Sitting on a goldmine —are you making the most of your data?

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WHILST BUSINESS TRAVEL costs continue to soar, many businesses are missing out on startling opportunities to make their corporate travel budgets go further.

Cost control in the corporate travel industry has become crucial. September 11th had a huge impact on business travel and the economic kickback that followed in its wake proved disastrous for the airline industry.

In November, British Airways (BA) saw a 40 per cent drop in business, while other companies such as Swiss Air folded. But despite travel's present unpopularity and high costs, companies still have to travel if they want the business.

The UK international trade minister. Baroness Symons, recently commented: "This is simply not the time to hunker down and wait for the good times. Travel is essential to negotiation."

The same sentiment has been echoed in the recent BA advertising campaign, where two UK companies are seen pitching for an account in the States. One company e-mails their proposal whilst the other makes the effort to travel to the West Coast and discuss their proposal in person. Who wins the account? Why, the business travelers of course.

The message is simple — companies cannot compete effectively in a global market by waiting on the sidelines.

So what can companies do to manage spiraling prices incurred through traveling? In most cases, the answer is staring them in the face. They all have the data generated through business processes but few do anything meaningful with it.

The process of analysing data in a meaningful way is known as Business Intelligence (BI). The data that a company collects can be scanned and analysed and gives a helicopter view of cross-company data trends.

And the reports generated can flag up unexpected revenue opportunities. A recent survey of the Global 500 and Fortune 500 companies, commissioned by Kalido, found that a huge 96 per cent suffered from information frustration and were unhappy with the way company data is managed.

So why aren't more companies maximising the potential from the data they reap? As economic pressure mounts, BI is a concept businesses cannot afford to ignore.

In the past, the responsibility of constructing reports from raw company data has fallen to the MIS (managing information systems) staff. Research shows that they consider it their most laborious and mundane task.

According to a survey conducted by Forrester Research in 2001, much of the work that the MIS department desperately tries to avoid is building queries and reports against operational data. If this is the case, why not employ tools that can help them out?

Take the automation of corporate travel and entertainment (T&E) expense management.

Instead of filling out lengthy and tiresome paper forms and waiting weeks to be reimbursed for their travel expenses, business travellers simply log on to the Internet or company intranet, submit their expenses on-line and are reimbursed almost immediately.

In one fell swoop this reduces administration overheads and generates the information that gives companies the opportunity to see exactly where and how their travel budgets are being spent.

Spotting trends in business travel spend can offer up tremendous cost cutting opportunities. The US pharmaceutical giant, Pfizer, is just one company that has significantly reduced costs through automation of T&E expenses. An automated corporate expense management solution allowed the company to slash its $600 million annual T&E spend.

How exactly did the system allow them to do this?

Automated expense systems, such as our own Concur Expense™, the system Pfizer implemented, give an eagle eye view of all business travel transactions within the company.

They also integrate ERP, financial and HR systems, and can examine data within these departments too. The system therefore collects valuable cross-company data that can be effectively analysed in order to identify trends in travel spend across the company. Concur includes the BI bundle as standard in the package it offers to clients.

Combined with a reporting tool, the expense system can produce regular reports on business travel patterns within the company, department, region and individual traveller.

One of the best revenue opportunities to be gained from this information is the ability to negotiate significant vendor discounts, off the back of the detailed information about spending patterns.

When a blue-chip Concur customer analysed the car parking patterns of their employees, they realised that their business travellers were predominantly using one chain of car parks.

Parking discount

Armed with this knowledge, they went to the car park vendor to negotiate a discount on employee parking. The vendor, keen to keep the business and lock the company's employees into the sole usage of their car parks, agreed. That fiscal year, the company saved $500,000 on its car park spend.

Another advantage with BI is that at a glance companies can hone in on discrepancies in their travel spend. A large US retailer uses a particular chain of hotels when on business and because of their patronage, they are charged a discounted rate per room.

When the company looked at their travel spend, they realised that a number of their business travellers had mistakenly paid standard rates for nights spent at these hotels.

The company then approached the hotel chain with the receipts plus the data gleaned from the expense system and proved that they had been overcharged. The hotel chain could not refute that it owed them money and promptly agreed a rebate.

BI derived from an expense management system helps save money through vendor negotiations.

Compliance

Compliance is an area that benefits from an automated system. When employees submit an expense report, the system either waves the claim through if it is a reasonable one, or flags up the expense if there is a problem.

For example, a certain British blue chip programmed the system to accept car mileage claims from its headquarters to Bristol for 70 miles.

This meant that any inflated claim for that trip was immediately flagged up. The company made a reputed saving of £50,000 in the first year from this feature alone.

Corporate expense BI can also give you critical information about the business travel spend of each department and each individual within that department.

If the CEO decides to browse through the reports that outline their company's travel spend, they can start by looking at a pie chart that the system produces that shows a break down of department by department travel spend. The CEO can then select a more thorough view, by looking at a pie chart of the department's travel spend, user by user.

This eagle eye perspective can highlight potential problems. Why is Jonathan from sales spending twice as much as Rachel from sales? There may be a perfectly reasonable answer. But there may not be.

The system arms you with information to make informed decisions.

Other benefits such as showing you how to reclaim foreign VAT and analysing the time that is taken for a report to be processed, from submission, through to reimbursement of that claim, are also at your fingertips with an automated expense system.

As Brett Walker, Product Marketing Manager at Concur in the US says: "It's not a question of if companies can afford to employ business intelligence solutions, it's if they can afford not to. Most companies don't realise it, but they are sitting on a potential gold mine."

BI is a concept that has really taken off in the US, but it never takes long for an idea to sweep across the Atlantic and land on UK shores.

More and more British companies are beginning to analyse the data they garner from business practices.

The insight and technology is available to help businesses leverage the data they collect, allowing them to make informed decisions within the company, so why aren't more using it?

As the economic climate gets harsher, companies should be looking at ways to batten the financial hatches and weather the storm. Business Intelligence may be just the protection they need.

What this Means To You

Does your company have a single, unified view of travel spend, or is it Data Rich, Information Poor (DRIP)?