demand, culminating with this year's economic slowdown.

As a result, even before the recent crash of Wall Street investment banking companies and the ensuing financial freefall, frequent travelers—those who travel 10 times or more per year—this year reported an average of 14 domestic and six international trips.

Nearly half of the trips that travelers took were to make sales calls or meet with customers, one-quarter were to conduct internal business, three were to attend trade shows or conferences and two were for training purposes.

Nights that frequent air travelers were away from home on business fell from 94 in 1998 to 68 in 2002 and again this year to 55. Again domestic nights away declined and international nights grew from 2002, when frequent business travelers spent 10 nights away from home versus 14 this year. Despite the rebound, it still doesn't approach the 22 nights frequent business travelers spent in other countries in 1998.

Frequent travelers also made six other business trips

by air that did not require them to spend any nights away from home. At 61 days total, that's one-sixth of the year on the road.

Overall, travelers said they complied with company travel policies, including use of preferred vendors 90 percent of the time in the past 12 months, with 56 percent saying they always do, up from 45 percent in 2002. Meanwhile, buyers agreed that their frequent travelers fail to comply with overall travel policy only 8 percent of the time.

Business travel buyers expect that they will see more change in the amount of corporate travel, travelers and expenditures next year compared with last year than they had in the previous survey, with one-third rather than one-quarter predicting a decrease in the number of trips and travelers and nearly one-half rather than slightly more than one-third forecasting an increase in expenditures.

Despite the changes, the identity of the corporate traveler has not changed radically. Men still comprise the majority of corporate travelers, although women now make up slightly more than one-third, up from one-fourth in our 2002 survey and nearly one-fifth in 1998.

The corporate traveler's average age dropped from 49 years in 2002 to 41 years old today, with nearly one-third now between 25 and 34. The average age of women business travelers is the same as for men. At 41 years old, women averaged five years younger than in 2002.

The majority of travelers continue to be those with senior corporate management and middle management responsibility.

Frequent business travelers had \$113,300 in median personal income and \$139,000 in household income, while those who traveled less than 10 times this year had \$91,200 in personal income and \$119,500 in household income. In 2002, median personal income for frequent business travelers was a little higher, at \$124,000, and median household income was about the same, at \$138,650. The discrepancy in average income between men and women travelers, however, remained the same at \$20,000.

Nearly one-fifth of travelers worked for manufacturing companies, nearly one-sixth worked for consulting and accounting firms, nearly one-seventh worked for high-tech companies, another one-seventh worked for financial and insurance companies and close to another one-fifth of travelers who responded to this survey worked for aerospace, defense, pharmaceutical, medical, chemical, petroleum, communica-

Who Is Today's Corporate Traveler?

tions or entertainment companies.

Business Travel News derived these findings from two surveys designed by editors and conducted in September 2008 by *BTN* and third-party research house Equation Research of Boulder, Colo. Results for the traveler survey were tabulated from responses provided by a panel of 511 travelers who

flew six or more times a year for business in the past 12 months, including a subset of 252 frequent travelers, defined as those who traveled by air 10 times or more in the preceding year.

While there are some differences between frequent and less frequent business travelers, most of the results for the two groups are

strikingly similar.

BTN editors created a separate survey, hosted online by Equation, which *BTN* invited a randomly selected group of qualified business travel buyers to answer. *BTN* and sponsor American Express sought to entice further participation in the research from buyers by offering them a chance to win one of ten \$50 American Express gift cheques. As a result of those efforts, 235 business travel buyers completed the survey questionnaire.

Business Travel News thanks American Express Advisory Services for making this original research possible and Travelport for its additional support for this effort. *BTN* also wishes to thank the 511 corporate travelers and 235 business travel buyers who provided the industry with this glimpse into their activities and expectations.

While the majority of corporate travel buyers—including travel, procurement, finance and human resources executives as well as small business owners and corporate CFOs—still see cost savings to be as important as service, pressures from soaring fuel prices and plummeting stock values have hit business travel budgets like a one-two punch.

Tough times call for dialing up business travel policy restrictions

by articulating tighter and more comprehensive travel policies and increasing enforcement measures—including the implementation of mandates. This emphasis on cost control helps explain an increase in the number of companies employing pre-trip reporting processes and systems.

For the most part, improving communications and expanding the use of travel management technology has increased awareness and compliance. Such technology includes pre-trip reporting and online booking tools as well as enhanced travel agent systems and is augmented by the growing use of mobile-device-based travel services.

These systems make it easier for travelers to see a broader range of booking options with a more clear understanding of which suppliers the company prefers them to use, and they make it harder to book arrangements that are out of company travel policy.

Equipped with such tools and increasingly urgent communications from senior executives to reduce costs, it is no wonder that today's corporate traveler is more likely than ever to be aware of and to fully comply with company-specified actions. ■

Trips, travelers, spending outlook

Change forecast for the next 12 months

	Increase	Decrease	No Change
Number of trips	28%	34%	39%
Number of travelers	25%	33%	41%
Travel expenditures	47%	29%	24%

Nights away from home

Average nights away from home during air business trips in the past 12 months

	All travelers	10 trips or more
Trips without nights away	4	6
Domestic nights away	27	41
International nights away	10	14

Business travel destinations

Average number of business trips taken by air in the past 12 months

	All travelers	10 trips or more
Business trips	13	20
U.S. destinations	9	13
Canada	1	2
Europe	1	1
Asia/Pacific	1	1
Mexico	0	1
Central/South America	0	1

Business travel destinations

Average number of business trips taken by air in the past 12 months

	All travelers	10 trips or more
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Europe	1	1
Asia/Pacific	1	1
Mexico	0	1
Central/South America	0	1

Travel Policy Awareness And Communication

BY JAY BOEHMER

As the backbone of corporate travel programs, policy drives preferred supplier agreements, reins in unnecessary spending and sets corporate expectations for business travelers.

Many companies take a multi-pronged approach to putting policies in front of their travelers—using some that are corrective and others that are preemptive, delivering messages through emerging technologies and also using decidedly low-tech means of communications.

