



New Paradigms in Travel Distribution

1. How current are your market pair corporate traveler reports?

0 – No Reports

1 – Annual

2 – Monthly

3 – Weekly

4 – Daily

5 – Pre-Booked Daily at least a week in advance of travel

2. How is Travel Buying Reconciled with actual Traveler Expense Reports?

0 – No reconciliation

1 – Manual Audits of Suspected Offenders

2 – Manual Periodic Random Audits

3 – Manual Audit Monthly

4 – Interactively after Expense report is filed

5 – Interactively against Approved Travel Plan/Expense form

3. How is your Travel Agency compensated for its services?

- 0 – Commission only
- 1 – Commission plus costs for specific regular reports
- 2 – Fees plus commission for activities or services performed for corporation
- 3 – Fees less commissions based on activities or services performed for corporation
- 4 – Fee based on time spent in servicing corporation
- 5 – Fee based on transformation of travel function to meet corporate strategies

4. What level of Strategic Travel Knowledge do you access or monitor?

- 0 – Not your responsibility
- 1 – Travel requests and reason's for travel are approved departmentally
- 2 – Operations and training travel is planned and audited, while executive, marketing and/or sales travel are approved departmentally against budgets
- 3 – Travel requests are audited against travel planning with exceptions noted
- 4 – #3 above plus traveler's reason for travel is captured and used for next planning cycle
- 5 – Traveler's reason for travel is captured interactively, measured against plan, and information is used to plan/respond to anticipated needs in short term and/or next planning cycle

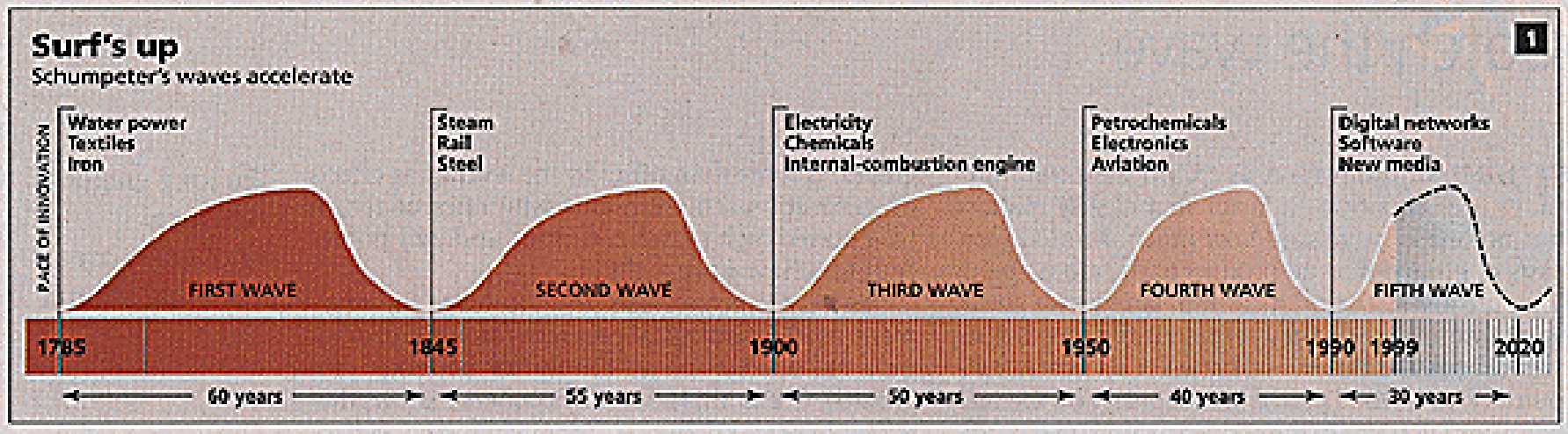
5. Your company currently ...

- 0 – Pays for travel by reimbursement for travel using traveler submitted expense reports
- 1 – Pays for more than 50% of travel with corporate credit card(s)
- 2 – Pays for 90% of travel through corporate travel agency(s) using corporate credit card(s)
- 3 – Has some direct purchase agreements that are settled monthly by check (i.e., non-credit card)
- 4 – Has implemented some form of direct Electronic Funds Settlement (EFT) monthly payment solutions with non-travel vendors
- 5 – Has implemented automated EFT direct settlement at time of service delivery with some travel or non-travel vendors

