



Dental Supply Company Goes From Onsite to Online and Takes Bite Out of Maverick Spend

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*- Vice President
General Counsel,
Dental Specialty Supplier*

Summary

The combined forces of technology and globalization are rapidly transforming the corporate travel landscape every day. Companies on the cutting edge are leveraging advances in both arenas to drive greater results for their programs. For a dental specialty supplier with operations across the country and a significant amount of international travel, this meant updating its onsite travel department with an online solution and implementing new tools and procedures to capture and leverage its spend.

A growing number of employees had stopped booking travel through the onsite agency at the company's West Coast headquarters, partly due to the three-hour time difference for East Coast-based employees. All of this transaction volume was lost, and the company knew something had to be done to recapture it. The solution was to find a travel management company that could help the company gain full control over its travel spend by combining the convenience of booking online with solid policy controls, competitive negotiated rates, comprehensive data capture and unused ticket management. With this solution in place, training and communication could help the company to achieve best-in-class results.

The company launched a detailed bid process with its current agency and several other providers. "After seeing their

presentation and looking at the cost savings that could be generated by consolidating our travel program into an online program, we decided to go with American Express," says the company's vice president, General Counsel. American Express Business Travel provided a comprehensive program package that included online booking with automated processing and e-fulfillment of tickets, dedicated account management, 24-hour support and worldwide air, hotel and car rates through its Preferred *Extras* program, which is available to all clients regardless of size.

The company's dedicated American Express general manager launched a comprehensive training and communication program to help employees make the move online. "She was very responsive and helpful," says the company's vice president, General Counsel. "I really enjoy working with her and all of the other people dedicated to our account." As a result of the focus on training and the company's commitment to the new program, close to 80% of all transactions are now booked online, resulting in savings approaching \$400,000 in year one of the program. Just as important, the company can serve all of its travelers regardless of location, monitor traveler compliance and capture its travel data for consolidated reporting and greater negotiating leverage.

Company Profile

The company is a mid-sized, dental specialty supplier based on the West Coast and has 4,300 employees at operations across the U.S., growing international travel, and annual travel spend of \$2.8 million.

Situation Summary

The company's employees booked their travel through an onsite agency located at the organization's West Coast headquarters. However, many travelers were using other local agencies scattered throughout the country. To gain visibility and control of travel spend and reduce transaction fees, the company wanted to migrate from an onsite agency to a managed online booking program that incorporated all company divisions and would lower its total cost of purchasing travel. While moving online would be a huge cultural change for this fairly decentralized organization, the opportunity to leverage technology to drive cost savings and enhance program performance outweighed the challenges.

Solution Summary

American Express Business Travel was selected to establish a new, managed online travel program for the company. The American Express general manager worked closely with the company to put in place new procedures to optimize travel program savings. A robust online adoption strategy was developed, new supplier contracts were negotiated, policy stipulations were implemented, and Global Ticket TRAX, a mechanism for recovering unused refundable and nonrefundable tickets was deployed. Most importantly, a detailed change management, training and communication program was developed to drive employee adoption of the new solution.



Benefits Summary

- **Transaction Fee Savings** – Online usage rates are consistently averaging between 75 and 80%, and 92% of all online transactions do not require agent assistance, which has lowered the company's transaction fees by 70% and saved \$82,000 annually on processing costs.
- **Increased Compliance and Supplier Leverage** – Program compliance increased significantly; the company consolidated 26% more domestic and 42% more international air volume into the managed program. Increased use of preferred supplier and negotiated rates translated into air, hotel and car savings of \$289,000, and the company was able to maintain contracted rates year-over-year in an industry where suppliers face continued pressure to reduce costs.
- **Comprehensive Spend Visibility and Lost Savings Capture** – The company now has full online access to its travel data and can generate consolidated reports to highlight spend patterns and identify incremental savings opportunities, as well as capture data for negotiations. Additionally, Global Ticket TRAX has helped the company recoup \$17,000 in previously lost savings on unused tickets.

Situation

With operations throughout the United States, this dental specialty supplier was supported by an onsite agency located in its West Coast headquarters facility. "It was very difficult for individuals on the East Coast to use that service with the three-hour time difference," explains the company's vice president, General Counsel. The result? The current travel company had no mechanism in place to capture the organization's travel data and could not effectively leverage or manage its travel spend. This lack of spend visibility negatively impacted the company's ability to negotiate rates with suppliers, manage unused tickets effectively, or track traveler compliance.

Adding to these challenges, all reservations made through the company's onsite travel agency were subjected to a substantial transaction fee. In a well-managed travel program, no more than 3% of total travel spend should go toward transaction fees. This company was paying more than double the national average in fees and losing money in unclaimed refundable airline tickets and non-refundable ticket credits.

Solution

American Express Business Travel created a new travel program for the company that leveraged online booking and e-fulfillment technologies and put procedures in place to optimize the company's travel program savings. Additionally, the American Express general manager for the account worked closely with the company to negotiate updated contracts with vendors based on the new travel program goals and the projected market share they could anticipate as a result. The American Express Supplier Relations team then reviewed the contracts to ensure that the company was getting the most competitive deals possible.

