

Implementing a Federal Online Travel Management Solution

*Managing the Risks and Optimizing the Benefits of
The Automated Government Travel Process*

THE CORPORATE
SOLUTIONS GROUP[®]

Introduction

“By year’s end, more than nine in 10 companies with managed travel programs will be using an online booking tool for transient travel and, more than four in 10 will be doing so for meetings/group travel.”

*Online Corporate Travel Update 2003-2006: Market Share, Strategy, Forecasts and Commentary
PhoCusWright, Inc. October 8, 2003*

“Today, however, companies are changing their tune and concluding that it is a good idea to let employees book online, partly because it saves them a bundle of money.”

*More Companies Let Workers Book Business Trips Online
The Wall Street Journal June 25, 2003*

“Ready or not, this is the future for business travelers.... You save money in exchange for doing more of your own work.... Using Web software to track every transaction gives managers a lot more control over costs.”

*The Travel Agent Bosses Love
Business Week October 27th, 2003*

“The corporations on the Business Travel News Corporate Travel 100 would have saved \$38 million annually (in 2003) by using their dedicated corporate travel management companies, versus booking their travel via public online sites.”

*Booking Business Travel via the Internet
TOPAZ International, Ltd. (airfare auditing company), February 26, 2004*

These articles and statistics point to several clear messages: *Corporate America has embraced online travel as an essential tool to lower travel expenses—but effectively implementing an online purchasing program requires careful planning, monitoring, and analysis if the available savings are to be realized.*

Moreover, a practical and sustainable travel management program must successfully integrate all available tools and services, and must carefully balance the customer’s business, service, and financial requirements with online services and the resources of a travel management company (TMC).

How can commercial best practices be applied to government travel? Are there comparable opportunities for savings in the public sector as in private industry? What are the best technologies and techniques that can be deployed to automate government travel? How can federal travel managers use technology to more effectively manage their Agency’s total travel expenditures? What is the appropriate role of the GSA’s eTravel initiative within the operations and finances of specific federal agencies?

Government travel is distinctly different than commercial business travel. Strict regulations, procedures and government rules dictate a prescribed procedure on how government employees travel. Further, as significant portions of the travel programs available to federal agencies involve annual, pre-negotiated prices, realizing cost savings involves giving priority to a different set of variables than is true in the commercial sector, most notably efficient and cost-effective operation within the federal agency’s work and financial environment.

Commercial best practices can help guide government travel processes, but they need to be adapted to meet the specific requirements of the Federal Travel Regulations (FTR). A complete

Implementing a Federal Online Travel Management Solution

*Managing the Risks and Optimizing the Benefits of
The Automated Government Travel Process*

solution must encompass authorization, booking and vouchers but also must be tightly integrated into an agency's internal financial systems.

Finally, federal agencies require a mechanism to evaluate the success of their travel purchasing programs—and verify that contracted services are delivered at agreed rates.

The GSA eTS: One Size Does Not Fit All

The General Services Administration has spent the last two years identifying and selecting vendors for an end-to-end e-travel solution (eTS). While this effort was underway, many individual Agencies have implemented specific online travel components in order to address their immediate requirements.

In 2004, Agencies will be called upon to reevaluate their manual and automated travel processes to identify areas of opportunity for further efficiencies, information capture and analysis. This may take the form of electronic systems, policy revisions, vendor compliance monitoring, program efficiency, security program compliance, and data warehousing initiatives. The underlying goal should be finding a solution that meets best government practices applied to a specific Agency's needs, while complying with all applicable procurement and information management specifications.

Further, as Executive Branch Agencies move forward with the President's Management Agenda, appropriate implementation and integration of eTS will be recognized as an important component of the Agenda that carries the potential to substantially lower costs. Realizing those savings will require careful program design and implementation, as the many variables on the GSA eTS schedule are matched against specific Agency requirements.