Society and Travel Industry in Transition

**INFORMATION
AGE**

SURVEY INNOVATION IN INDUSTRY



**INDUSTRIAL
AGE**

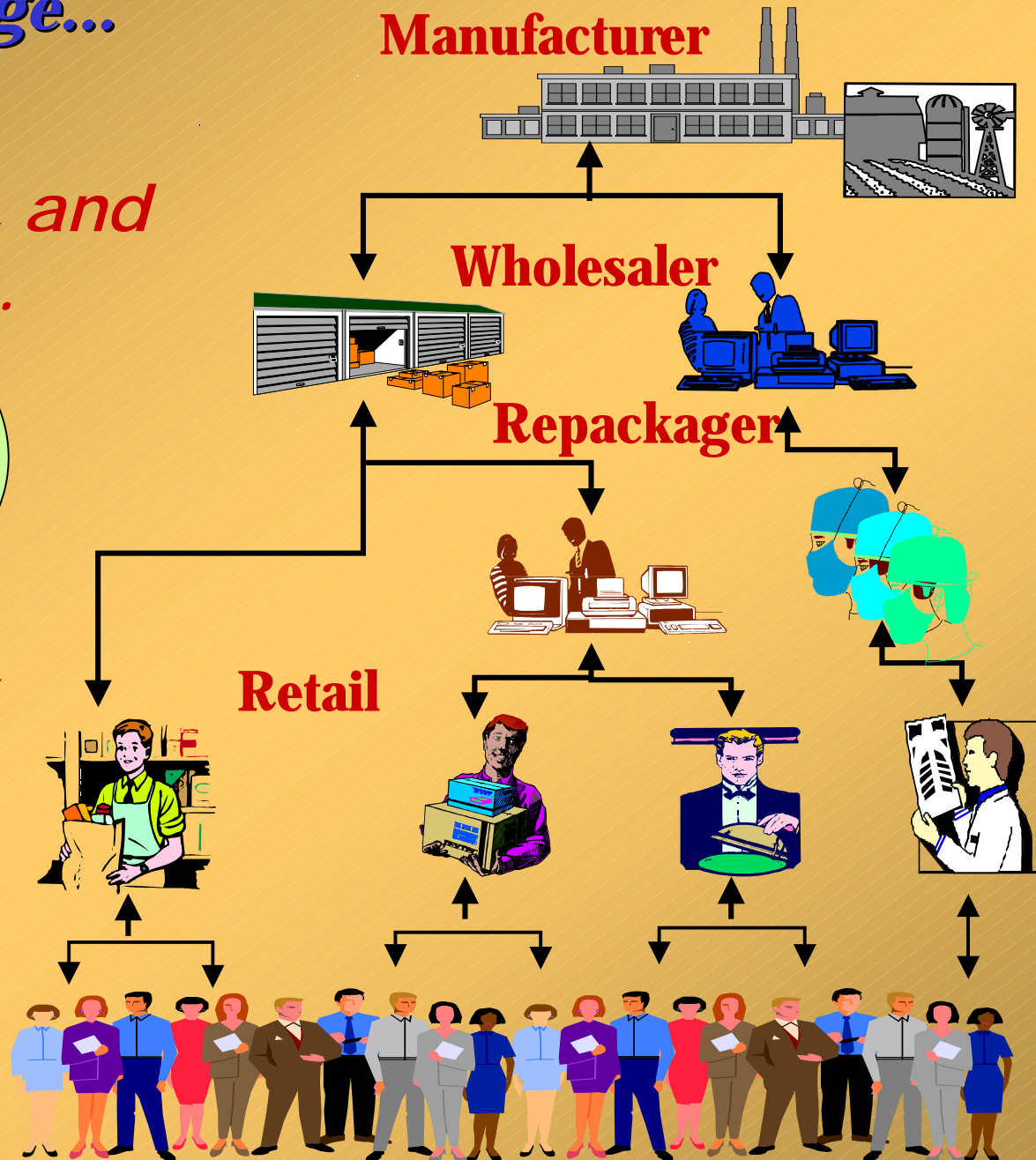
THE ECONOMIST FEBRUARY 20TH 1999

Industrial Age...

