Making Travel Policy … *Intelligent!*

The BookIt! CORPORATE Value Assessment Engine

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Doc. No. ATL-WP0004.BB3

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Introduction

Inefficiencies are still inherent in current travel policy practices

The ability to leverage information to analyze each purchasing event independently allows organizations to create dynamic policies that control costs, while maintaining traveler convenience and service.

Most companies use static, objective, policy statements such as, “Fly on United or Delta”; or, “Accept the lowest fare”, in an attempt to guide traveler purchases and control costs. Aside from the fact that, in reality, this kind of policy is often ineffective, it also means that programmatic devices such as on-line booking tools and travel agency point-of-sale devices cannot take any other factors into account before coming to a practical, case-justified conclusion on the travellers compliance with policy.

Datalex’s research indicates that in most corporations around of 97 percent of all “out-of-policy” trips are subsequently approved, strongly suggesting that static, inherently objective, policies do not necessarily guarantee absolute compliance with travel policy. This is also a firm indication that when a manager does approve a trip, other more subjective factors are being considered.

In practice, the approving managers decision is actually centered on the single issue of cost justification: “Does the trip justify the cost?” and, “Does the cost justify the trip?”

Toward a solution

In attempting to answer these questions, the approving manager will obviously need to consider why the trip is being made and should ideally see both the itinerary selected by the traveler and a number of potential alternates. Armed with this information, the manager is well placed to make a subjective determination of the relative value and risk attached to both the itinerary selected by the traveler and each of the alternates. As this kind of evaluation involves a degree of subjectivity, there is a further risk of inconsistency in its application: The values applied by one manager could be different from those applied by another.

Unfortunately, the manager in most cases will only have one itinerary submitted for approval, which will most likely have some element of bias introduced by either the traveler, their travel arranger or travel agent. The reality, therefore, is that many managers can be placed in a position of approving out-of-policy travel purchases with insufficient comparative data on which they can base a subjective value judgment.

The Value Assessment Engine

Developed by Datalex's joint-venture partner, Yatra (www.Yatra.net), the *Value Assessment Engine* is a unique component, which provides key benefits to both the Yatra corporate travel service and Datalex's BookIt! CORPORATE engine. It was designed to address the objective policy and subjective decision-making processes involved in purchasing and approving corporate travel.

This discussion is focused on air ticket purchasing using real-time inventory. The Value Assessment Engine (VAE) can apply a business rule or a cluster of business rules to any number of purchasing challenges, including car rental, hotel accommodation or even "to travel or not to travel."

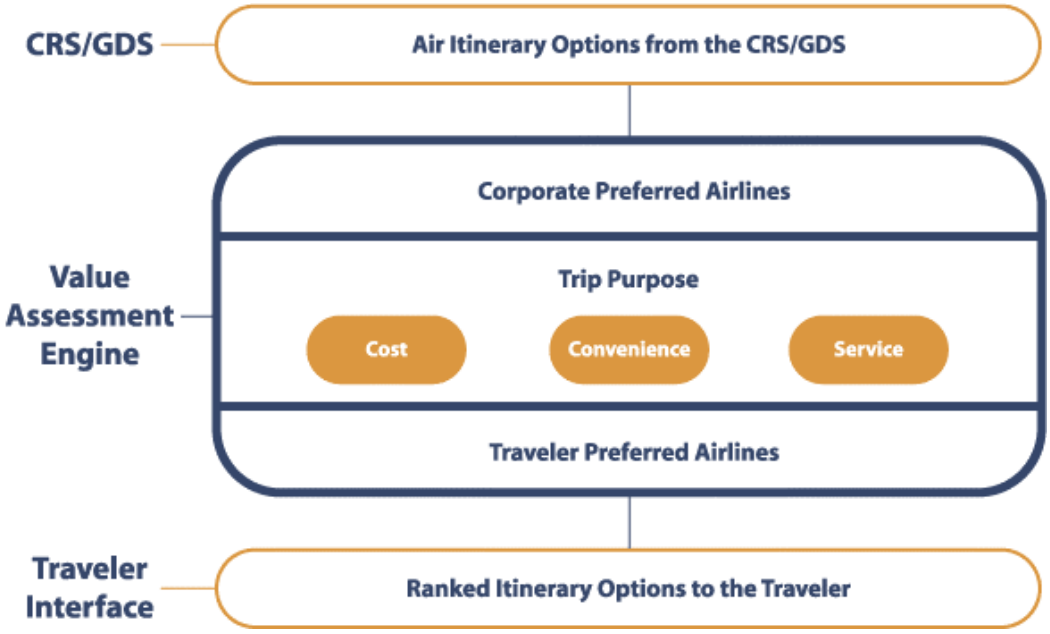
The VAE relies on the corporate customer identifying the key reason for travel: *the trip purpose.* In our experience, the majority of customers would have a least two types of trip including for example "Internal Meeting" and "Customer Meeting."