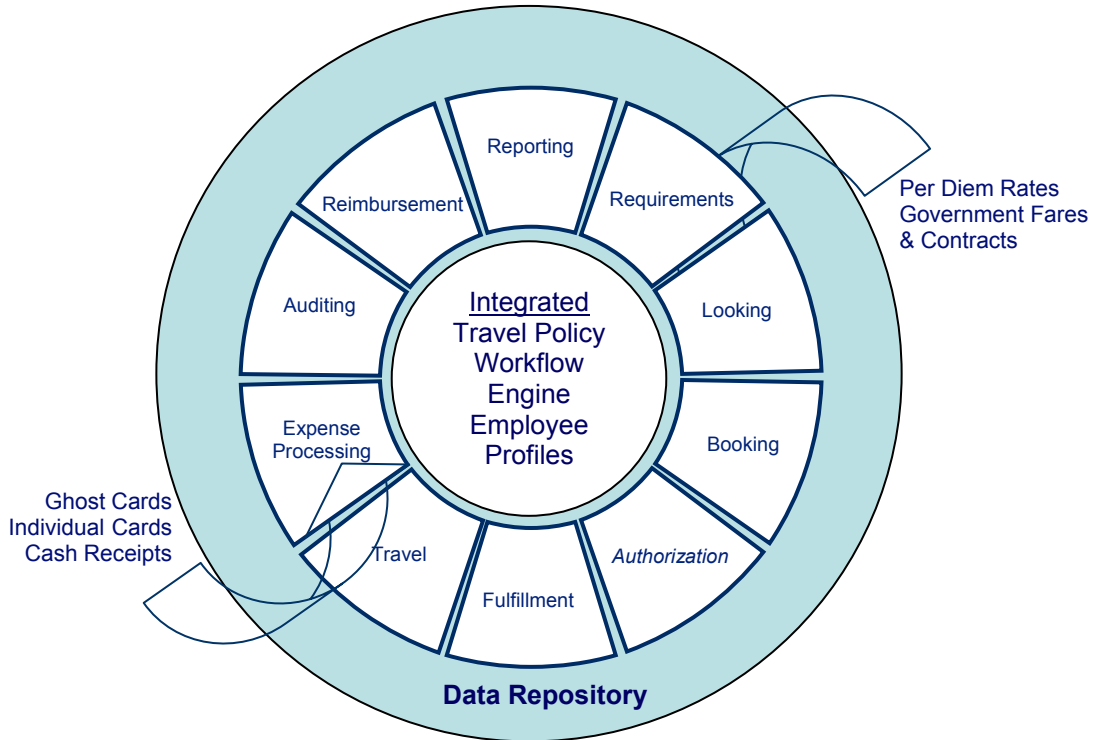
Customizing the Solution for Your Agency

Why automate the travel process? By its nature government, travel involves inefficient systems. Funds must be authorized before travel expenses are committed, but how are travel costs estimated? Many government employees book travel to obtain the estimates, complete the paperwork for authorization and then inform the TMC to issue the ticket. Manual creation of vouchers is cumbersome and delays reimbursement. Clearly, there is an opportunity to use technology to improve this process.

As Agencies implement online travel strategies - vendor selection, implementation and customization are the generally the main focus. There is no question that these activities are critical elements of the process, but an essential first step is to fully understand the current travel process, whether manual or automated, or a combination of both.

The Government Travel Process

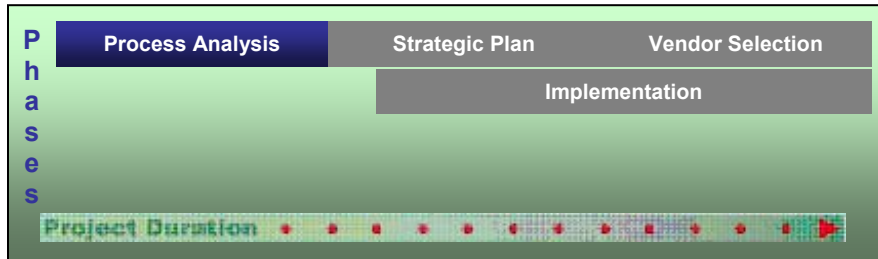
The Travel Wheel



The travel process can be viewed as a continuum. It is important to recognize that travel requirements lead to two separate activities. Travelers look at available schedule and fares and then book these itineraries. The FTR requires that no travel expenses be incurred prior to authorization, but the actual steps of the travel process may differ. The integration of the authorization process with the looking & booking steps is essential to reduce data entry redundancies. All this information needs to then flow into the expense processing (vouchers), auditing and electronic reimbursement cycle.

