



What is the true cost of globalising your travel management solution?

If you are part of a global company, at some point the discussion of whether a local or global travel management solution is a better choice is going to come up.

As we are learning to operate in a COVID-19 world, many companies are looking to save money and rationalise spend - but it's important to recognise that an improvement on a line item in your budget could cost you in other areas. There are hundreds of companies out there promising to deliver savings, efficiencies and innovative technology through a global solution, so how do you choose a travel management company (TMC) that will really work in your company's best interests and help to improve your travel program?

To help you decide, let's look at the pros and cons.

The Pros and Cons of Working with a Local Travel Management Company

Pros

- A local TMC will take the time to get to know you, your business and your overarching program goals.
- A local TMC will understand your local market travel needs, such as flying from regional airports, and they'll already have relationships with the relevant airlines, hotels and ground transport providers. They'll also apply credits on hold, which are not typical globally.
- A local TMC has the ability to adapt quickly to changes in a customer's travel program from both external and internal factors.
- Typically, with a locally-based TMC, you'll have a single point of contact to manage all of your travel, making booking quicker and easier for your staff as they won't have to repeat the same travel preferences each time they book.
- You'll build a stronger relationship if you work with a local TMC who can manage all aspects of your travel and provide one Travel Manager to oversee your travel program.
- When things don't go according to plan, it is quicker to locate affected travellers when using just one supplier, supporting your traveller safety and duty of care policy.
- Your staff have one service to call for assistance after hours when travel is disrupted or something goes wrong.
- You can choose technology specific to your market which ensures local supplier content is preferenced, and you have full access to local airline inventory and the ability to view and manage your credits on hold.

- You'll receive one consolidated monthly invoice, easing the pressure on your finance team.
- Your business administration fields (GL codes, cost centres, reasons for travel) can be captured at time of booking saving Admin or Finance time manually adding to the accounting system.
- You'll access a suite of reports which highlight important local trends and show all of your travel spend consolidated into one place, helping you to make strategic decisions more easily.

Cons

- Your staff may find using a single provider a cultural shock compared to 'shopping around' on comparison websites, even though it's better value overall to book through a single service.
- The user experience in each market may be different as the technology and local market nuances drive what is returned in the technology, such as an online booking tool or reporting platform.
- Technology is often mandated as part of a global program, removing the choice to bring in local market providers.
- If you don't educate your staff about the corporate deals or inclusions your TMC has negotiated and they book online, the organisation may miss out on rebates or maintaining negotiated deals ongoing.
- If your locally-based supplier doesn't also have a global presence, then they may not have the negotiation strength to secure you the best rates.

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The Pros and Cons of Working with a Global Travel Management Company

Pros

- A global TMC will have the negotiation strength to secure you market-leading rates because of their larger booking volumes.
- The technology offered by global TMCs is generally all-encompassing, and offers a similar user experience in each market.
- Supporting your duty of care obligations is easier when you work with a global TMC, as often your company may partner with a third party travel risk management provider who offers your travellers 24/7 support and assistance as well as traveller tracking technology.
- A global TMC should be able to offer you flexible pricing, e.g. on account.

Cons

- Working with some global TMCs can make you feel like you're just a 'number', especially if they operate call centres and deal with thousands of customers. This can be detrimental if your company's culture requires a more personal rapport with your suppliers.
- If your travel spend is considered 'small' by a global TMC, then they may not accept your business, and even if they do, they may prioritise larger spend customers above yours.
- Global supplier agreements are often not as financially rewarding as local agreements, and less suppliers offer true global arrangements.
- Sometimes a global TMC is not a true global company. They may use affiliates and different systems.

So what's the right choice for you?

Which TMC you work with is a personal decision that will vary from business to business.

Alan Norton is the Commercial Director APAC for Tribal. Tribal is a global company based in the UK, that provides expertise, software and services to schools and tertiary institutions around the world, including The University of Sydney and Oxford University in the UK.

Tribal recently went through a six month review where they weighed up the pros and cons of moving from multiple local, regional-based TMCs to one global solution.

"Our review process was led out of the UK, and was collaborative, involving all stakeholders from decision makers to bookers and travellers," says Alan.

"It became clear in the review process that travel in the UK and travel in APAC is very different. We had different requirements - for example the UK business is 3-4 times larger than APAC, and is all about rail tickets. In APAC it's flights and hotels. This meant that the same global TMC may not be suitable for us as we were looking for different things."

While a global solution could bring some positives like a global key account manager and the same systems, Alan felt it was important to keep their local relationships in place, pointing out that companies really need to ask themselves if the global supplier is going to be the best fit for their region, or are they only really suited for the main territory they operate in.

"Another key point is that with a global provider, you don't know who you are going to end up dealing with. Going into the review process we knew Corporate Traveller and our travel team. We knew

their service was exceptional and the team delivered on their promises. It did pose a risk in changing providers as it was going to be the unknown - so in the end it came down to the people," says Alan.

At the end of the review process Tribal's APAC region decided to remain with Corporate Traveller, and Alan has said the process helped his team recognise the value of strong local relationships.

"At the end of the day, it's the people rather than technology that will help get you out of a tight spot. For us, it's important we have people we can talk to and we have a local account team we can escalate things to if we need to," says Alan.

"It makes us feel comfortable - for example if there is an earthquake in NZ, we don't want to have to call a team in the UK to get them to sort it out for us. We want to know we can talk to our local team at any time of the day or night."

So to summarise, as well as the obvious value for money considerations, there are three factors to think about before making your final choice:

Culture: You'll have to work with this company every day. Be sure that they truly understand your business's needs, concerns and objectives.

Ability: Ensure your chosen TMC can offer you everything you require, not forgetting to consider their offline service and travel technology offerings.

Price: Make sure your TMC is offering good value and charging a fair price. Compare the fees of your shortlisted companies like-for-like, as some TMCs offer transparent pricing models while others are less clear. Hidden extras may not always be apparent, such as charging for a 24/7 assistance service, so be sure to check this.