Despite all the tools in the toolkit that allow buyers to communicate the company's will, a divide remains between travelers' knowledge of policy and the expectations of corporate travel managers. A company can have the best policies on paper, but their utility is only as strong as travelers' awareness of them.

According to *Business Travel News'* surveys of 511 travelers and 235 corporate travel buyers, travelers paint themselves as more likely to be "very aware" of policy than travel buyers think. Still, the majority of buyers said their travelers are "aware" or "very aware" of travel policy.

Corporate travelers gain their knowledge of corporate travel policy from a wide array of sources, including human resources, senior management, supervisors or co-workers and through e-mail, the corporate intranet, training sessions and periodic newsletters.

Corporate intranets or portals have become a favored method for delivering policy at most companies, with 71 percent of travel buyers saying they rely on the intranet for communicating policy and an additional 7 percent planning to deploy policy via corporate intranet in the next year.

The depth of those portals remains

varied, with the majority of companies that employ intranets simply communicating the basic travel policy tenets to employees.

Cisco Systems is among the large companies taking a deeper plunge into more advanced forms of traveler communication that go beyond a static top-down corporate intranet. The company has adopted Web 2.0

technology into its travel program to provide a forum for travelers not just to view policy, but also to solicit advice and recommendations from other travelers and broadcast their own views on travel-related issues. The company rolled it out earlier this year to a warm reception from its employee base. Director of global travel, meetings and events Susan Lichten-

stein this month said that the travel forum remains the most highly trafficked forum on the company's internal network, averaging more than 4,000 views per month.

Cisco said the approach has produced a high level of engagement among its tech-savvy traveler population, but several travel buyers and corporate travel management consultants said one low-tech tactic to get policy down to the employee level is to turn every manager within the company into an arbiter of policy and the most effective extension of the travel manager.

"We've become accustomed to having a Web page, putting things up and that's all that has to be done. I, as a travel manager, don't have to exert much effort because I already put it up on the Web," said Norm Rose, president of Travel Technology Consulting. "I think that's the minority of travel managers, but it is a symptom of thinking the technology is going to solve the problem when it really is basic communication—going down from the CEO to his direct reports, to the divisions, and down to as low a level that has budget responsibility—to make that clear."

Sematech manager of corporate travel and meeting services Bill Davidson said that his company employs an "all-of-the-above approach" that includes the corporate intranet, training meetings, alerts and other forms of communication.

"Of course, we have the travel policy intranet site where our entire travel program is on pages there. We also have the ability to submit announcements to go out to everybody," he said. "Basically, when somebody essentially logs on to their PC at Sematech and launches Internet Explorer, they come to a Sematech corporate home page full of news, and we have the ability to drop announcements





Travel Policy Awareness And Communication

Means of finding out about corporate travel policies

Human resources	32%
Senior management	31%
Supervisor	23%
Travel manager	16%
Co-worker	13%
Travel agent	10%

E-mail	31%
Corporate intranet	29%
Meeting	24%
Training session	21%
Online booking tool	17%
Newsletter	13%
Telephone	12%
PDA	6%

right there. That broadcasts it to everybody. Then, of course, we have staff meetings that go on throughout the building from the highest level. Perhaps the CEO discusses a policy change with all of his senior vice presidents and directors, then those people take it to their staff meetings. It definitely assimilates through the building through one of those methods. Our own travel agents school travelers all the time, telling them when something changes."

With the support of senior management, corporate travel buyers must deputize managers throughout the company to foster compliance and communicate policy, some consultants said.

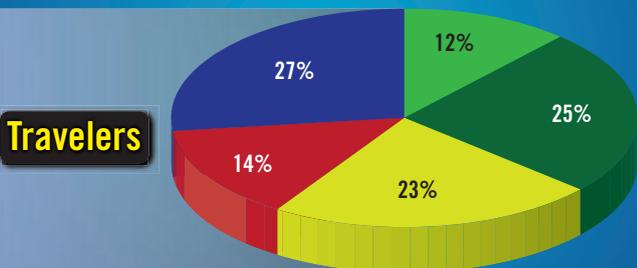
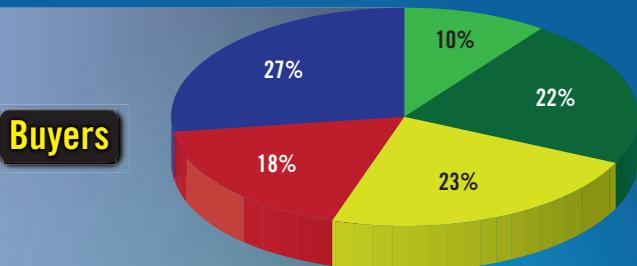
"In a way, corporate travel manager is a bit of a misnomer, because you're not really managing travel. You're negotiating contracts, building policy, communicating policy, providing intelligence to people to help them manage their budget," according to Rose. "The person who manages travel is the traveler's boss, whoever

manages the budget."

Policy communications also work their way up the chain, as Sematech's Davidson said his most frequent travelers keep in touch with him—providing a barometer of where Sematech travelers' questions and concerns lie.

"I think we do a good job of getting the word out. The people who do travel a lot pick up on that and pay attention to it. They're pretty savvy guys, the ones who do pay attention to their travel," Davidson said. "They're already reading about everything and up to speed on it. I get notes all the time from people saying, 'Hey, I read the passport rules are changing,' or someone will say, 'Don't we have to do something about the Western Hemisphere Travel Initiative?' Then, I post some kind of an announcement addressing those questions. It really works two ways: They're telling me about something they want to know about, and that's how we formulate policy sometimes. Certainly, we make announcements when things like that do hap-

Frequency of communications to travelers about travel policies, preferred suppliers and procedures



■ Weekly or more often ■ Quarterly
■ Monthly ■ Twice annually ■ Annually or less often