*Risk,
Information, and
Standards ...*



*... tied to
"Hierarchy"
of the
Distribution
Channel*

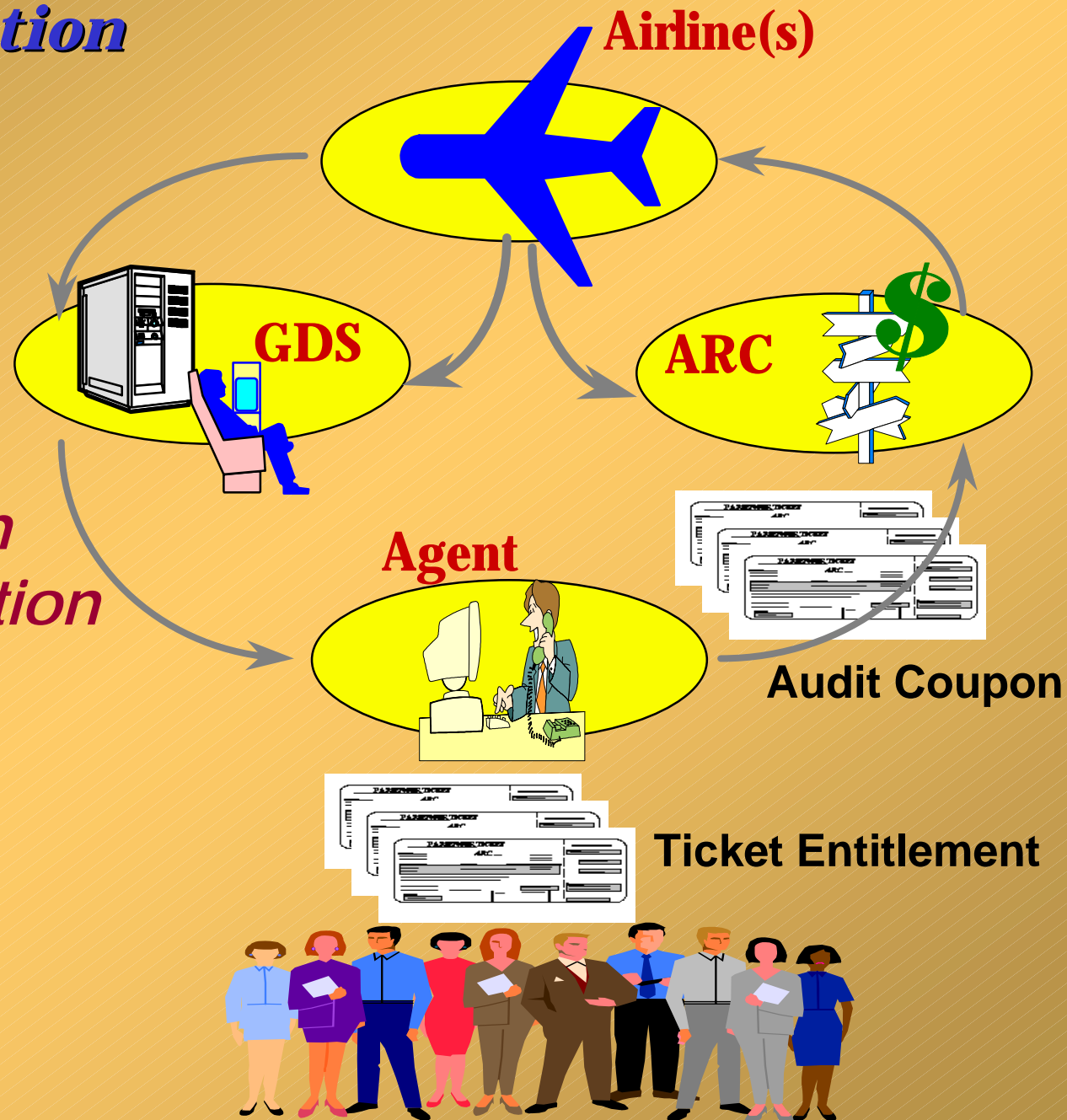


Airline Distribution

*“Holistic” tool
of the mid-era
Industrial Age*

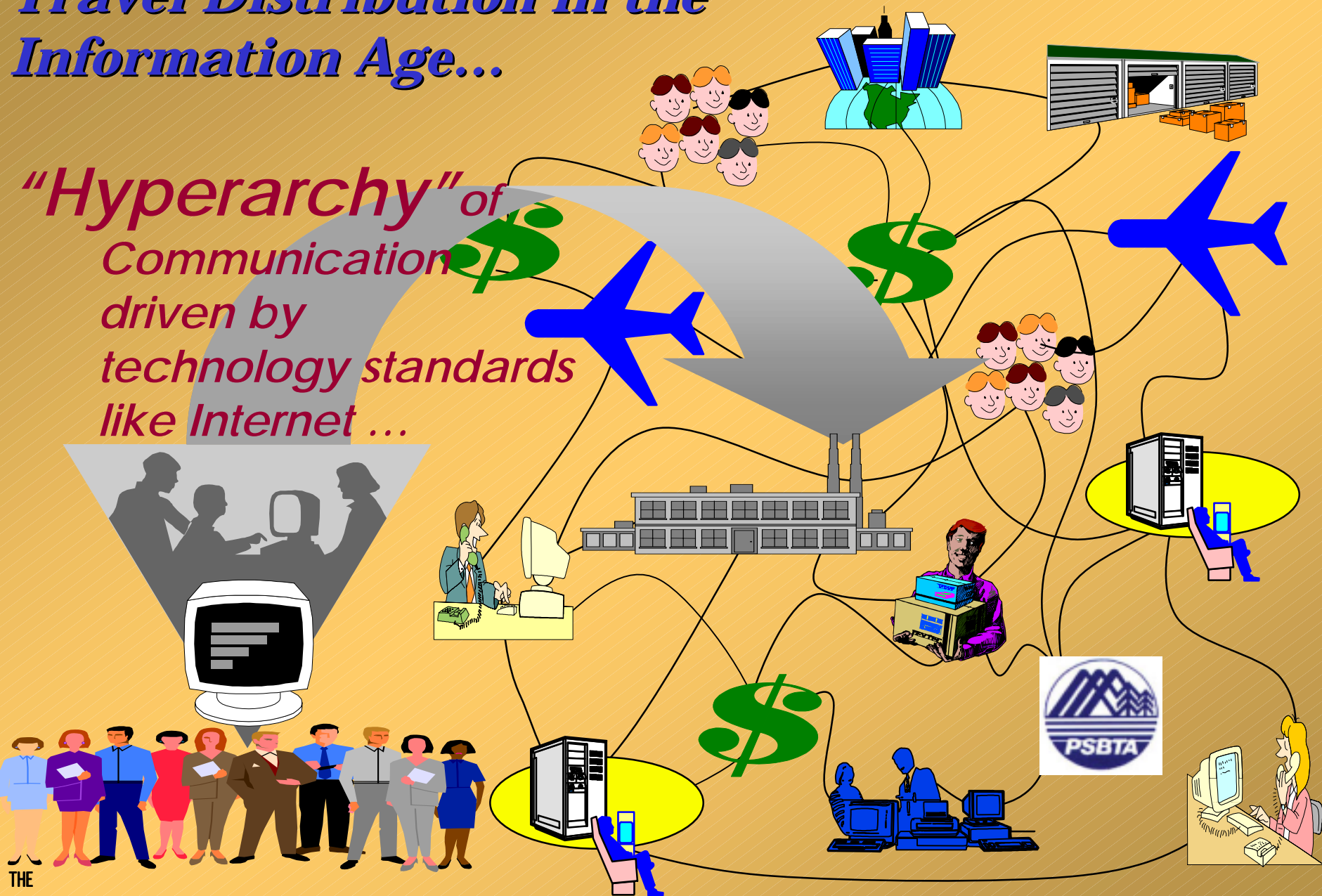
- *Inventory Driven*
- *Limited Information*
- *Contained Risk
equates ...*

Control



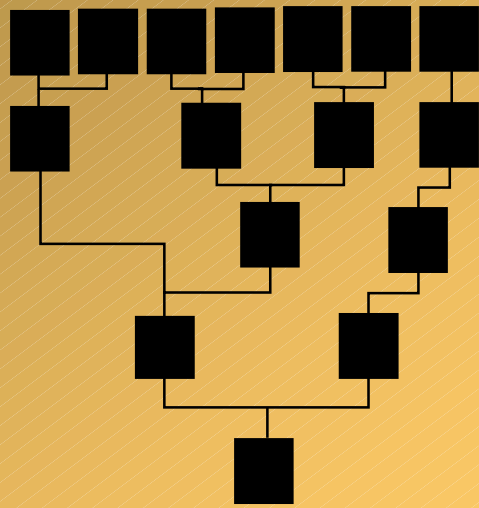
Travel Distribution in the Information Age...

*"Hyperarchy" of
Communication
driven by
technology standards
like Internet ...*



Information Transition...

Hierarchical Distribution

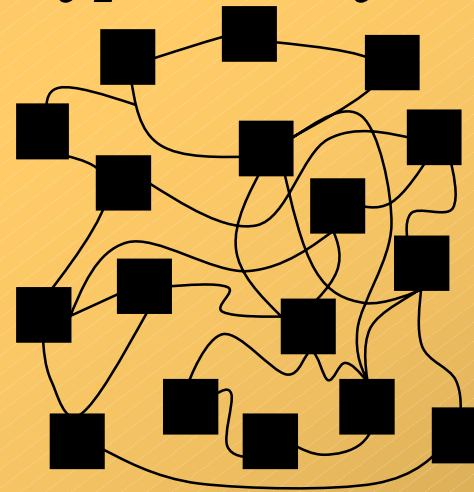


Information flows from Vendor(s) through distribution channels to the buyer ...

- *Supplier Power*
- *Supplier Control*

- *Buyer Power*
- *Buyer Control*

Hyperarchy Distribution



When Standards are shared, everyone communicates interactively with everybody else.