- The travel process is a recurring process which has had a consistent step by step process which, in many cases, is a requirement of Public Law. Accountability of funding and commitments are a requirement of encumbrance accounting as required by law. This is identified in the requirements and authorization sections above. The looking and booking sections of the process are to get the information as needed and required for the proper processing of the travel request, authorization and commitment. Per Diem rates, Government Fares and contracts must be part of the looking and booking process. Next, the Booking / Authorization / Fulfillment sections lead into the voucher. The agencies need a system to audit and electronically reimburse employees. Finally, reporting is essential to determine requirements, compliance to rules and regulations and verify that vendor service and price commitments are met. A data repository needs to be created containing information from every step of the process to records keeping, documentation and reporting.

Identifying the Current Travel System Selection Processes

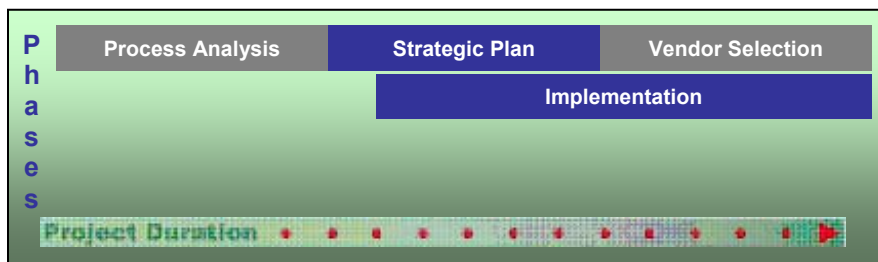


Despite the legal requirements that Agencies adhere to the common FTR, actual traveler behavior may differ between Agencies and even within Bureaus of the same Agency, for valid reasons that may not be apparent to casual observers. It is essential to uncover the actual process employed by Agency employees to understand how automation should be configured to enhance that process.

To uncover these underlying processes, travelers who play multiple roles must be interviewed and observed. A cross section of employees should be analyzed, understanding those that use electronic tools as well as traditional manual processes. These interviews and observations should provide the necessary detail to create a comprehensive business process flow chart.

Surveys, interviews, and policy review helps determine user requirements. Important issues that need to be addressed include: *How are deviations currently handled? Are there gaps between described business practices and actual processes?* The flow chart is an essential tool that helps highlight inefficient manual or automated processes. Analysis of this flow document can provide the foundation to create an ideal business process for your particular Agency. Once the ideal process is identified, a gap analysis can be created to identify opportunities for automation. This ideal travel process can be used to assess the areas of commonality and disparity within each operational area.

Creating a Strategic Plan



A logical next step is to create a strategic plan. Elements of this plan will include identifying and prioritizing automation or policy actions within the context of the total solution.

The strategic plan should specifically outline the ultimate goal of the project; describe in detail the components of the solution and layout a reasonable timetable for implementation. Dependent on the current state of an Agency's travel management practices and technology, some parts of the solution may already be implemented at this strategic planning stage.

Implementing a Federal Online Travel Management Solution

*Managing the Risks and Optimizing the Benefits of
The Automated Government Travel Process*

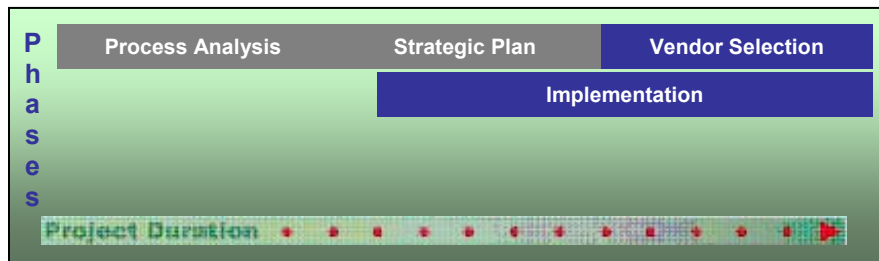
Developing a comprehensive strategic plan helps organize, track and monitor all phases of the project. It is essential that any automated solution (e.g. travel authorization, self-booking or electronic voucher system) be accompanied by a corresponding travel management objective with a clear measurement capability. For example, self-booking must lead to lower fees, savings and improved productivity.