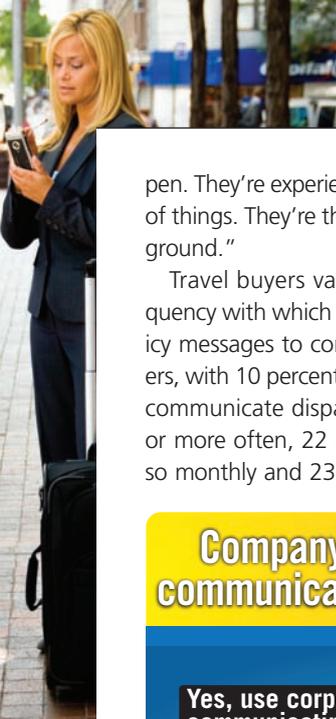
Travelers' knowledge of whether company has preferred suppliers

	Yes	No	Unsure
Airlines	59%	37%	4%
Hotels	64%	30%	6%
Car rental cos.	66%	29%	5%
Chauffeured services	33%	55%	12%
Corporate card cos.	70%	25%	5%
Travel agencies	65%	30%	5%

Travelers' knowledge of and satisfaction with specific preferred suppliers

	Knowledge*	Satisfaction**
Airlines	91%	4.4
Hotels	87%	4.4
Car rental cos.	88%	4.3
Chauffeured services	72%	4.2
Corporate card cos.	87%	4.3
Travel agencies	84%	4.1

**Based on a five-point scale, with 5 as the highest and 1 the lowest
* Of those respondents who say their company has preferred suppliers



Travel Policy Awareness And Communication

pen. They're experiencing all kinds of things. They're the ones on the ground."

Travel buyers vary on the frequency with which they relay policy messages to corporate travelers, with 10 percent claiming they communicate dispatches weekly or more often, 22 percent doing so monthly and 23 percent com-

municating travel policies on a quarterly basis.

More important than frequency is timeliness, said Brian Hace, vice president of client service for Carlson Wagonlit Travel North America. "If an e-mail goes out today saying I can't fly on a specific airline, the average traveler who is booking in January won't see a lot

of relevance to that," he said. "It doesn't connect in that time period. That timeliness is critical, because when you do the random communication, it has no context for most travelers."

Hace and others said booking tools and travel management companies have focused policy communication at the point of sale—when the message is most likely to hit its target effectively.

"Many companies have agencies that have their travel policies embedded in the agency system. The booking tool has the policy embedded in the system," president of travel management consultancy Management Alternatives Carol Salcito said. "There's a strong emphasis on point of sale."

Travel management companies have employed technologies to preemptively head off policy infractions. In addition to the point of sale, travel management companies have devised tools that deliver policies to travelers' inboxes after booking trips.

In one recent example, CWT this year released Policy Messenger, which in addition to enabling companies to send out-of-policy notifications at the time of booking, also allows travel managers to spell out

policies applicable to the trip before booking.

While e-mail notifications and intranets can spell out policy before booking and travel management companies and booking tools can spell it out at the point of sale, sometimes the awareness of policy comes later—and those lessons can be harder learned.

"In some cases, policy messages don't find their way to the traveler until it's too late," Salcito said, noting that some travelers are made acutely aware of policy only when the audit department calls with a red-flagged expense report. Sematech's Davidson said, "If it's travel arranging, the traveler probably finds out about it before he takes his trip. If it's an expense policy, they find out the hard way."

Still, according to this *Business Travel News* research effort, a wide gulf remains between traveler and buyer awareness of policies. For example, while 81 percent of travel buyer respondents said their travel policy governs corporate card usage, only 32 percent of travelers were aware of such policies. Similar patterns hold true for various air policies, hotel policies and ground transportation policies, where in each case traveler aware-

Company use of corporate intranet to communicate travel policy and procedures

Yes, use corporate intranet for communicating travel policy 71%

No, do not currently but plan to within 12 months 7%

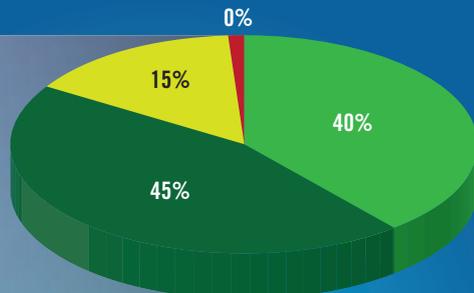
No, and have no plans to do so 10%

Do not have corporate intranet 11%

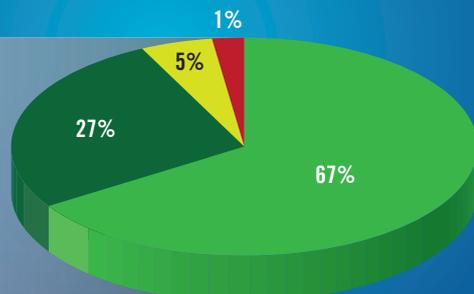
71%
7%
10%
11%

Traveler awareness of current company travel policies

Buyers



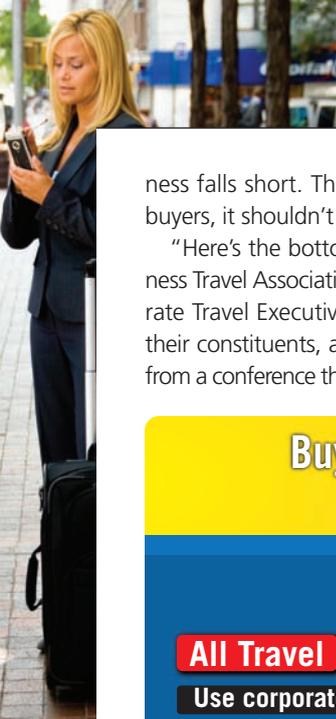
Travelers



Very aware Aware Somewhat aware Unaware

Ways companies use intranets to communicate policy and procedures

	Buyers	Travelers
Communicate basic travel policy	93%	50%
Communicate preferred suppliers	68%	30%
Links to online booking system	62%	43%
Links to expense reporting system	61%	41%
Provide access to company's preferred hotel rate directory	56%	31%
Provide incentives for using preferred suppliers	8%	20%
Other	8%	0%
None of the above	1%	14%



Travel Policy Awareness And Communication

ness falls short. Though frustrating to some travel buyers, it shouldn't be surprising, Rose said.

