

## CONNECTIVITY & CALLING COSTS:

# The new frontier for travel management

In a recent client publication, Carlson Wagonlit Travel identified “connectivity” as “the next big thing” for travel management. Beyond ground transportation, beyond the ability to harness meetings spend... day-to-day access to internet connections and mobile calling and data networks for travelers is emerging as an area of keen focus for progressive travel managers.

The challenge: It is a broadly unknown category of spend for travel management professionals, despite the fact that travel drives some of its most significant costs.

Many companies have unearthed connectivity and calling fees that surpass the cost of an airline ticket—due to the commonly high cost of mobile roaming. And while travel management is not traditionally responsible for driving down technology costs associated with mobile devices, the potential of travel management in leading this effort is clear.

This paper, produced by The BTN Group and sponsored by Truphone, a mobile technology innovator, explores the synergies of travel management and mobility management in isolating and analyzing data related to connectivity and calling, creating policy around domestic and international usage, and even in extending the reach of strategic sourcing to drive down costs.

### SNAPSHOT OF CURRENT PRACTICES

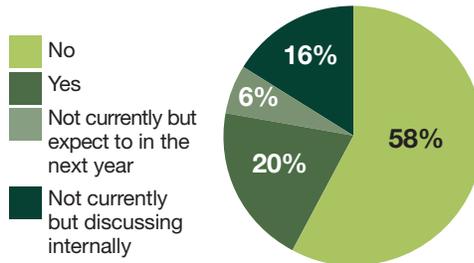
The BTN Group and Truphone recently surveyed 220 corporate travel buyers about how they are managing connectivity and calling fees. Eighty percent of survey respondents are not involved in managing or reporting connectivity or mobile calling/data costs. Fully 58 percent of total respondents said they had no future plans to manage or

report on these costs, while 6 percent expect to take action on these costs in the next year and 16 percent are discussing the potential of these efforts internally. Still, 20 percent of travel managers are taking action, and as these travel managers find savings, the industry will take notice.

Speaking on a recent BTN Group webinar, Nate Strelow, global project manager – payment, expense and connectivity consulting for Carlson Wagonlit Travel, summed up the magnitude

### CURRENT CONNECTIVITY ENVIRONMENT

Is travel management currently involved with managing or reporting connectivity or mobile calling/data costs?



Source: BTN Group/Truphone webinar registration survey of 220 travel buyers, February 2013

of connectivity costs within overall travel spend. “When evaluating and managing T&E costs, you [generally] see a third of costs attributed to air, a third that is hotel and car rental combined and then you have the remaining third, [which] would be meals, entertainment and connectivity,” he said. Within that third category of travel expenses, he



PRODUCED BY

**BTNGROUP**

Mary Ann McNulty  
Director, Content Solutions  
mmcnulty@thebtngroup.com

Elizabeth West  
Executive Editor, Content Solutions  
ewest@thebtngroup.com

Mariza Moreira  
Graphic Design Lead  
mmoreira@ntmlc.com

Louis Magliaro, Publisher  
lmagliaro@thebtngroup.com

Tim Reid, Vice President  
treid@thebtngroup.com

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## MINING MOBILITY: DELIVERING THE DATA

For 46 percent of travel managers, isolating and consolidating connectivity data is a critical challenge, as it is fragmented throughout diverse systems and departments. “Evaluate the potential forms of payment a traveler may use or your organization may use to purchase...connectivity,” advised CWT’s Nate Strelow.

### • CORPORATE CARD DATA

What travelers are making the purchase, when and where they are making these purchases

### • EXPENSE REPORTING TOOL

Travelers could be using their personal card or cash to pay for Wi-Fi. Look at how the expenses are classified, as travelers should be required to identify connectivity and telecom charges in an expense report.

### • SUPPLIER REPORTING

Review hotel e-folio for Wi-Fi costs, reporting from cellular and data service providers (often housed with IT or a mobility manager); another opportunity to review usage per user

### • ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM

Central expenditures

### • MEETING SPEND

Look at AV expenses or individual hotel rooms on a meeting card

When analyzing supplier roaming and data fees, according to Sargent, “If you find anything over \$150 for a single user, which is a pretty typical rate for a domestic plan, that indicates some international travel.”

added, “connectivity is the fastest growing area.”

Several emerging realities of business travel are driving this growth.

First is the number of devices currently used by business travelers. In addition to laptops, which are still widely used, smartphones are carried by at least 75 percent of business travelers (reports vary), and often business travelers will carry more than one phone while on the road.

More business travelers are also equipped with tablets. Technology research firm Gartner predicts that businesses will purchase 13 million tablets in 2013 and that number will more than quadruple by 2016 to reach 53 million units. During this time, it is likely that tablets will significantly displace the use of laptops, but for now, the diversity and number of devices carried by business travelers is high.

Second, there are fees associated with connecting each of these devices, particularly when traveling. In addition to any monthly calling and data fees, the availability of Wi-Fi connectivity at local area hotspots, airports, hotels (if Wi-Fi is not negotiated into the rate) and now, inflight Wi-Fi, as well as mobile Wi-Fi as a component of high-end ground transportation services, allows business travelers to get online wherever/whenever. When unchecked by policy or spending caps, these fees can quickly get out of control.

A third challenge—particularly for companies with international travelers—is the expense of international roaming voice and data fees incurred when a user goes out of their regional network.

A recent study from the Center for Communications Management Information (CCMI) surveyed 200 midmarket businesses about average monthly international roaming charges per user. The results were eye-opening. More than one-third of survey respondents revealed that monthly roaming costs alone exceeded \$1,000 per user. For a full 15 percent of respondents, the monthly cost exceeded \$2,500.

