



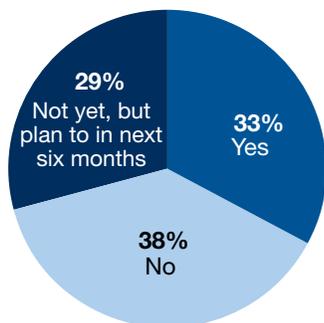
OPEN BOOKING

An Option For Your Managed Travel Program?

A year after the concept known as “Open Booking” was first introduced, the travel industry continues to debate the advantages, obstacles and costs of a new style of travel management.

About one-third of 139 travel buyers/managers surveyed in February-March by The BTN Group and Travel and Transport said they had considered the pros and cons of open booking while another 29 percent said they expected to do so in the next six months. The remaining 38 percent said they hadn’t evaluated the merits. Interestingly, 128 other buyers who answered questions about other emerging topics on the survey, skipped the open booking questions.

HAVE YOU CONSIDERED THE PROS AND CONS OF OPEN BOOKING?



Source: The BTN Group/Travel and Transport survey of 139 travel managers/buyers, February-March 2013

Proponents contend that open bookings are the traveler-centric solution to appease a new generation of travelers, the millennials, who don’t want to be told where and what to book. They also point to the rapidly developing technologies, apps, distribution options and supplier promotions that an open booking strategy would allow travelers to tap into.

Opponents argue that open bookings portend the end of managed travel as we know it and warn of the loss of negotiated discounts, savings, data and information for duty of care programs. And they note that an open bookings

strategy would generate other costs to garner data and service travelers.

This BTN Group white paper, sponsored by Travel and Transport, will explore the opportunities that have prompted some to embrace the concept, as well as the challenges for managed travel programs, travel management companies and others in the managed travel ecosystem.

> UNMANAGED OR OPEN?

If open booking is about allowing travelers to book in whatever channel they prefer—whether that is the preferred online booking system, supplier site or third-party—some question whether the concept is really unmanaged travel. Even open opponents are quick to note differences between unmanaged and open booking.

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“Unmanaged travel is simply something you have no idea about; people going to conferences and events and booking in different manners,” Oracle global travel process and policy owner (GPO) Rita Visser told participants at The BTN Group’s Tech Talk conference. “Open booking is giving travelers the opportunity to make other choices; choices outside their program and still trying to manage them.”

Cognizant global travel manager Kathleen Kaden said her definition of open booking is “how do you take unmanaged travel,” whether from conferences or booking client hotel rates through outside channels, “and bring it back into your program before it happens so you can have some effect on it,” before the money is spent.

Proponent Dorian Stonie, senior manager of global travel and social technologies for Salesforce.com, told Tech Talk participants that the difference with open booking is “do we manage on the front-end or back-end? With open booking, we’re opening up the distribution channels, but managing the information on the back end,” instead of a more traditional program that relies upon “one global travel management company, one distribution system and one online booking tool.”

The travel industry is changing, Stonie noted. “Our distribution channels are fragmenting on a daily basis. There’s a new promotion or new grouping of preferred programs. Instead of trying to prevent all the new apps, programs and use of such promotions, we want to offer a program that’s flexible enough to embrace them, to bring in areas of additional savings, while also strengthening our relationships with preferred suppliers.”

> WHAT IS YOUR PROBLEM?

At Cognizant, Kaden said the benefit of open booking is information. No matter how and where travelers book hotels, Kaden said, they now can forward itineraries to the managed travel program for a more complete picture of travel spend. “Whether for duty of care or moving travelers from one place to another, it’s really about getting the data ahead of time,” Kaden added.