Dilemma of GDS/CRS Revenue Stream

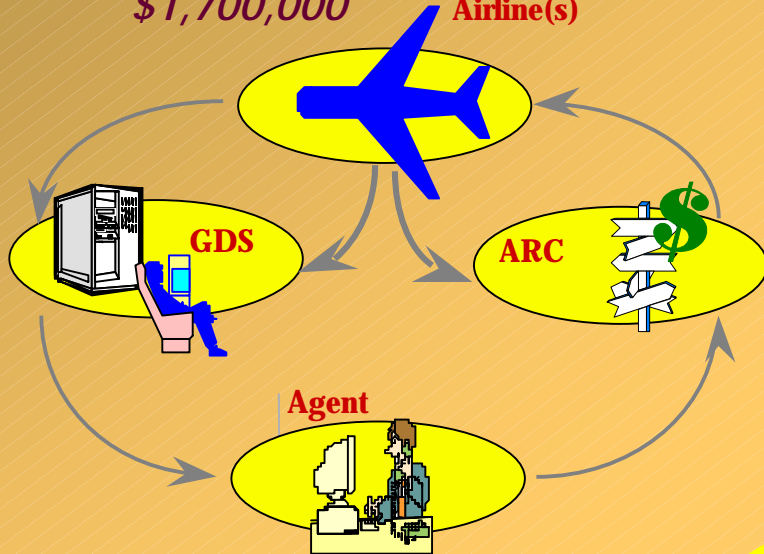
GDS/CRS "Barrier to Entry"

"Hook to the GDS's"

\$500,000 to

\$1,700,000

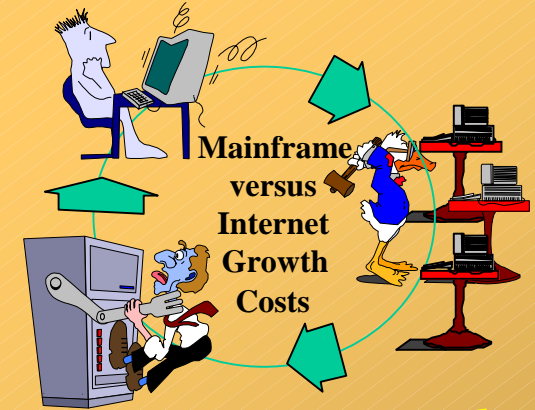
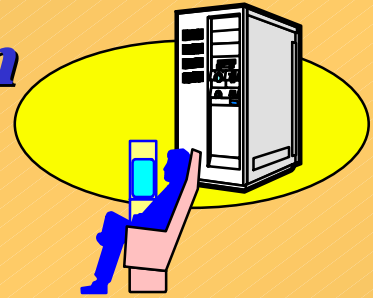
Airline(s)



Other Factors

ARC
BSP

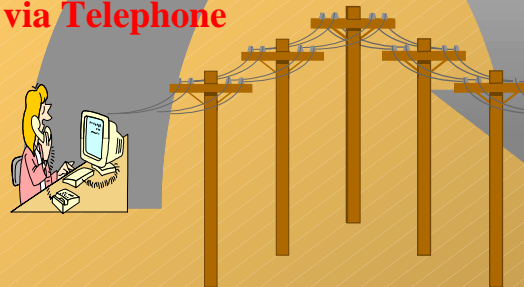
\$3.30 to process Ticket
versus
\$0.33 to process Electronic
Funds Transfer Transaction



\$18.00 & \$22.00
automated book via CRS

\$48.00 & \$37.00
to book via Telephone

\$11.00 & \$17.50
integrated book via Internet



AutoLink™/Tours Client



Holistic Control in New Forms...

If

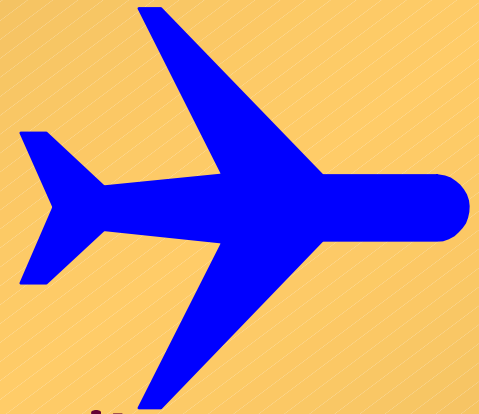
Continental

AutoLink™

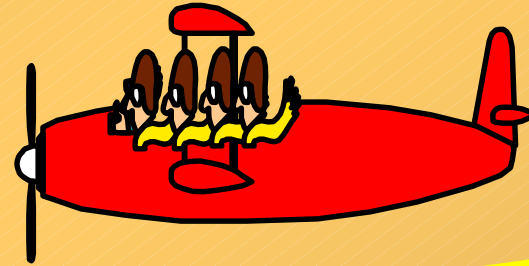
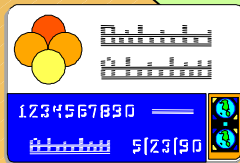
AutoLink™



Seat
Commodization



Direct...



Shared Risk...

MIDWEST EXPRESS AIRLINES



Internet as
GDS/CRS
T2 ~ Galileo.com



SYDNEY (Reuters) - British Airways Plc.

aims to see half of its reservations made over the Internet by the year

2003, BA sales director Dale Moss said Wednesday. "It is our aspiration to have 50 percent of our bookings online by 2001, and we are building the necessary infrastructure to make that happen," he told reporters.

(Reuters - March 3)

Interactive Repackagers



Defense Travel System

owered by

TRW

AMERICAN EXPRESS

AutoLink™

GelcoGovernmentNetwork

The Vision: Reengineer defense travel to a seamless, paperless, automated system that meets the needs of individual travelers, force commanders, and process owners ... reduce costs to the government ... and provide superior customer service

(www.defensetravel.com/dtsweb/home)

Vacation.Com:
buying power of 9000+ agencies

MPNetwork and PlanSoft:
RFP management and cooperative buying




Expedia™ Travel

"Wow! Priceline saved me half the cost, now I will be able to visit my daughter more often."
Gregory F., Cincinnati to St. Louis

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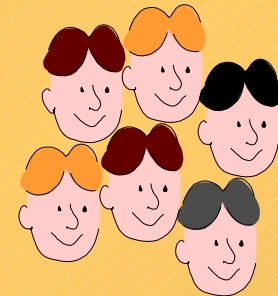
Free! Hotel Night (check in now)

Now in Metro NY

Coming Soon!

- Name Your Price for Airline Tickets DOMESTIC AND INTERNATIONAL
- Name Your Price for a Hotel Room
- Name Your Price for a New Car
- Name Your Price for Home Financing

The London Airlines "TRAVEL" "MOST CREATIVE" WAY "TO GET A GOOD DEAL!"
Travel Internet Ltd.
500
September



PRICELINE.COM now claims to be selling about 3% of all leisure airline tickets sold in the U.S.