The backbone of the new travel program is the American Express online booking tool, which enables the company's travelers to book a complete business trip online in just a few minutes – 24/7 – regardless of their location. With enhanced policy controls and access to negotiated rates, the tool guides travelers to the company's preferred airline, hotel and car rental suppliers and helps them easily make bookings in compliance with the organization's T&E

policy. A new enhancement allows them to sort by price and look at seat maps prior to making their reservation, which is very important to some of the travelers.

American Express also provided a variety of enhancements to generate additional savings for the company and to increase spend visibility, including:

- Global Ticket TRAX, which identifies all unused e-tickets, credits refundable tickets back to the original form of payment, and calculates the value of non-refundable tickets, sending this information to the traveler's profile so it can be applied to future trips.
- @ Work Enhanced Reporting, which provides the company with 24/7 access to its travel data from any computer via the Internet and allows users to easily create ad hoc reports using a variety of format and filter options to track travelers, highlight spend patterns and manage suppliers.

To successfully launch the new travel program, American Express worked closely with the company's vice president of Human Resources to develop a five-step change management and communication process. Additionally, the American Express general manager conducted a series of 10 training sessions, including one that was recorded for playback by new employees, to ensure that travelers were comfortable with the tool. "The American Express training program taught employees how to set up a profile and then how to log on and use the system," explains the company's vice president, General Counsel. "It was extremely helpful in transitioning our employees to the new system."

Once the online solution was launched, the company's senior management took an aggressive stance to ensure high adoption levels. They mandated use of the system, created a strong internal process for support and appointed the CEO's executive director as the gatekeeper for online tool support. All requests for online booking support went through this individual and she would determine whether a traveler required agent intervention or should continue online.

Benefits

Within one month, the company had achieved a 65% usage rate of the American Express online system. Since then, online usage is consistently reaching 75 to 80%, with traditional agent bookings limited to complex international itineraries and VIP travelers. In its first year, the American Express travel program generated a total savings of \$388,000 for the company through significantly increased traveler compliance and the use of preferred suppliers. Further, the company is now capturing all of its travel volume for enhanced spend visibility and greater leverage with suppliers.

Transaction Fees Reduced by 70% and Year-Over-Year Savings

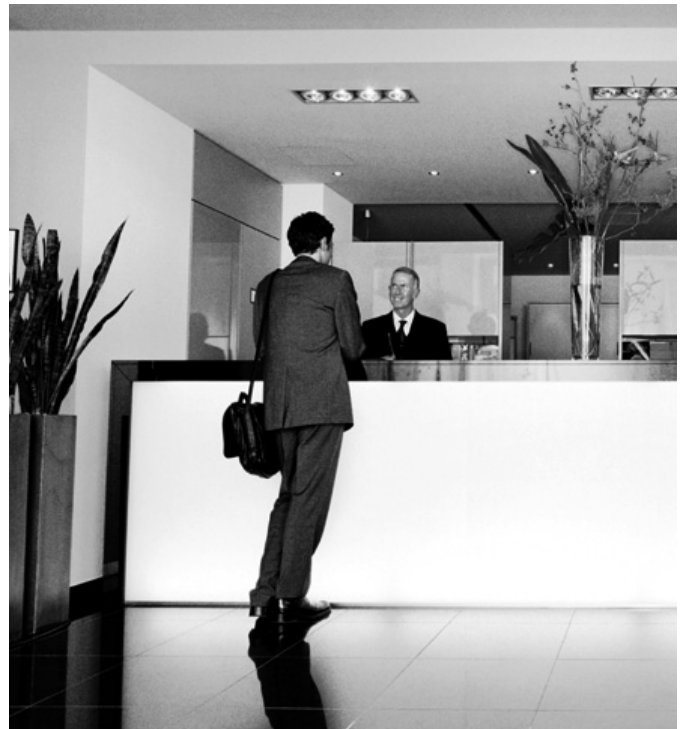
The company is saving close to 70% on transactions fees versus the previous program. Part of this success can be attributed to the strong executive sponsorship of the new online solution and the comprehensive training program provided to travelers. Additionally, an impressive agentless transaction rate of 92% was achieved, resulting in a savings of \$82,000 on processing costs.

Increased Compliance and Leverage Through Automated Preferencing of Preferred Suppliers

The online solution highlights the company's preferred suppliers, resulting in a 66% increase in the use of preferred car rental vendors and a 10% increase in the use of preferred hotels. Airline transaction volume has also increased, enabling the company to consolidate an additional 26% more domestic and 42% international transactions into the managed program. Use of preferred suppliers and negotiated rates translated into air, hotel and car savings of \$289,000.

Comprehensive Spend Visibility and Lost Savings Capture

All transaction data for both online and traditional bookings is accessible through American Express @ Work



Enhanced Reporting, which provides the company with access to its travel data 24/7. Users can create ad hoc reports using a variety of format and filter options to track travelers, highlight spend patterns, identify incremental savings opportunities and capture consolidated data for supplier negotiations. Additionally, with Global Ticket TRAX, tracking unused refundable and non-refundable tickets and capturing this information for application at the point-of reservation has helped the company recapture \$17,000 in previously lost savings. Moving into the second year of its managed online program, the company is poised for similar success and has sustained its contracted rates year-over-year in an industry where margins are tight and the suppliers are facing continuing downward cost pressures. Additionally, online volume and compliance remain strong and will continue to drive savings to the bottom line.