Agencies need to focus both on the automation of inefficient services and the value of effective travel management information. Agency management is compelled to provide oversight over travel expenses. A key opportunity for cost savings may be identified through the analysis of aggregated travel expense information (data warehousing).

Given the impact of government negotiated airfares, these savings opportunity may be within other areas of expenses such as hotels. However, statistically relevant audits may be important in establishing that the Government's negotiated City Pair Program (FPLP) is properly applied and that full contracted vendor discounts are delivered, consistent with the terms of the contracts (or matching fares, where applicable).

Legislation such as the Sarbanes-Oxley Act put greater scrutiny on both private *and* public sector expenses. Government expenses will continue to be under the media spotlight and Agencies need to implement sophisticated tools to track and monitor all travel expenses.

Vendor Selection



Selecting vendors generally involves a traditional process such as a Request for Quote (RFQ) from an approved vendor list. To truly meet your Agency's specific requirements, vendors need to be evaluated on their Total Cost of Ownership (TCO). This looks beyond price to evaluate the total costs of implementing the solution. If current technology pieces are already in place the same TCO tools can be used to evaluate the effectiveness of the tool against strategic goals (e.g. has the automation reduced overall travel expenses, has the tool resulted in a more efficient business process?). The TCO analysis should provide the basis for a comprehensive vendor scoring and evaluation matrix.

Throughout the vendor selection process, Agencies must be sensitive to specific vendor capabilities to deliver products and services as represented, against specific Agency requirements. This is because the eTS schedule allows considerable variances in composition and implementation, especially in the process and information security areas. The schedule anticipates that Agencies will have an adequate understanding of a vendor's products and services so as to make these evaluations based upon the Agency's unique circumstances.

This process is materially enhanced where a thorough understanding of commercial best practices, together with an appreciation of the strengths and weaknesses of vendor offerings, can be part of the Agency's selection, validation, and implementation processes.

Implementation

To be successful, a detailed implementation plan is essential. The plan must have precise measurements that track the value of the solution during the rollout and anticipate potential issues in vendor service offerings and TMC support, where practical. Agency travel management needs to assemble an implementation team consisting of key individuals representing the vendor, TMC as well as members of the Agency's management. The participants should be comprised of individuals with the following skills and/or knowledge:

- Travel policy administration and reimbursement responsibility
- Information Technology as it pertains to any system interfacing with existing organizational systems such as email, approval workflow, telecommunications, financial services, and human resources systems
- Information Services and operational security capabilities, issues, and programs, as established by Agency requirements
- Travel management company representatives knowledgeable with correct passenger name record procedures/coding, travel program policies and intricacies
- System trainer(s)
- Contract specialist(s)

The Pilot Group

Choosing the right pilot group can help or hinder the ultimate success of any technological project. A standard pilot group is generally composed of an employee sample that represents less than 10% of the organization's total traveler/travel arranger population.

This group should consist of an equal balance of representation from the key departments, bureaus, or sub-organizations. The pilot should include very frequent travelers and their travel arrangers and infrequent to moderately frequent travelers and their travel arrangers as well as non travelers who simply require reimbursement.

The pilot should have representatives from of all major positions, grades, and/or ranks. Ideally, a selected percentage of the pilot participants should be provided with system access without any formal system training while the remaining pilot participants should be provided system access after having received formal system training.

The pilot program may be divided into phases, depending on the size of the organization. The first phase would be the most limited in size or less than 50% of the entire pilot program population. This pilot phase should run less than 60 days and its goal is to identify and correct system inconsistencies, pre-populated data errors, and general customer service issues.

The second phase of the implementation pilot would include all remaining pilot participants. This phase should run less than 60 days and the entire pilot program should be kept to less than 120 days.

After completion of a successful pilot program, a timeline should be created for the overall production rollout of the system to all potential users. Dependent upon the organization, its size, diversity, special needs, etc., the rollout should be completed in a managed, orderly, and timely manner.

The Importance of Change Management

Any automated process or new business practice can result in a significant level of user resistance. An ongoing effort geared specifically to communicate the advantages of using the new system and minimize needless process difficulties throughout the order cycle can help mitigate inherent change management issues.