(Travel Management Daily, 6 January, 2000)



Meeting Planners **Industry Suppliers**

mpnetwork.com

The Vertical E-Marketplace For The Hospitality Industry Professional

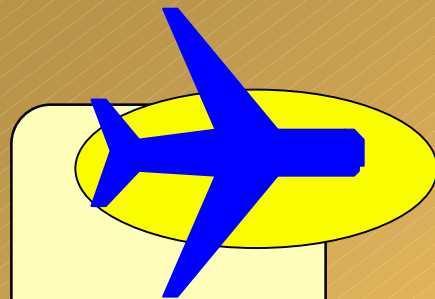
The PlanSoft Network

For Hotel/Facility Professionals

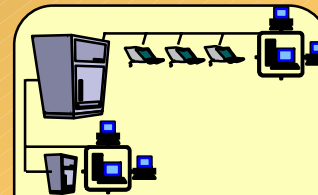
Your Gateway To Great Meetings

[Help](#) | [Find](#) | [Home](#) | [Contact Us](#) | [Member Info](#)

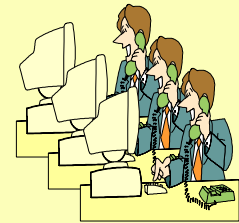
High Speed Interactive Information ...



**Vendor Direct
Links for
Direct Purchase
and Settlement**



**Corporate Direct
Links for
Direct Purchase
and Settlement**



**TeleCenter
or Internet
Hosts guide
Users**



**EDIFACT
ACH - Direct
ARC - EFT
Credit Card ...**

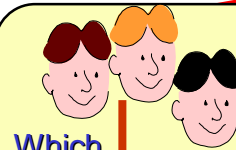
BTC.com

BTExchange

Two Internet Portals of ...



**Concur
eWorkplace
Expense
Human Resources
Network ...**



**Which
Temperament**

Pattern Fits

**Customer -
Enterprise
Marketing**

AutoLink™

**Travel Analysis
Contract
Inventory
Automated
Travel
Management**

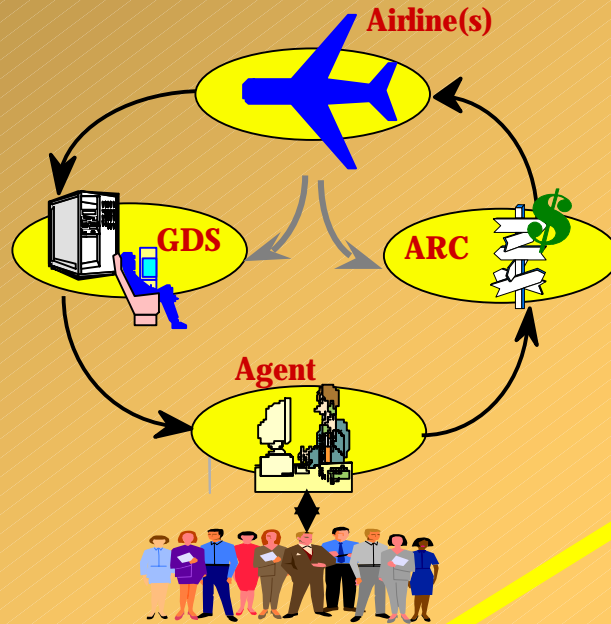
**Supplier Connects, Self Booking, Fulfillment, Settlement, Management Reporting, Data
Warehousing, Expense Tracking, Aggregated Buying, Shared Inventory Risk, ...**

Agent Knowledge Brokers



- Margins
- Commissions
- Service Fees
- Niche Packaging
- Corporate Advisors

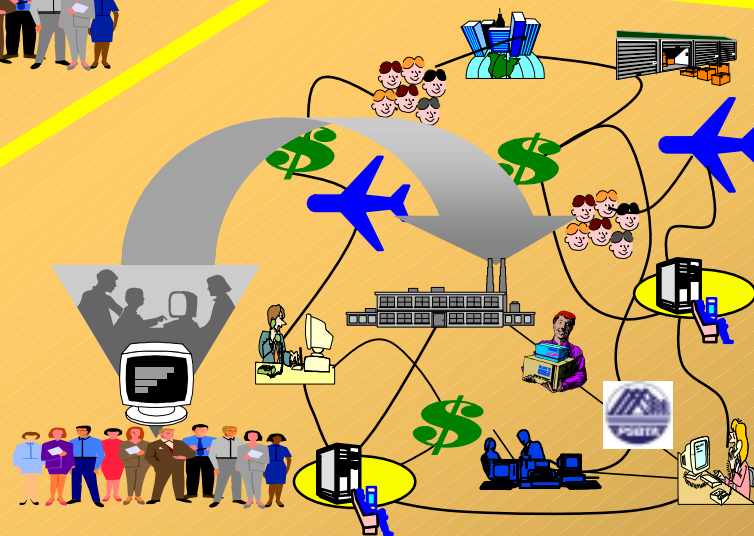
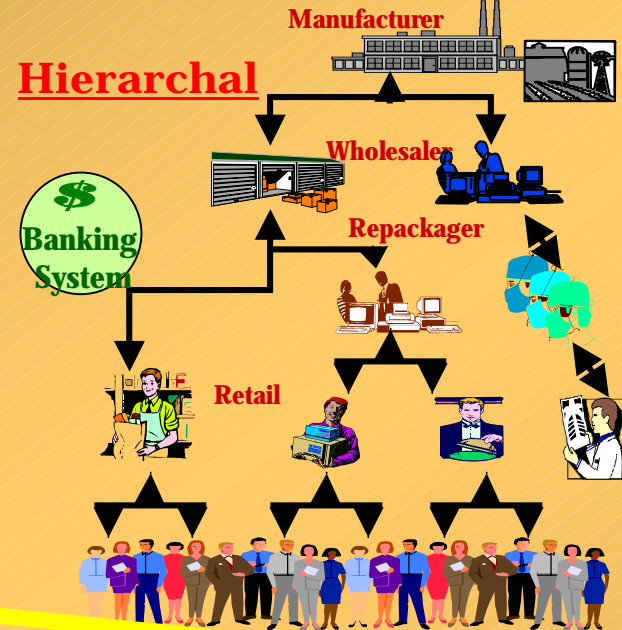
Immediate Challenges ...