"Here's the bottom line: While the National Business Travel Association and the Association of Corporate Travel Executives provide tremendous value to their constituents, at the same time, you walk away from a conference thinking everybody is thinking about

travel management," Rose said. "Meanwhile, you go back to the company and they're thinking about selling and profits. It is not on people's minds. The only time it's on people's minds is when they try to do something out of policy. You've got to keep in mind the focus of the people you're trying to manage. They're not thinking about this in the same way you are."

Buyers' and travelers' assessments of breadth of corporate travel policies

All Travel

- Use corporate card
- Pre-trip approval
- Use automated booking tool
- Book through agency

Included in policy

Buyers	Travelers
81%	32%
64%	29%
66%	36%
75%	36%

Mandated*

Buyers	Travelers
49%	44%
42%	48%
26%	31%
57%	34%

Air Policy

- Purchase air travel through a travel agency
- Purchase air travel through a travel department
- Use automated booking tool
- Use preferred airlines
- Registered Traveler membership reimbursement
- Accept the lowest convenient airfare of any airline
- Book in advance to obtain the lowest fare
- Use nonrefundable tickets

Buyers	Travelers
72%	38%
57%	37%
NA	35%
70%	39%
21%	28%
92%	39%
93%	47%
85%	43%

Buyers	Travelers
53%	29%
42%	24%
NA	29%
24%	30%
9%	23%
47%	30%
38%	29%
36%	20%

Hotel Policy

- Use preferred hotels
- Use any hotel, but limited to a price point
- Use automated booking tool
- Purchase hotel through a travel agency

Buyers	Travelers
78%	47%
55%	41%
NA	36%
71%	NA

Buyers	Travelers
28%	26%
17%	31%
NA	23%
32%	NA

Ground Transportation Policy

- Use preferred car rental companies
- Use preferred chauffeured services
- Use automated booking tool

Buyers	Travelers
84%	42%
38%	27%
NA	35%

Buyers	Travelers
47%	30%
14%	18%
NA	23%

* Percent of those companies that included in policy



JOHN DEJESU, Publisher

Tel: (646) 654-4461 Fax: (646) 654-4456
(jdejesu@btonline.com)

NORTHEAST/MID-ATLANTIC

JILL ALTMAN, Account Director—Eastern Region

Tel: (646) 654-4453 Fax: (646) 654-4456
(jaltman@btonline.com)

MIDWEST/WEST/INTERNATIONAL

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TRAVEL GROUP

NELLA VELDRAN, Vice President

•

MARKETING

JENNIFER PEPPER STAM, Sr. Marketing Manager

Tel: (646) 654-7263
(jennifer.pepperstam@nielsen.com)

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(BTN@TheYGSgroup.com)

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JOHN SARTORIS, Group Production Director

Tel: (646) 654-7294 Fax: (646) 654-7318

JAY KAPLAN, Production Manager

Tel: (646) 654-7310 Fax: (646) 654-7318

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Traveler Compliance And Policy Enforcement

BY ELISSA HUNTER

In a climate where corporate budgets are being tightened and travel stands out as one of the largest controllable expenses, corporate travel managers increasingly are looking at everything from pre-trip approval processes to flagging noncompliant behavior at the point of sale in order to drive higher adherence to travel policies and preferred vendors, even as the policies themselves grow more restrictive.

"Of course there's a tightening of the policy, but there is more of an emphasis on measuring the compliance of the policy," according to Carol Ann Salcito, president and owner of Norwalk, Conn.-based Management Alternatives.

Travel managers are "mandating all aspects of their policy," she said. "They're reducing the class of travel. They're reducing the types of hotel properties where they're staying. They're reducing the size of the cars that they're allowed to drive and the amenities that go into the cars."

Of the travel buyers surveyed by *Business Travel News*, 34 percent said their travel policy has become more restrictive, while 61 percent said their policies had stayed about the same.

Of those who had more restrictive travel policies, budgetary restrictions, advance purchase for air travel and reducing travel by cutting the number of trips were the top three methods of doing so.

The current cost-cutting climate last month spurred Sunnyvale, Calif.-based Spansion Inc. to require additional levels of approval in order for employees to travel, whether domestically or internationally.

"If you need to travel in this environment, you have to jump through a lot of hoops to do it," said Spansion global travel manager Yasuo Son-

oda. "You need to justify that you need to make this trip. It needs to be for a revenue-generating purpose only, no other reasons."

New York City-based EdisonLearning last year also implemented a pre-trip approval process as part of an initiative brought on by company COO Jeff Wahl to bring more discipline to its policy.

The company also tweaked its ground transportation policy, asking employees not to use navigation systems unless necessary and to refuel rental cars prior to returning them, EdisonLearning senior manager of travel and corporate services Jennifer Borth said.

In addition to the pre-trip approval process, noncompliant travelers also

are notified when they try to book out of policy, either by a travel agent or by a flag on the company's online booking tool.

"They know our policy really well and call us if someone is trying to book first class. We try to catch things before the money is spent," according to Borth.

"You see a lot of companies moving toward pre-trip approval," said Salcito. "I won't say that it's the majority, but I've seen quite a few."

EdisonLearning also offers approval forms for travelers who book out of policy, such as an exception form to notify travelers who book travel online using a tool not approved by the company that they will only be reimbursed one time.

According to the *BTN* survey, most travel managers—44 percent—choose to inform travelers they have violated policy based on a post-trip audit. The second-most popular option was notifying travelers via their direct supervisors, implemented by 42 percent of respondents, with 38 percent saying they alerted travelers through their expense reporting system. Pre-trip approval and pre-trip notification systems were used by 20 percent and 14 percent of respondents, respectively.

"Typically, it's before the money is spent," said Salcito. "Once the money is spent, sadly, what are you going to do about it? Very few companies take it as far as not reimbursing. They're making certain at the point of sale that people are being alerted properly as to the right way to travel according to their policy."