A successful communication technique is to disseminate useful messages on a frequent basis advising the potential user population of system enhancements, system training seminar schedules, operational announcements, and praising the continued cost-savings and cost-savings opportunity obtained when using the system.

Adoption Management

Since adoption rates are not static, it is imperative that the travel program management monitor adoption on a regularly scheduled basis throughout the life of the system. If the adoption rate declines, the program management is required to determine the cause. Once the cause is identified, communication needs to be created that specifically identifies the issues impacting adoption.

Security Concerns

An essential part of the implementation process is to evaluate and certify vendor compliance with agency operational business and security requirements. While these are anticipated by the eTS schedule, specific construct and implementation is left to individual Agency discretion, in recognition of the widely varying requirements between Agencies.

Furthermore, there are a variety of IS security standards, recommendations, and specifications developed throughout the Federal Government which may apply to electronic travel procurement, data warehousing, auditing, reporting, and financial services, given Agency requirements. These are modified and enhanced from time to time by the Government.

While security specifications will vary widely between agencies, current Federal guidelines anticipate that each online procurement system implementation will adequately address relevant security issues in a verifiable manner consistent with those guidelines.

The eTS does not seek to interpret these standards and specifications as part of the procurement process, but relies upon the Agencies to do so. Care must be taken to understand the complete range of applicable security specifications in the context of true eTS vendor capabilities. This analysis will not be readily accessible and Agencies must not assume that vendors have an adequate understanding of the complexities of the security process, or even of their own products and services and the processes that support them.

Because travel purchasing and the technological systems that sustain it have evolved continually over the last 50 years, there is frequently little continuity between so-called "legacy" systems and the processes that sustain them and the current-generation interactive technology, which is the primary business focus of most travel procurement system vendors. Only by understanding the totality of the travel system process and its integral dependencies, can a full and accurate security picture be created.

Implementing a Federal Online Travel Management Solution

*Managing the Risks and Optimizing the Benefits of
The Automated Government Travel Process*



Travel technology is a unique and specialized field that demands specialized knowledge and expertise in order to properly evaluate security issues and dependencies. Moreover, there are clear distinctions in process and construct between technology and systems used by each travel service vendor and especially within the TMC community. Agencies must not assume that even large, sophisticated information service companies possess the complete range of specialized expertise needed to perform the comprehensive analysis required.

A vendor's proposal must be evaluated against a security plan that has been custom-developed based upon specific Agency requirements. Such a plan must include specific responsibilities and standards and must be auditable, consistent with current Federal recommendations and specifications. A mechanism must also be in place to test and maintain a security plan throughout the life of the project.

Summary

Online travel procurement is clearly in the mainstream of corporate travel procurement best practices. It has been shown to deliver substantial operational and transaction-driven savings once properly implemented, while enhancing traveler productivity and satisfaction.

Achieving these goals, however, requires careful planning, program design and management, vendor negotiation, change management, and attention to adequate adoption levels. Federal travel adds complexity to this process, as highly specialized financial services, negotiated programs, security services, and Agency requirements must be integrated into a successful procurement and operational plan.

Federal Agencies should seek sophisticated, detailed, and experienced support as they address their own operational travel requirements in light of the new services available through eTS, while taking into account best practices now in place throughout the corporate sector.

About The Corporate Solutions Group®

The Corporate Solutions Group (CSG) is among the country's foremost travel management and procurement consulting practices. With an extensive combined experience base, The Corporate Solutions Group offers unparalleled expertise that allows us to optimize travel procurement for the Government and apply business practices, operational techniques, and technology that have proven successful in the private sector in support of an effective travel management strategy.

Part of our unique expertise is a detailed understanding of the complexity and specificity of Federal travel requirements and the systems needed to support them, together with TMC processes, operations, and technology.

We provide quality services and systems through a disciplined program management approach and are able to apply proven best practices in support of the Government's travel management goals. Our consultants have the highest level of travel management training and experience and have been involved in a variety of projects over the past 25 years that have set standards by which other travel consultants are judged. Our best practices are fundamentally consistent with recognized industry standards and are supported by unparalleled real-world experience and project management expertise.