*Balancing
Traditional
System(s)
with the
new needs
of the
Internet
Hyperarchy ...*

Holistic

Hierarchal

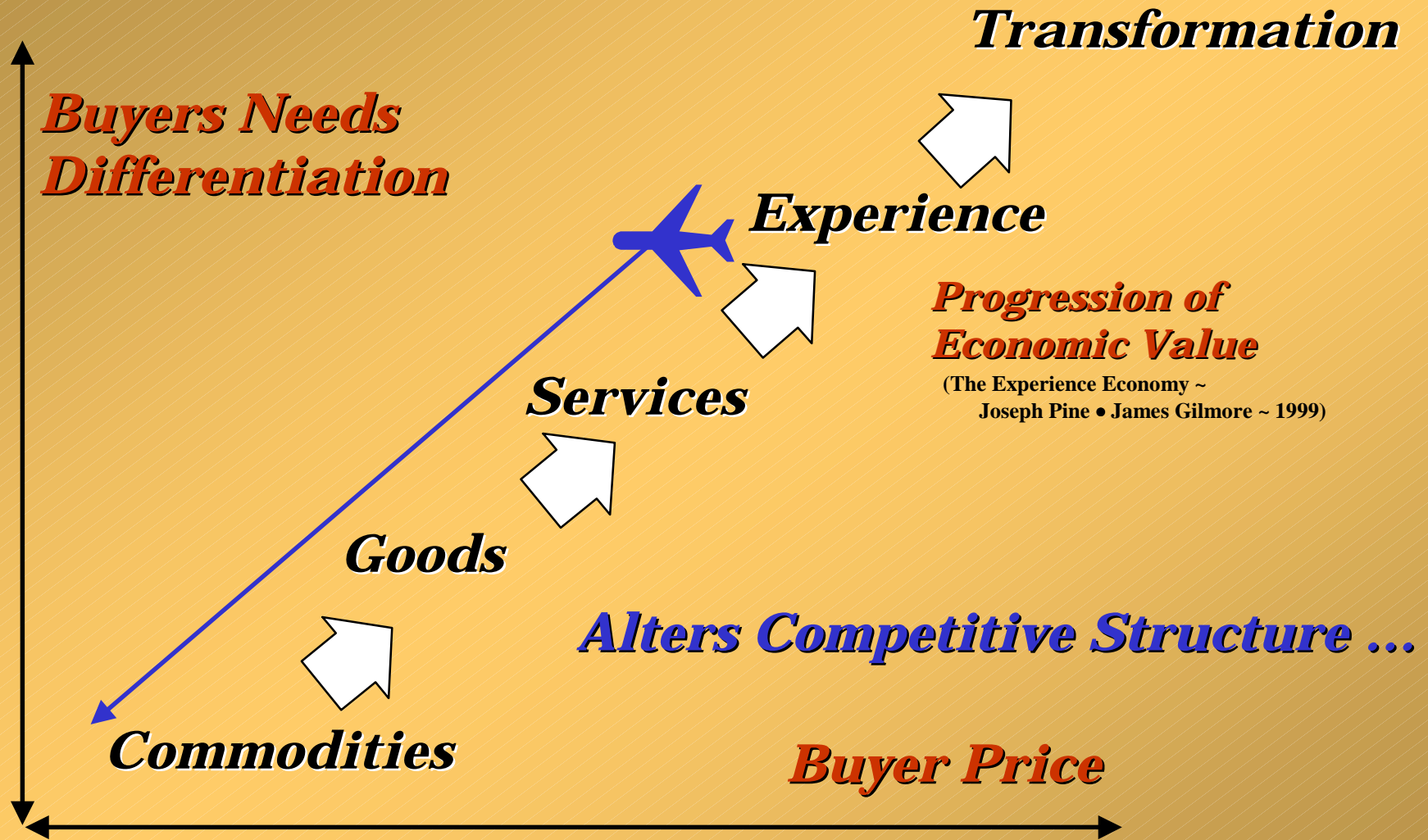


Hyperarchy

De-emphasizing Transaction Processes ...

*New Driver, **Targeted** Customer Integration*

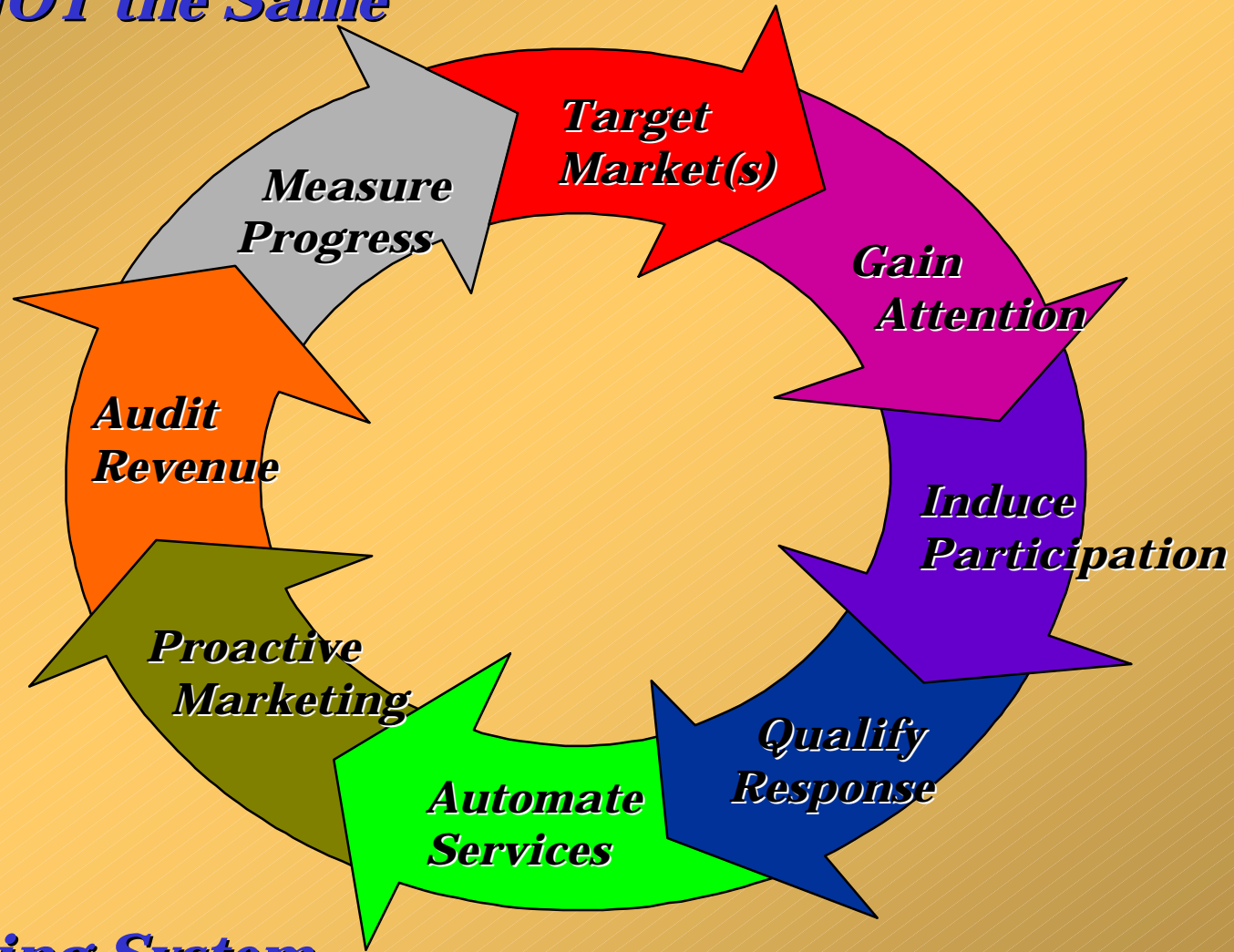
New Product Dynamic ...



