



TOTAL TRIP COSTS

Why It Matters

Corporate demand for more precise, timely data to manage travel spending is intensifying as advanced technologies emerge to help decision makers deliver such insights. The average ticket cost or trip cost is today giving way to terms like total trip costs and total costs of travel.

That was the message of a recent webcast staged by The BTN Group and sponsored by Predict.X, in which travel managers and consultants defined total trip costs, total travel costs and why it matters for corporations to begin to analyze travel programs by such new metrics.

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Total trip cost is “about getting to the actual cost of a trip from beginning to end. It’s not just air, car and hotel, but ground transportation, meals, Wi-Fi, upgrades or printing, said Tom Tulloch, Predict.X managing director, North America.

TOTAL COST OF TRAVEL

By combining the Total Trip Cost with the cost to book, consume and expense travel, the result is the total cost of travel. Fees that must be factored into the total equation would include

travel management company booking fees, fulfillment charges, global distribution system fees, duty of care costs, credit card fees, expense reporting fees and other travel-related fees.

How Data Tells Total Cost Of Ownership

- W =** Identify all data sources from credit card, expense reporting, supplier, TMC, budget or sourcing
- X =** Map the process
- Y =** Identify the ROO or ROI of a trip by general trip type, i.e. marketing, new sales, account management, training, etc.
- Z =** Through change management, drive improved purchasing decision with evaluation of TCO of trip tied to objectives

Source: Pamela McTeer, GoldSpring Consulting

TOTAL COST OF A TRIP

Subscriptions Upgrades
Air Car Hotel
Printing Rail Taxi
Resort Fees Meals
Entertainment Wi-Fi
Dues Tips
Fuel/Parking Coffee
Dry Cleaning

NOT AS SIMPLE AS IT SOUNDS

While this sounds simple enough, it has been an agonizing, elusive feat for many. Corporations have typically relied on their preferred travel management companies for reporting. Even when a single TMC is used across an organization, reporting is typically delivered 30 days after transactions occur and doesn't reflect changes made on the road or with suppliers directly. When multiple TMCs are used across multiple geographies, or bookings are made outside of preferred channels or directly with suppliers, reporting is further compromised.

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"Consistent quality and clean data is really a difficult challenge. You really need to have clean data consistently to determine your total costs of ownership of travel," said Pamela McTeer, senior consultant, GoldSpring Consulting. "No single data provider today can provide a comprehensive analytic solution with just one source of data."

Instead, companies are combining TMC, expense and credit card data with that from suppliers, multiple other sources and itineraries booked through external systems.

COMBINING, NORMALIZING DATA

At RELX Group, global travel director Jim Sisco has been taking a close look at data, analytics and a wish list for the past year. About 13 different travel agencies currently service parts of the company, although 90 percent of business travel is booked through BCD Travel. Data from most other providers is consolidated through one agency so "we have really, really good booked data. We use that booked data to give insights about booking patterns to our businesses," Sisco said. While useful, Sisco added, "getting to the total trip cost and understanding what was consumed" would be better.

To make that happen, Sisco said, internal resources in travel, finance and other functions within his company are combining booked data from both its TMC and suppliers with credit card, expense and data from other systems. They are working to normalize the data and build it into data cubes to provide a richer view. Eventually, they also want to take a closer look at booked versus consumed patterns and insights.

"Booked is great, but it's typically 30-plus days old data. While that is the industry standard, Sisco said, "we're really trying to get it real-time."

DEFINING 'TOTAL COSTS' AS ALL CORPORATE SERVICES

Looking beyond travel costs, UBS is examining other data elements that could impact overall expenditures that it wasn't necessarily seeing as part of travel, said Lexi Honohan, director and head of Americas corporate services analytics for UBS. In addition to agency and expense data, Honohan wanted to ensure that data booked via websites or with hotels directly, Uber, or other direct-booked channels were considered, whether charged to a corporate or personal card.

Honohan said they also wanted to look at conference services, catering and video conferencing, especially since it can be leveraged as an alternative to travel. "We started thinking about these different data feeds and components. We're consolidating our data into one location, but it's so much more than just consolidation; it's about leveraging that data once we have it in one place."

Officials then started asking a key question of all stakeholders: "What do you want to do this this?" In addition to travel, food and conference services, office fulfillment, distribution services, printing, records management and legal became involved in the process.

"We involved our legal team to talk about the three Rs – our rules, regulations and the restrictions around the data because we were globally consolidating and sharing the data," Honohan said. Human resources data, including our corporate hierarchy, and SAP expense data were brought into the mix. Instead of a report pushed to stakeholders, the company moved to on-demand access that required a better understanding of restrictions that would need to be applied to that access.

The big question became "what was the vision and where did we want to be three years from now," Honohan said. "We were planning for then, but building what we needed today," without having to rebuild in six months to achieve the longer-term vision.

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BUILDING A BUSINESS CASE?

For many, the question remains how do you build a business case to justify spending more money to consolidate and analyze data?

"We had already consolidated our data," Honohan said. "It was looking at the expansion of the data" and reduction of technology resourced to push out report attachments and instead transition to on-demand access. "By pushing the bandwidth off of our internal IT servers and our email servers, and out to the cloud was a significant reduction in costs. That was part of the reduction. Then we started looking at the savings and the transparency into the expense." Applying industry percentages on bookings typically made outside preferred channels to her company's spending, Honohan said, she calculated savings from negotiated contracts or missing savings on the lack of transparency.

Honohan said she is projecting an "additional 2% to 3% savings based on the data they're now bringing into" reporting. The data gap or leakage of their program was less than 2% before moving to Predict.X, Honohan noted, but is now "running at a less than 0.5% data gap. It's not one particular field that you're matching, or

that you've looked at. You're looking at so many different data points, and the more feeds and more components of the total cost that you're bringing in, the more data and more points you have to match and look at."

At RELX Group, Sisco said, he was unable to build the case to spend hard dollars on external resources. As an initial step, he developed an approach to use internal resources to consolidate data, normalize it and place it in data cubes and visualization tools.

LESSONS LEARNED

"Don't expect anything to be perfectly delivered as an end product on your first date or delivery, or even three months after, Honohan said.

Clean, consistent data is needed, according to McTeer.

Companies need a "line of sight for what you're negotiating," McTeer added. "Every year it gets tougher and tougher to negotiate savings, particularly if you're in the procurement area and you have a challenge to meet to have real hard dollar savings." Bring in many different data elements to look at as levers to negotiate – the data becomes critical to that.

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