For each Trip Purpose, the customer can then define the relative weighting, or importance, of three elements using a simple table along the lines of the following example:

Trip Purpose	Cost	Convenience	Service
Internal Meeting	Very High	Very Low	No Preference
Customer Meeting	Very Low	Very High	Very High

Cost……. The cost of the air ticket relative to the available options.
Convenience.… Flight time, number of stops or connections, proximity of requested departure/arrival times
Service…….. Carrier continuity and on-time performance where available.

The VAE evaluates each air itinerary through a sophisticated set of algorithms, and establishes the relative weighting of each option for compliance with (objective) policy and (subjective) cost justification. This unique approach ensures that the customers purchasing policies are maintained and further enhanced by the introduction of consistent and structured purchase decision logic into the travel management process.



Each itinerary option receives a ranked score based on its relative weighting, with the optimum set at 1.0/1.0 and the minimum (theoretical) at 0/1.0. The itinerary options are returned to the traveler, with the relative value of each clearly visible in descending rank/value order. This ensures that the optimum choice is always presented first, minimizing the time spent by the traveler working through a range of less suitable options. If a selection is made outside the corporate travel policy, a warning message is displayed to the traveler and an advisory email is sent to the traveler's manager.

Example

The following example uses the parameters outlined in the previous table:

Journey: New York to Toronto

Option 1: Cost US$320, direct flight with one stop en route at Boston, preferred airline, scheduled to arrive two hours before meeting

Option 2: Cost US$300, one connection via Boston, preferred airline, scheduled to arrive Toronto one hour before meeting

Option 3: Cost US$329, direct non-stop flight, non-preferred airline, scheduled to arrive two hours before meeting,

Trip Purpose: *Internal Meeting*

Ranked Result: Option 2 – Option 1 – Option 3

The trip purpose indicates that cost is more important than convenience. There is no direct impact on a customer relationship if the employee is delayed for the meeting.

Trip Purpose: *Customer Meeting*

Ranked Result: Option 3 – Option 2 – Option 1

The trip purpose indicates that convenience is more important than cost. By reducing the number of stops or connections, the risk attached to the customer relationship in the event of a delay is minimized.

Benefits

The application of artificial intelligence available within the VAE provides benefits from a number of perspectives:

The Traveler: Research has shown that travelers want to do the "right thing" when making corporate travel decisions. If correct and relevant information is provided to them at the time of booking, the likelihood of the traveler making the *right* choice is significantly increased. The VAE provides a simple ranking for each travel choice, conveying the corporate perspective, as well as service and convenience assessments, which are always consciously or sub-consciously applied during the purchasing process. Even the most experienced human travel agent cannot analyze all the factors considered by the VAE. They simply do not have the time.

The Corporate Customer: Although lowest price options can be highly attractive to the corporate budget holder, they can lead to increased inconvenience and risk of delay, directly impacting employee morale and productivity and potentially resulting in higher actual trip costs. The VAE rationalizes travel decision-making by assessing the *value* associated with each choice rather than relying entirely on the more simple "You must use …" approach.

This may sound simple, even obvious, but it is nevertheless revolutionary in the corporate travel industry.

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