Marketing Dynamic ...

The Same, but NOT the Same

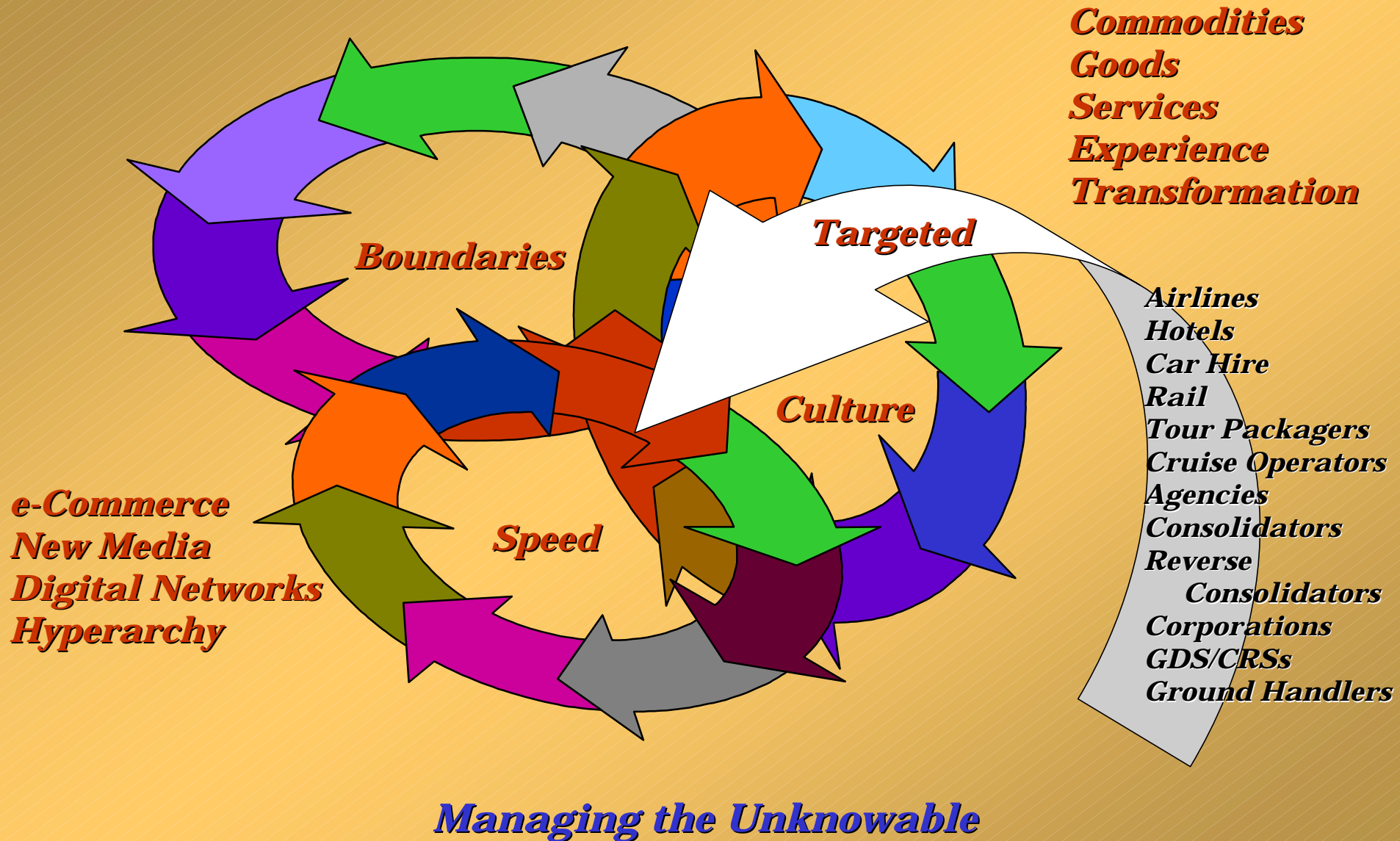
***Feedback
Loops
create
Targeted
Marketing
and
Services***



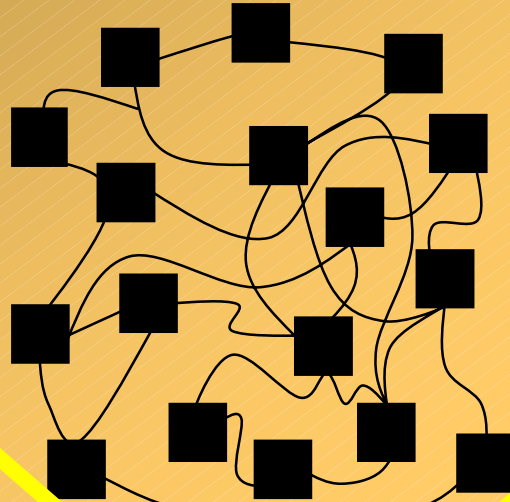
A Self Organizing System

Multiple Dynamics ~ Feedback Loops

Interact with one another ...