Travelers said that they complied most with expense reporting and air travel policy, but buyers said that those who never fail to comply with air policy was 28 percent, only 2 percentage points higher than hotel policy, the area of greatest noncompli-



ance in buyers' eyes.

"On the air side of things, people have their own personally preferred airlines and they'll do everything in their power to fly that particular airline because of their frequent flyer miles," Salcito said.

Travel buyer respondents said the area with the least compliance was hotels, with employees failing to comply with such policies an average of 12 percent of the time. They also rated the frequency of noncompliance with online booking tool policy at 11 percent.

The average rate of noncompliance for the overall travel policy was 8 percent, according to respondents.

For Spansion, lack of transparency around hotel rates has led to incidences of unauthorized room upgrades. Sonoda now has published the company's preferred supplier rates and will review bookings in the case of discrepancies.

"Our policy says if it's not the

lowest and if it wasn't approved by the travel department, we may shave off your expense reimbursement," according to Sonoda. "We're actually shaving off people's expenses if they have an unauthorized upgrade. Hotels are harder to police because air for us is charged to our central billing account used by the travel agency. If you go outside of it and you submit any kind of expense for air, I'm involved in approving it or reviewing that expenditure for every transaction."

The rental car category also comes under the magnifying glass. If Sonoda sees a pattern of cars being returned without being refueled, he has rental car companies pull more detailed data. If one traveler is responsible for the incidents, Sonoda will approach him or her.

Lodging and meal caps are the main areas of policy noncompliance for EdisonLearning. The company has designated limited-serv-

ice hotels as its preferred tier for employees.

"If you're over the cap and not in one of those types of hotels,

you'll only be reimbursed up to the cap for the day," Borth said.

Even after a trip, travel managers are taking steps to inform travel-

Travel policy restrictiveness

Restrictiveness of company travel policy compared with last year

	Buyers	Travelers
More restrictive	34%	38%
Less restrictive	5%	8%
About the same	61%	54%

How companies' travel policies are more restrictive

Budgetary restrictions	66%
Advance purchase for air travel	52%
Travel reduction by number of trips	51%
Travel reduction by number of travelers	47%
Restrict number of meeting attendees	47%
Restrict number of meetings	42%
Use nonrefundable tickets	37%
Use lower class of hotel, car rental	30%
Use low-cost carriers	27%
Other	16%

How companies' travel policies are less restrictive

Company willing to pay more for travel	50%
Greater/wider choice in travel arrangements	30%
Other	20%

Ways buyers inform travelers that they have violated policy

	Buyers	Travelers
Notification based on post-trip audit	44%	23%
Through direct supervisor	42%	44%
Expense reporting system	38%	29%
Travel agents	25%	10%
Online booking system	22%	18%
Pre-trip approval system	20%	14%
Pre-trip notification system	14%	14%
Other	10%	4%

Incidence of noncompliance: Buyer assessment

Frequency with which employees failed to comply with company travel policies, including use of preferred vendors, in the past 12 months

	Average	Never	More Than 20%
Hotel policy	12%	26%	15%
Online booking tool	11%	37%	15%
Pretrip reporting process	9%	59%	6%
Corporate card policy	8%	42%	7%
Designated travel agency	8%	45%	7%
Air travel policy	7%	28%	6%
Car rental policy	6%	31%	5%
Expense reporting system	6%	58%	4%
Overall travel policy	8%	16%	8%



Incidence of compliance: Traveler assessment

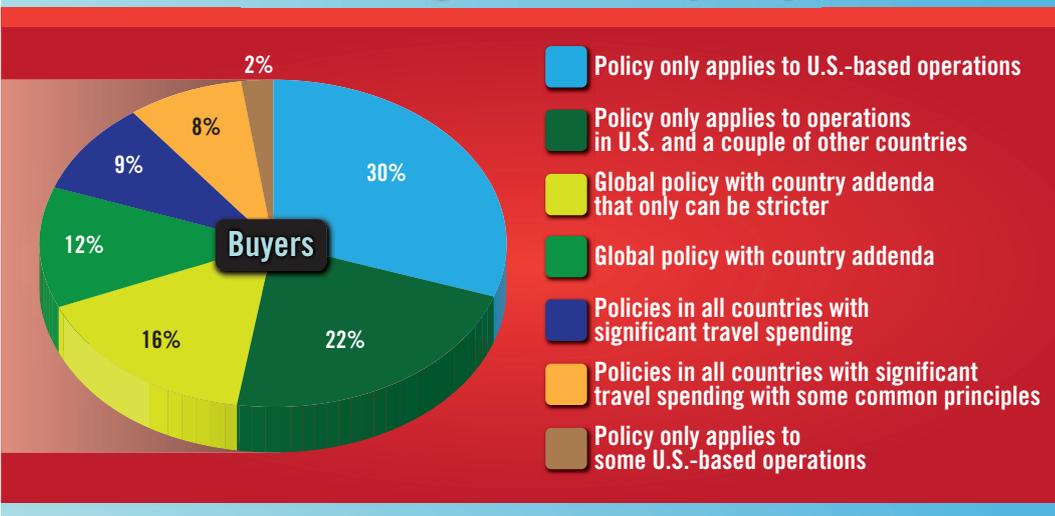
Frequency with which employees complied with company travel policies, including use of preferred vendors, in the past 12 months

	Average	NA	Always
Air travel policy	91%	3%	60%
Expense reporting system	91%	2%	66%
Car rental policy	89%	5%	58%
Hotel policy	89%	4%	53%
Corporate card policy	88%	10%	56%
Online booking tool	87%	9%	50%
Pretrip reporting process	86%	15%	49%
Designated travel agency	84%	12%	50%
Overall travel policy	90%	2%	56%

Actions against employees who do not comply with travel policy

	Buyers	Travelers
Exception reports to a supervisor	63%	43%
Nonreimbursement for travel expenses	43%	46%
Exception reports to the traveler	36%	33%
Formal reprimand	20%	37%
Other actions	8%	3%
No actions taken	8%	10%

Extent of global travel policy



ers that they have violated company policy.