“These results are quite striking and are similar across both the Fortune 1000 and the mid-market,” said Pascal de Hesselde, vice president channel sales and marketing for Truphone. “We’ve heard some incredible stories... \$10,000 and \$20,000 bills for single users are very common. Of course, it has driven companies to create mandates to reduce this cost—and they are making considerable efforts to do so.”

## ROLES & RESPONSIBILITY

According to the BTN Group/Truphone survey, travel managers are just beginning to see a role for themselves in managing connectivity costs. Because of that, the initial hurdle identified by nearly two-thirds of survey respondents is simply acquiring the knowledge to manage the category—or to contribute to its management. Another critical issue is to identify who within the company truly has responsibility for this area, and to formalize proper roles.

What is the average monthly roaming cost for each international user?

Less than \$100	11%
\$100 to \$500	25%
\$501 to \$3,000	30%
\$1,001 to \$2,500	19%
\$2,501 to \$3,500	13%
More than \$3,500	2%

Source: *The International Roaming Problem: How to Balance Cost, Connectivity and Security Concerns, 2012, CCMI/Truphone*

Which of the following do you find challenging in managing connectivity or mobile calling/data for travelers?

Acquiring the knowledge to manage	61%
Identifying who has responsibility	51%
Isolating/consolidating data	46%
Traveler buy-in/compliance	45%
Number of devices	43%
Departmental cooperation	39%

Source: *BTN Group/TruPhone webinar registration survey of 220 travel buyers, February 2013*

CWT’s Strelow shed some light on this area. “Traditionally... connectivity commodities are managed by someone other than travel managers; however, travelers are going to be the largest consumers and contributors to those charges,” he said. Understanding that fact is critical to managing connectivity spend effectively.

Often the responsibility for mobile devices and plans lies within information technology (IT) and

in larger companies may be a separate mobility management function. Much like a travel manager, a mobility manager is responsible for defining mandates, enforcing the device environment for the company, device deployment to users, integrating with existing corporate systems, and also for defining usage policies. Like a travel manager, the mobility manager negotiates with preferred suppliers—device suppliers, if working within a managed device program, and also wireless service suppliers to find the best fit and value for the corporation. The mobility manager is also responsible for understanding the needs of different “profiles” of users, and equipping each profile with a toolkit to stay connected and productive.

The mobility manager has access to usage data from suppliers, but may not have visibility into the drivers behind usage patterns or the spikes in usage that can occur when users are traveling abroad. In addition, the mobility manager rarely has access to connectivity data that hits travel spend categories, specifically the multiple opportunities to connect to Wi-Fi.

Rarer still would be a mobility manager who has access to booking data that shows when travelers may be going out of network—so that preemptive measures can be taken to activate plans that would curb roaming costs. Post-trip data that shows the overall volume of international travel is another set of data that could inform a co-crafted connectivity policy.

Madia Sargent, senior manager of global travel services for Whirlpool Corporation, and formerly the associate director of travel, meetings and expense strategy at Kraft Foods Group, collaborated with Kraft’s IT executives to drive down costs associated with international calling and data usage in the company’s managed device environment. The travel department provided a daily report that detailed every employee who was booked for near-term international travel, and this allowed the IT department to work with the cellular service provider to push an email communication to travelers with an opt-in feature that would allow the service provider to turn on (and off) international calling plans automatically based on the country of travel for each user.

Not only was this perceived as a service perk by travelers, it successfully reduced roaming fees that in some instances exceeded \$5,000 for a single international trip. The key was making IT

aware that the data was available from the travel manager and agency. “They were surprised we had that level of data detail,” said Sargent.

### **FROM TACTICS TO STRATEGY: DRIVING SUSTAINABLE SAVINGS**

A quick success can inspire the push for more strategic solutions. For sustainable savings, travel managers need to treat travel-related connectivity costs just as they do other travel spend categories. The creation of usage and spending policies surrounding connectivity and calling are critical; as well as sourcing the right suppliers to drive value to the organization. Travel managers need not go this route alone—involving IT or mobility management stakeholders is key to getting it right.

That said, the travel manager must be prepared to take a stand on behalf of the traveler and the business needs, advised Truphone’s de Hesselle, as a reduction in access to connectivity or calling is a difficult pill to swallow.

“We have definitely heard of companies losing credibility with their clients—and sometimes losing business—by not being available to their clients when traveling,” de Hesselle noted. In addition, CWT released a study in fall 2012 that showed “lack of connectivity” among the highest stressors for travelers and a big hit to productivity levels on the road. Given this, corporations should take considerable pause before implementing a connectivity management strategy that would primarily cut access in order to reduce costs.

### **Adaptive Policies**

Instead, the concept of adaptive policy can be useful for connectivity and calling. Steven Mandelbaum, vice president of information systems for The Advisory Board Co., who also manages travel for the firm, has implemented a tiered connectivity program based on travel frequency. The program provides a straightforward monthly spending cap for three levels of travel intensity—and allows travelers to use the funds in any way they choose.

Working in a bring-your-own-device environment with travelers who are decidedly tech-savvy, the strategy is working for The Advisory Board Co.—but not without some direction for travelers.

Speaking on the BTN Group/Truphone webinar, Mandelbaum explained. “The feedback I’ve heard from other travel managers is that ‘I’d love to offer an allowance’ but then I’m not really



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*Pascal de Hesselle, Truphone*

“I do believe that innovative technology solutions are the best option. The fragmentation in the international market is very challenging.”

*Steven Mandelbaum,  
The Advisory Board Company*