New Dynamics of the 2000's...

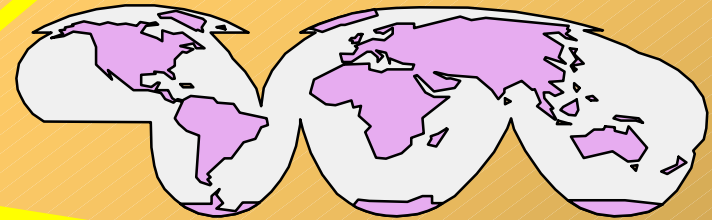


Interactive Speed

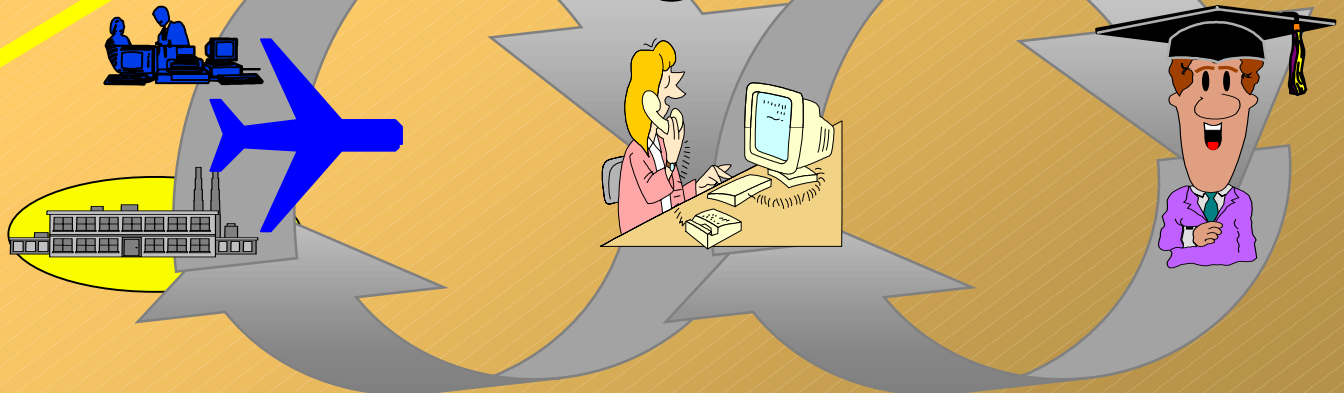


Targeted

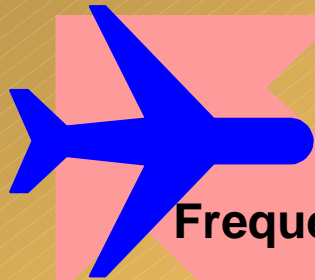
Boundaries



Integrated



Integrated Travel Distribution ...

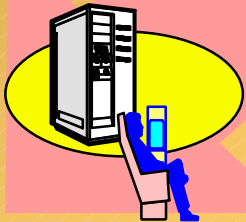


Frequent Fliers



Reverse Consolidators

Risk Distribution • Commodity Re-packaging



**Online Live
Packaging**

Repackagers



Interactive Packagers



... targeted to specific corporate needs and buyers!

Q: How might this shift affect the travel manager?

For example, models ranging from full service agencies to direct relationship with suppliers ... Norm Fiess, Mar '00

A: Travel Purchasing Model is Changing ...

- What are your personal skills?
- Is your company ready to manage travel ...
how will the company measure travel contribution?
- Is travel an “expense” or “opportunity” cost?
- Is your company big enough to buy direct ...
or does it need to buy in a cooperative?
- Are your vendors prepared to deal with you/your company?
- What should you “outsource” ... What must you “control”?
- What “tools” are available to you ... What must be outsourced?

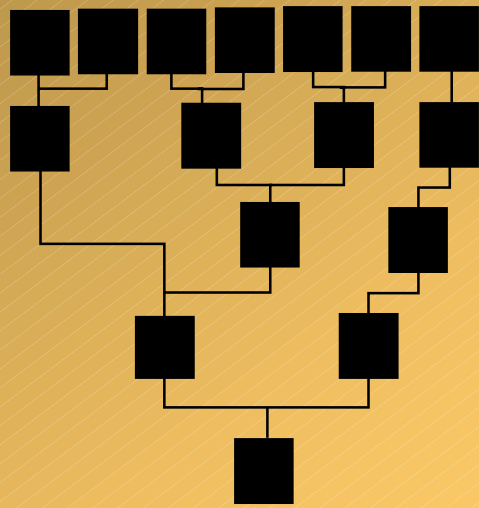
The Questions ~

in context of what we've discussed ...

1. How current are your market pair corporate traveler reports?
2. How is Travel Buying Reconciled with actual Traveler Expense Reports?
3. How is your Travel Agency compensated for its services?
4. What level of Strategic Travel Knowledge do you access or monitor?
5. Does your company currently use electronic settlement programs?

Information Transition...

Hierarchical Distribution

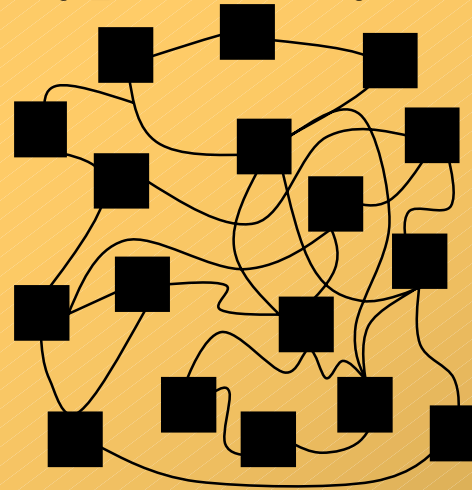


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Travel Distribution in the Information Age...

The power of travel product distribution will shift from Supply-Driven to Buyer-Driven ...

Corporate Travel Managers must evolve ...



THE
EASTMAN
GROUP, INC.

Thank You!

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reastman@eastmangroup.com**