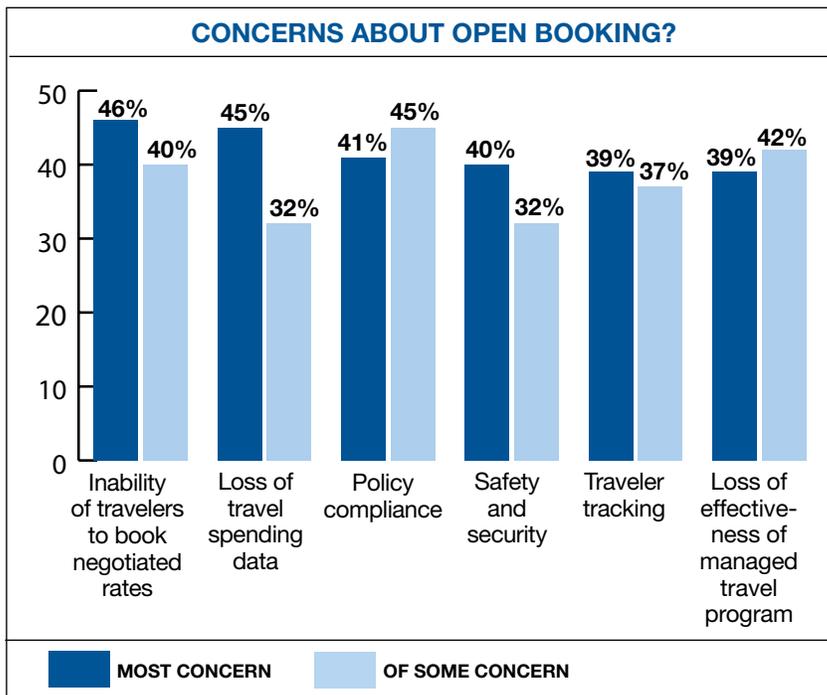
The consulting firm’s travelers often must book hotel rates negotiated by client firms. To secure those rates, travelers might have to book directly with a hotel. Whether due to use of customer rates, inventory not in the global distribution system or other reasons, Kaden said, “Our problem is hotel,” where less than 25 percent of bookings are policy compliant versus 97 percent air policy compliance.

To consider open booking, Kaden said, travel managers “need to ask ‘do you have a problem?’ If not, don’t fix what’s not broken.”

For her company’s hotel booking challenges, open booking provides data on rooms booked through external channels and allows the TMC to better service disrupted travelers by having a more complete picture of their travel reservations, she added.

> REALITY OF OPEN BOOKING

While discussed and debated at numerous industry conferences and forums over the past year, survey results and sources confirm that actual adoption and use of the concept remains in the early stages. Some companies are still trying to identify those problems that open booking might solve and others are awaiting



Source: BTN Group/Travel and Transport survey of 139 travel buyers, February-March 2013; Buyers could select more than one concern



HELPING CLIENTS EVALUATE OPTIONS

Travel and Transport, the fifth largest travel management company in the United States, specializes in corporate travel management along with group and meeting travel services. A leader in online travel technology, Travel and Transport provides companies with innovative data solutions and reporting tools, including web-based, pre-and post-trip reporting and mobile access to data. With a traveler-centric focus, the TMC this year has been helping customers explore options, including open bookings, to enhance their managed travel programs. Travel and Transport Vice President Nancy Rissky, along with Senior Vice President and CIO Mike Kubasik shared their insight on the topic.

What is your stance on open bookings?

Rissky: We're very open to it. We are becoming more traveler-centric all the time with the enhancements that we are making to our tools and technology. We're continuing to find the right technology, right innovations, right everything to bring travelers to us. If you think of that as a sandbox, if you bring the right tools to the sandbox, people will come to your sandbox to play. If that means open booking, and we have the means to capture data, that's fine.

Kubasik: As a TMC, our goal is to support our customers. Our customer base will dictate the investment for technology and operational service, and the amount of support that we dedicate towards open booking. We're working closely with Concur and GDSX, our midoffice provider, to continue to build technology to facilitate open booking. We also are exploring ways to incorporate the open booking process into our own mobility platform.

Rissky: During quarterly consultations with each customer, we're going through a frequently-asked questions document. If they're looking at open bookings, let's ask why, how much leakage do you have? What's the average age of your travelers? Let's review your policy. Sometimes the solution might be just a matter of tweaking travel policy to create less friction. For customers not open to it, this might be a back way to learn how to attack rogue-traveler concerns.

development of technology necessary to support the migration, sources said.

"As a TMC, we're in the education, research and planning modes," for open booking, said Travel and Transport senior vice president and CIO Mike Kubasik. "When the technology is ready, and if we have clients interested, we'll certainly support them."

Kubasik said client interest in open booking appears to mirror the survey results. "Many have considered the pros and cons but at this point are not ready to make an opinion. More are leaning toward not interested."