Los Angeles-based business-ethics management firm LRN randomly selects a handful of expense reports to audit. If a traveler is non-compliant, his or her manager is notified and, in a few instances, the traveler is made to reimburse the company, said Evey Borrelli, LRN manager of travel and events.

"We've promoted more that we

Spansion's accounts payable department to use when they determine they need to approach a traveler who appears to not be in compliance. Rather than presume that all atypical charges inherently are noncompliant with policy, the scripts indicate that the traveler should have the opportunity to justify the charges in question.

"We get the travel submitter involved in letting us know whether

We're going to audit and, if we catch you outside of policy during the audit, there will be some ramifications.

EVEY BORRELLI • TRAVEL AND EVENTS MANAGER • LRN

trust you, but we're going to audit and, if we catch you outside of policy within the audit, there will be some ramifications," according to Borrelli. "When the travelers contact us to make their travel arrangements, they are supposed to have already gotten approval from their managers."

Sonoda has created scripts for

this is a valid expense or a violation," Sonoda said, adding that payment will be denied on subsequent offenses.

"The auditing part is all manual," according to Sonoda. "We have pretty simple, transparent travel patterns. We have manufacturing plants. We have offices. Pretty much 80 percent of our trips are going to the same destinations."

EdisonLearning also will elevate the conversation if a corporate traveler repeatedly does not comply with policy. "If it's something that's consistent, we may let the division head know or try to find out if there's more to the story," according to Borth.

Buyers and travelers concur on the top two actions companies take when employees don't comply with travel policy: sending exception reports to supervisors—as nearly two-thirds of buyers and more than two-fifths of travelers said—and not reimbursing travel expenses—as more than 40 percent of both groups said. ■

Service: Satisfaction And Value

BY MICHAEL B. BAKER

A solid majority of travel buyers actively measure the satisfaction levels of their companies' travelers, viewing traveler satisfaction as a measure of their own performance as well as a tool to improve compliance with corporate travel policy.

More than two-thirds of buyers track traveler satisfaction with their travel agencies and online booking tools, and 60 percent measure traveler satisfaction with travel suppliers, according to *Business Travel News'* survey. Just under half said they measured the performance of their travel department.

"Like anything else, you can only manage what you can measure," said Bob Brindley, vice president of BCD Travel consulting arm Advito. "It's very difficult to manage travel and drive for improvements if you have no way to judge what the current performance is."

The predominant methods among buyers for measuring employee satisfaction, according to *BTN's* survey are employee surveys as well as e-mail and online surveys, with 67 percent of respondents saying they used those methods.

"The e-mail and online surveys are by far the easiest way to do it," Brindley said.

Bill Davidson, manager of corporate travel and meeting services for Austin, Texas-based Sematech, said his company uses a variety of survey methods to measure traveler satisfaction levels. The company's agency randomly solicits feedback from travelers, largely about agency performance, which is the area that is most directly under Davidson's control, but travelers also respond to questions about various suppliers and experiences under the travel policy. The written feedback provided in those surveys ultimately is more valu-

able than the overall scoring, according to Davidson.

Similarly, Brigham Young University-Idaho travel coordinator Katherine Thueson said her department surveys for employee satisfaction, both after booking and after the traveler has returned. Areas explored include promptness, quality of reservations documents, pricing of available fares and problem resolution, she said.

Agencies, meanwhile, also are

tracking satisfaction. Jennifer Friedman, head of global marketing for business travel at American Express, said the agency conducts e-mail surveys after trips to measure satisfaction with booking experiences and services.

"We're very interested in the notion of measurement," she said. "We believe it's important to take both perspectives—the corporate client and the traveler—into account."

Both Davidson and Thueson said they viewed keeping those satisfaction scores high as part of their job description. "Obviously, as a customer service provider, I want them to be happy," Davidson said. "It's also reflective on me, my performance and whether I'm doing my job."

Thueson said the scores were a good way to show the worth of a managed travel program to supervisors. "We're not in a mandated situation here," Thueson said. "The request at the university level was for us to earn our keep, and this is a good way to see how our services are viewed."

As travel buyers find themselves increasingly applying procurement practices to travel management, feedback on satisfaction becomes even more important to buyers. Advito's Brindley said that, from the perspective of agency performance, buyers also include traveler satisfaction as one of the metrics in service-level agreements with agencies.

Dublin, Calif.-based Sybase, which has housed its travel department under procurement for several years, uses an online internal traveler survey to measure suppliers. Results are averaged on a spreadsheet to determine preferences.

The buyers, however, said the surveys alone do not paint the full picture of traveler satisfaction. Sematech's Davidson said he also allows immediate feedback throughout the year, either via the travel portal or simply by leaving communication lines open.

"I get almost as much out of that as I get on the annual survey," he said. "I know most of the travelers, and they don't have a problem with picking up the phone and letting me know if they're dissatisfied."

With the advent of social networking sites in recent years, some buyers have incorporated the technology to handle traveler feedback in an even more robust manner. San Jose,



Service: Satisfaction And Value



Calif.-based Cisco Systems used the format for its travelers, and its travel forum has become the company's most viewed site.

Amex's Friedman said the use of such technology would become more common looking in the near future. "We're not only refining our existing techniques, but we are looking at implementing these new techniques to understand satisfac-

tion going forward," she said.

Only 21 percent of respondents to *BTN's* survey employed employee focus groups and meetings. Advito's Brindley said focus groups' drawback is that they rely on small sample sizes.

BYU-Idaho's Thueson, however, said her department conducted one and found it quite insightful, as travelers were more communica-

tive than they had been in surveys.

Amex's Friedman said the agency also employs focus groups with travelers, particularly when it acquires a new client and wants to explore the existing corporate culture and policies. The results generally are of more of a qualitative nature that can help to develop a hypothesis, she said, explaining, "It's really not the same as quantitative research for marketing and pattern predictions."

Ticket stuffers as a tool for measuring satisfaction largely have disappeared, mostly as a result of traveler migration to electronic tickets, Advito's Brindley said.

