

# press clipping



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## PROFILES IN TRAVEL MANAGEMENT

### Power Co. Leverages TMC, Online Hotel Bookings

American Electric Power's efforts to consolidate spending data by driving hotel bookings to its travel management company and online booking tool has enabled it to negotiate national hotel contracts with multiple vendors, reducing its average room rates. Meanwhile, its customer service levels increased, and it obtained additional savings from a 2007 transition to an offsite agent configuration.

To maximize vendor negotiations and enhance traveler security, AEP in 2004 changed its travel policy to require bookings through its travel management company, Columbus, Ohio-based Travel Solutions, under the threat of nonreimbursement, said AEP travel and event planning coordinator Georgy Huffman.

"We were in a cost crunch at that time and we were looking at every opportunity to save some money," said Jeff Parlet, AEP director of real estate and workplace services. "Not only were there cost savings, but there were other advantages of knowing where everybody was and being able to provide exception reports and better reporting for the back of the business unit."



**GEORGY HUFFMAN**  
AEP travel manager

**COMPANY:** AMERICAN ELECTRIC POWER  
**HEADQUARTERS:** COLUMBUS, OHIO  
**ANNUAL U.S. BOOKED AIR VOLUME:** \$7 MILLION

With more precise data, Huffman leveraged the electric utility's \$14 million annual hotel expenditure to garner national contracts with its top vendors, InterContinental Hotels Group, Choice Hotels and Red Roof Inn. AEP's rates, aggregated annually, are more than \$3 million less than average industry room rates, Huffman said. Though AEP's average room rate increased 11 percent from 2006 to 2007, it remains less than \$100 per night.

"When we changed our policy and we were going through one channel, that opened up some doors for some national accounts with ho-

tels," Huffman said. "A lot of hotels don't give you national rates unless you can show and prove them volume. We have some of those in place now and that's because we book through one source and we were able to give them the data."

While national hotel contracts may be commonplace among corporate travel programs, it is an important savings achievement for midmarket AEP, because its hotel spending is double its annual U.S. booked air volume. The atypical gap is due to the Columbus, Ohio-based company's considerable travel to small towns via ground transportation by its 8,000 profiled travelers, 2,000 of whom are frequent, according to Huffman.

Last year, AEP switched to the Cligbook online booking tool from ResX. Although online booking adoption is around 20

percent, the company saved about \$260,000 through lower average ticket prices booked online. Huffman said online transaction fees are 3.3 percent lower than their offline counterparts. In 2008, Huffman plans to drive adoption through online training seminars and increased traveler communications.

This year, AEP plans to further integrate its travel program using a single-sign-on traveler and travel manager portal.

Meanwhile, AEP's shift to offsite agents has saved less than \$50,000 in salaries and benefits. Customer service levels increased as well, because AEP transferred back-end support, technology and telephony services to Travel Solutions.

"We were missing out on a lot, whether it was the phone systems, workflow management sharing resources and moving labor around," Parlet said. "It's not only a cost savings, our overall service levels are up because of that."

According to Huffman, who conducts annual internal traveler surveys, calls are answered within the first 30 seconds 87 percent of the time. AEP also gauges customer service levels through annual traveler surveys.

—Seth Harris

Access the 2007 Business Travel Buyer's Handbook  
 see [btnonline.com/handbook](http://btnonline.com/handbook)