

Pre-Trip Authorization Tech Leaves UMG #1 With A Bullet

By Michael B. Baker

Universal Music Group director of travel services Pamela Witherspoon combined homegrown electronic travel authorization technology with global distribution data to bring savings in an industry that, because of the nature of its travel programs, cannot always rely on traditional travel management best practices.

"Although entertainment companies are trying to wrap their arms around some cost-saving initiatives, we have a lot of rock stars who like to spend a lot of money," Witherspoon said. "Fifty percent of our travel is non-employee travel, so it's a huge piece."

Economic conditions have companies across all industries looking at ways to reduce travel costs, but entertainment companies' efforts come with a unique set of challenges, she said. UMG's parent, Paris-based Vivendi, is looking at those same cost-saving initiatives, but implementing them is not easy.

"It's a major change in our company, to initiate lower travel levels for the employees, but you can't do anything with the artists," Witherspoon said. "If they're platinum artists, they're going to go first class. It becomes a big challenge, because you have less to work with."

In order to better handle non-employee travel, UMG—which spends about \$20 million annually in air travel but also must foot the bill for a number of other luxuries, including a large budget for car services—in 2001 spent about half a million dollars to create an electronic travel authorization program for which it owned the coding. The problem, Witherspoon said, was that the process remained cumbersome for UMG employees and its agency.

Upon its creation, the approval process was electronic but required manual work on both the front and back ends. The data had to be manually entered at the onset, and once the approval process was complete, the agency had to manually pull out all of the data and put it back in for back-end reporting, she said.

"We were trying to link that front-end piece to be automated and the back-end piece to link up with

all three pieces," Witherspoon said.

Working with its agency, BCD Travel, UMG at the end of 2007 developed a way to scrape its global distribution system for data that can be populated into the approval tool. UMG employees now can make a reservation with the agency over the phone, get the passenger record number locator and initiate the approval process. The data goes to a BCD server and can populate the air, hotel and car rental portions, leaving UMG only to validate the cost and type of ticket.

The tool also has largely automated post-travel payment process, she said. "We have people on direct billing, so we have a department that actually pays all those bills. All they have to do is pull up the ETA, match it when the bill comes, and it's already coded," according to Witherspoon. "We have a connect with all of our internal systems."

The GDS scraping tool cost about \$120,000 to implement, and Witherspoon said UMG expects to have that returned through hard costs in 18 months, largely from the agency side, where UMG has saved 40 percent of its costs, particularly through the reduction of overtime.

"We're paying them for 12-hour days, because we're a 24-hour company and have artists who in the middle of the night will call up and change plans," Witherspoon

said. "It's an extreme amount of overtime."

UMG already has recouped some of its investments, as the automation allowed the company to cut headcount in the bill-paying department by 50 percent, and the automation saves about 30 percent of the time on the front end, Witherspoon said.

In addition, it has improved accuracy, she said. "When these arrangers had to go in and manually do something in an automated system, it didn't make sense, and they were inaccurate a lot. It's really paid for itself even before the 18 months."

Following its success, Witherspoon said UMG now is seeking to market its tool to others in the industry that may be facing the same challenges.

"In the entertainment industry, a lot of people who have some of the same systems that we do," Witherspoon said. "We tried to sell it before the global distribution system scraping, but now it's a lot more viable of a tool." ■

Manual changes to an automated system didn't make sense and were often inaccurate, so it paid for itself faster.

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