In order to improve satisfaction, buyers in *BTN's* survey indicated a willingness to pay an additional fee for a few amenities and upgrades. The only amenity that an overwhelming majority of buyers were

willing to pay for was hotel room Internet access.

Currently, most midprice properties include Internet access as part of the room rate while most upscale hotel properties charge for it, but those hoteliers are becoming more willing to include Internet access in negotiated deals even at properties where it is not included in rates.

Only 45 percent of buyers said they would be willing to pay for inflight Internet access. At Sematech, Davidson said that is under discussion, as are all the various airline services that increasingly are being moved to a la carte pricing. "If productivity can be enhanced, we'll pay for it," Davidson said.

Fewer buyers are willing to pay for upgrades less directly related to productivity, such as bigger cars, better inflight meals and higher levels of hotel rooms. Travelers themselves, however, showed more of a willingness to use their own money to improve their comfort during travel.

As budgets are tightened during difficult economic times, buyers might be less willing to pay for such upgrades, Advito's Brindley said. The degree to which policies might be tightened is not known at this point, he said.

"In a healthier economy, there would be more of a willingness to pay for some of those service levels," according to Brindley. "In the

Company view of cost versus service

Cost is most important

Cost is a little more important

Cost and service are equally important

Service is a little more important

Service is most important

Buyers

17%

21%

53%

6%

3%

Upgrades for which companies and travelers would pay an additional fee

Hotel room Internet access

Inflight Internet access

Better airline seat assignments (more legroom, window)

Better inflight meals/snacks

Upgrade to a better car

Upgrade to a better room or better room view

Better inflight entertainment services

Buyers

78%

45%

35%

19%

12%

6%

2%

Travelers

60%

55%

56%

49%

45%

52%

40%

Areas in which companies measure satisfaction

Travel agency performance

Booking system performance

Travel supplier performance

Travel department performance

Other

Buyers

72%

67%

60%

49%

5%

Tools companies use to measure satisfaction

Employee surveys

E-mail/online surveys

Employee focus groups/meetings

Ticket stuffers

Other methods

Buyers

67%

67%

21%

1%

5%

current environment, there will be pressure to minimize those extras. Some will say that they want to keep their best people and see those extras as a positive thing."

Some of those changes could be short-term until the economy rebounds. "It's going to come down to company culture," Amex's Friedman said. "Things that are considered luxuries might help to maximize the value of a trip for a traveler who has a lot of meetings with important clients. The math might make sense."

If productivity can be enhanced, we'll pay for it.

BILL DAVIDSON • MANAGER OF CORPORATE TRAVEL AND MEETING SERVICES • SEMATECH

When weighing service against cost, about half of the buyers in *BTN's* survey said the two are equally important in making decisions. Less than 10 percent, however, said service outweighed cost in their travel program decisions.

When it comes to signing a contract, particularly in a difficult economic environment, Advito's Brindley said that cost more often would be the key decision driver in corporate travel programs.

"Many will say both are important, but cost usually trumps service," according to Brindley. "In selections between travel vendors, vendors with the perceived higher service usually wins out, but only if the costs are equal. Service ends up being the tiebreaker." ■



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Using Travel Technology

BY SETH HARRIS

With many corporations targeting increased traveler productivity and cost savings opportunities, some travel buyers are beginning to integrate new technologies into their corporate travel program. These include using handheld devices in communications strategies, adding remote conferencing capabilities and revamping corporate travel intranets. Meanwhile, traveler respondents to *Business Travel News'* 2008 Corporate Traveler survey reported widespread use of these emerging technologies.

Road warrior handheld device usage has well surpassed critical mass, with 92 percent of corporate traveler respondents reporting they use mobile phones while traveling on company business and 64 percent reporting that they use personal digital assistants.

In the past year, many online booking tool providers, travel management companies and expense management tool suppliers have begun offering mobile capabilities for itinerary delivery, travel alerts and other travel information. Other suppliers, including airlines, now are offering similar services through mobile devices, in addition to direct online booking through their Web sites and, in some cases, boarding passes through mobile devices and personal digital assistants.

Travel management company Egencia last month released a survey of 2,400 business travelers from Canada, England, France, Germany and the United States who travel at least three times annually on business. Twenty-three percent of the respondents relied heavily on constant connectivity to their companies through mobile devices and laptop computers. Twenty-eight percent of respondents from the United States fell into this category, the second

largest of the six respondent groups.

According to Egencia senior vice president for North America Rob Greyber, these respondents were "working all the time or were networking for business" while they were focused on the "efficiency of their trips and are more senior in their organizations."

"With all new technology, there are the early adopters and there is that curve until people catch on, but

more and more people are moving up that curve," said Jennifer Friedman, American Express Business Travel vice president of global marketing. "Travel management functions within corporations are getting more interested in these technologies because they are looking to promote productivity and satisfaction. If they believe these technologies are going to help people on the go and be more effective and resolve their questions, they

are going to do that."

In adapting to frequent delays, itinerary changes and an increasingly mobile workforce, some travel buyers are providing travelers with the means to integrate their mobile devices to capabilities offered by online booking tool providers, travel management companies, expense tool providers and mobile travel software providers.

Law firm Reed Smith has begun a limited test for select frequent travelers with mobile travel application service provider WorldMate, according to global travel manager Rosanne Russo. The tool enables Russo and the firm to communicate with travelers through e-mail notifications, individualized flight notifications, itinerary population capabilities and the ability to notify the user of co-workers on the same flight or in the same location. "It gives you a little more real-time or as-real-as-it-can-get information regarding your own travel and it keeps it in your itinerary and calendar," said Russo.

When CareerBuilder.com transitioned to a managed travel program with Orbitz for Business earlier this year, the Chicago-based online recruitment company communicated the OrbitzTLC mobile application capabilities to its travelers and urged them to opt into the service and in their profiles to "specify to whom, where, when and how they want alerts to be delivered," said vice president of global corporate finance Bill Razzino.

Although Razzino does not track OrbitzTLC usage levels, he said employees are "very aware" of it, and he knows from his own business traveling experience that the data sent from Orbitz for Business are more timely and accurate than those that are being delivered directly from airlines, especially when it comes to gate change notifications.