Kaden said "opening booking is still very much a discussion and concept." Those piloting it enjoy the ability to book whatever rate they need to book in one seamless itinerary while Kaden appreciates new abilities to locate travelers. "That benefit was most apparent during the Boston bombings. We had a few who used the open booking process to make their reservations. We never would have known where they were before. It's still very new and there's a lot to figure out. We're using it for hotel only now, because that's where our challenge is—in the hotel arena," she added.

> NOT ALL OR NOTHING

Salesforce.com allows employees to book air or hotel via open booking or traditional channels. "The perception is that as soon as you open the doors," all bookings will transition. "In our traveler pilots, we find that they don't use it all the time, just when it makes sense," Stonie said.

For example, he recently booked air and hotel through the firm's online booking tool in a single reservation, but two weeks ago "found a cheaper hotel, a 50 percent off-sale, and booked that" on one site; booked air through the company's online tool and aggregated it all with Tripit. "Sometimes it makes sense, other times it doesn't," Stonie said of open booking options. He estimated that 80 percent of his firm's travelers would continue to use standard channels.

"With the speed of technology today, change is happening not by the year, but by the quarter. There's a new app coming out, new distribution channels opening daily. For us, it's not an all or nothing. It's a matter of how do we start embracing that technology," he added.



> OVERCOMING CHALLENGES

Like in the early days of online booking migration, one of the often-asked questions about open booking strategies remains ‘should travelers really be spending time shopping’ for travel bargains or is that role best performed by travel management / procurement?

Stonie noted that open booking allows his travelers to “take advantage of the latest consumer travel enhancements” and forward itineraries. “I have to compete, to provide a better product. Everything we’re doing is trying to streamline the process.”

The best thing about open booking, Stonie added, is that “it has reduced the noise. How many times have you heard ‘I can find it cheaper.’ With open booking, I can say ‘do it!’”

To quiet the noise at Sapien, senior manager of global travel and client experience Michelle DeCosta said she simply encourages travelers to send her deals to research, and if possible, secure. “We work with project teams to get rates loaded” and with suppliers to get promotional pricing. Within Sapien’s managed travel program, the company and travelers also benefit from name changes, use of unused tickets, status matching, waivers and favors that open booking devotees aren’t likely to get, she noted.

Duty of care, traveler tracking and other safety and security concerns are frequently cited as obstacles to open booking strategies. Yet travel buyers surveyed ranked such concerns lower than cost savings.

To address duty of care and data concerns, data aggregators and technology providers have worked behind the scenes to overcome issues for TMCs and corporations. But some buyers note that before they could consider open booking, additional suppliers would need to enhance technologies to pass data from bookings made on their proprietary sites.

> ROLE OF TMC CHANGING?

If travelers are allowed to book external channels, what is the role of the TMC in a managed travel program and how will it be compensated?

“I think this will be one of the best things for the TMC,” Stonie said. “We’ve gone from a management

fee to a transaction fee and how we’re working with our global TMC moving to a subscription-based pricing model. Literally we’re going to be moving them into more of a concierge-based service to help no matter where a traveler books a reservation.”

> DOES OPEN BOOKING=SAVINGS?

The biggest questions about open booking concerns the returns. There are numerous anecdotal examples of saving opportunities; for example, the ability to book lower client hotel rates, all-you-can-jet airline passes or deeply discounted hotel and air promotions.

Over a six-month pilot in 2009—“before it was the big buzzword”—Sapien found that open booking cost more than managed travel, DeCosta said.

“We did a ton of data analysis and quarter after quarter it showed that those booking outside the program paid 15 percent to 20 percent more than those booking within our program,” primarily due to international corporate discounts. “That’s where your discounts really pay off versus 2 percent savings on a \$250 domestic ticket. Having been there, done that,” DeCosta said she is “not looking at open booking now.”

Travel and Transport’s Kubasik said, “It’s really too early to decide if there are material savings from this. The pro really is that you’re giving people the ability to do what they want. The pros from a purchasing perspective might be different from the traveler perspective.”

> QUESTIONS TO ASK

- How much leakage do you have?
- Why are travelers booking outside your program?
- What problems does that create?



For more information about how Travel and Transport can help you evaluate your travel program, visit www.travelandtransport.com.