

Industry Overview. Contrary to popular belief by many procurement or sourcing managers, a TMC is not a supplier where you purchase travel but a vendor providing services to support your managed travel program. From a cost perspective, a TMC is one of the smaller vendor categories that make up your travel program. However, it will play a direct and indirect role in the overall performance or savings of your managed travel program. The decision by a corporation to contract with a TMC is a commitment to a managed travel program. This will result in the requirement to conduct a TMC bid every 5 - 10 years to ensure you are sourcing the right services, latest technology and securing the best market pricing to maximize the performance of your managed program. Unfortunately for corporate procurement and sourcing departments, a TMC bid can be a *High Risk* and *Low Reward* assignment.

From a **Risk** perspective,

- The fees of a TMC represent the smallest supplier expense category, so the traditional procurement goal of delivering large measurable cost reductions is challenged.
- A TMC is a complex category delivering more than just reservation and ticketing services or transaction fees. In fact, the typical bid will include over 20 – 40 different services, technologies and pricing categories just in the USA, and another 10 – 20 categories for each additional country included in the scope of your program. Daily market service/technology changes and varying bundling practices among competing bidders will challenge any buyer's ability to timely and accurately measure comparative savings, technologies and performance.
- A TMC is an infrequent bid category requiring specialized bid documents, processes and scorecards. You can't rely on the traditional internal procurement templates and processes or download some RFP template from GBTA or other public sites and expect to run a professional and cost effective bid process.
- The TMC touches or impacts most key employees, including senior management and many company departments (sales, accounting, IT, etc.). Any missteps in your negotiations or in the performance of the selected provider can have long lasting consequences to the responsible buyer's career.

From a **Reward** perspective,

- You can increase the ROI of your managed travel program by negotiating new services and solutions that will provide travelers with greater access to new content or discounts, and provide the procurement department with new tools and analytics to leverage better pricing (air, hotel, car, etc.).
- You can reduce internal direct and indirect operational expenses associated with your managed travel program (salary and other internal program management expenses and other third party program vendor fees).
- Negotiate new services and solutions that will increase traveler productivity and safety.
- Upgrade the deliverable SLA requirements of your TMC to ensure consistent service and pricing throughout the term of the agreement.

Although your TMC will positively or adversely influence the total savings from your managed corporate travel program, it's extremely difficult if not impossible to accurately project or measure a TMC's individual impact to the items above, except the second bullet (Reduce internal direct and indirect program expenses). Consequently, the primary objective of a TMC RFP should be to improve the overall performance of the managed program and the only chance of obtaining a positive ROI is to support your bid project by deploying a timely, accurate and cost effective process.

CTBR Value Proposition. CTBR's BidCentral solution is the industry's #1 TMC RFP solution for delivering successful outcomes (timely, accurate and cost effective bid processes). No entity has more current data on the latest market services, technology, pricing and negotiating tactics of the TMC industry. Each client can leverage CTBR's market intelligence during the planning, scoring and final negotiations of its bid process. And, yes we help our client's negotiate lower TMC pricing than if negotiated independently (additional savings of 5 - 12% of total TMC pricing). However, from a ROI perspective this is marginally significant because your total TMC pricing is less than 5% of your total travel spend. The decision to deploy our BidCentral solution is purely a sourcing decision based on the following criteria - can CTBR help you complete the RFP in less time, with greater results and at a smaller total project cost than if performed independently by your company or working with some other third party?

From a sourcing perspective, deploying CTBR's BidCentral solution will provide the following value to your TMC RFP project,

Internal Project Time/Cost: your project time (planning to contract award) will be reduced by 3 – 9 months and/or 200 – 1,000+ hours. As a result, you will be able to implement and realize new program savings 1 -3 quarters sooner and save tens to hundreds of thousands of dollars in direct and indirect project costs (S&A).

Risk Mitigation: Engaging CTBR will help you navigate around all of the ROI destroyers that are common in every TMC bid project,

- **Hidden Pricing:** 80% of TMC agreements audited by CTBR contain hidden pricing that increase the buyer's original projected cost by 10 – 30%. Most charges do not surface until long after selection and implementation. CTBR's proprietary pricing modeling will ensure all costs are visible prior to awarding the bid.
- **Cost Shifts:** Most buyers focus too much on the transaction pricing of their TMC, while unknowingly creating a greater cost shift somewhere else in their managed program. Lack of content access and higher internal or third party vendor fees are the most common examples. CTBR's process and expertise will provide a 360 degree perspective of the total cost and impact of your managed travel program to help avoid this common mistake.
- **Service Shifts:** Service shifts are also common. For example, in an effort to reduce costs the buyer unknowingly downgrades the deliverable service requirements of a current key service. Another example is the buyer fails to negotiate a new service requirement that it's not currently receiving but the managed program or travelers will require in the future. CTBR's modeling process ensures you scope the right services at the right price.
- **Implementation:** Delays and other post bid implementation challenges can dilute the entire ROI of a TMC RFP. CTBR assesses all implementation requirements and potential risks on the front end of the bid process so you are better prepared and enjoy a timely transition with no unplanned challenges.
- **Contractual Controls:** Over 90% of recent TMC agreements audited by CTBR contain immeasurable or non-actionable SLA's and other TMC centric business terms. This creates short and long term performance challenges for the buyer and will increase your internal costs to administer the TMC agreement. CTBR will help you establish a world class, *buyer-centric* agreement that will lend to a long term partnership at the lowest market and program costs.

** A post implementation audit of your TMC's billing statements and performance is included by CTBR with each TMC RFP engagement. This ensures you receive all services and pricing originally negotiated or promised by the selected TMC.*