Some of the largest travel spending



corporations also are exploring what role mobile travel technology can play in their programs. BAE Systems manager of travel administration Melissa Grimes said the company would consider any technology that would increase productivity and "that can make us work smarter and not harder by getting rid of paper and having the data integrity that we need. For us, that would be really big. There is a lot we can't do unless we are hard-coded into an Internet line because of our firewalls."

BAE Systems promotes the use of suppliers' mobile products on the road for flight status updates and other notifications and provides instructions on how to sign up for the capabilities through the corporate travel intranet. On the expense side, the company is considering implementing Concur's mobile capabilities to approve expense reports in 2009.

Procter & Gamble planned to embark on a two-year communications and travel productivity initiative focused on revamping its corporate travel intranet and the introduction of some mobile communication technology strategies in June, said global travel service manager Debbie Gittinger at May's Association of Corporate Travel Executives and Corporate Travel World conference in Washington, D.C. The initiative included delivering more information on individualized travel plans with flight status updates, travel alerts and international travel requirements and "anticipatory" alerts sent to travelers' handheld devices three hours prior to takeoff regarding flight status changes from P&G's travel management company. Other messaging included enroute changes and itinerary population. The initiative began with U.S. travelers and the company planned to

expand it globally by year-end.

Although suppliers have altered their technology developments to incorporate mobile technologies and are offering various customer service applications, some corporations have left the option to link to mobile technology to the travelers, while embracing other technologies gaining traction in the corporate travel market.

Oracle global data and technol-

ogy manager Brian Tarble acknowledged the proliferation of mobile device use for corporate travel, but said there are no plans to make it a managed competency within the company's massive program. Instead, Tarble's emerging travel technology focus is on implementing new analytical tools and management information systems to increase the program's productivity and manage costs.



Company mandates of travel program basics, according to buyers

Online booking tool	36%
Travel management company	58%
Corporate card	56%

Systems buyers' companies currently use

	All respondents	Large companies*
Online booking tool	71%	96%
Online expense reporting tool	58%	92%
Data warehousing/decision support tools	26%	52%
Pre-trip reporting tools	35%	50%

* With more than \$30 million in 2007 U.S. booked air volume

Travelers' preferred method of booking business trips

	Air	Hotel	Car Rental
Corporate booking tool	17%	16%	15%
Corporate travel department			
Online	28%	27%	27%
Telephone	5%	8%	7%
E-mail	5%	3%	5%
Travel agency			
Online	9%	9%	9%
Telephone	5%	3%	3%
E-mail	2%	2%	2%
Directly with supplier			
Online	17%	16%	17%
Telephone	2%	3%	3%
E-mail	1%	1%	1%
Third-party Website	9%	10%	9%
Colleague in destination city	2%	1%	1%

Distribution channel share of annual transactions

Corporate travel department	75%
Corporate booking tool	57%
Travel agency	47%
Directly with supplier	25%
Third-party Website	28%
Business process outsourcer	12%





Traveler technology use today and in the next 12 months

	Use	Will use
Personal/company technology		
Laptop computer	91%	5%
Personal digital assistant	64%	15%
Mobile phone	92%	4%
Videoconferencing	53%	27%
Airline technology		
Onboard laptop power	52%	26%
Airport checkin kiosk	80%	13%
Electronic seat selection	78%	14%
Automated electronic upgrades	60%	22%
Hotel technology		
Business center services	69%	14%
In-room, high-speed Internet	83%	10%
Automated checkin kiosk	61%	18%
Automated checkout	76%	15%
In-room voicemail	67%	13%
Interactive TV	44%	21%
Car Rental technology		
Satellite navigation systems	56%	22%
Automated toll-payment device	41%	24%
Information technology		
Online booking system	77%	10%
Electronic expense reporting	62%	19%
Corporate intranet travel page	49%	21%

"It's really taking traditional analytics that most companies would pay outside consulting teams to do and trying to bring it in-house by putting together the correct tools needed so industry experts within the organization can do the analysis on their own," said Tarble. "That requires developing new dashboards and integrated reporting to where you can manipulate some what-if scenarios with slide rules and variable changes. It's also a matter of trying to get some more analysis and using technology and reporting to be more consultative to the travel team and the company's lines of business."

While some travel buyers have cited mobile devices as important tools for advancing travel management communication strategies, many programs are adding more content and communication channels onto their corporate travel intranet travel pages.

Tarble administrates the travel intranet, which houses single-sign-on capabilities, enabling employees to access the online booking, expense and profile management systems.

In addition, there are links with more than 300 pages of customized travel information, such as safety and security alerts and visa requirements, Tarble said.

"We really rely on that not only for our information," according to Tarble, "but we also use that for real-time alerts to the travelers because we are in a very self-service environment at Oracle."

More than in previous years, travel buyers have found themselves having to deal with managing remote conferencing, as many companies aggressively pursue balancing the rise in travel costs and the pressure of other economic impacts. According to the *Business Travel News* survey, 53 percent of corporate traveler respondents said that they currently use the technology and another 27 percent said they plan to use it in the next 12 months.

One notable adopter of videoconferencing is Hewlett-Packard, which manufactures and sells its own Halo videoconferencing technology. As of this summer, one of the company's business units had added eight pairs of videoconferencing rooms in a year, which accounted for a 25 percent reduction in trips in a top citypair and a 40 percent reduction in overall travel spending, said HP global program manager of travel and meeting services Jyrki Haavisto.

Midmarket organizations also have entered the remote conferencing realm. Nine months ago, Swedish roller bearings and seals supplier SKF Group implemented a global videoconferencing program that included the installation of facilities in several offices in the United States, according to SKF USA corporate purchasing manager Linda Plassmeyer.

While the company is expanding the deployment of the initiative in Europe, Plassmeyer said there are policies in place.

That said, Plassmeyer acknowledged, "even though we have the equipment, it is very hard to change the way that people are used to doing things." ■

Buyer plans to buy booking and expense tools

