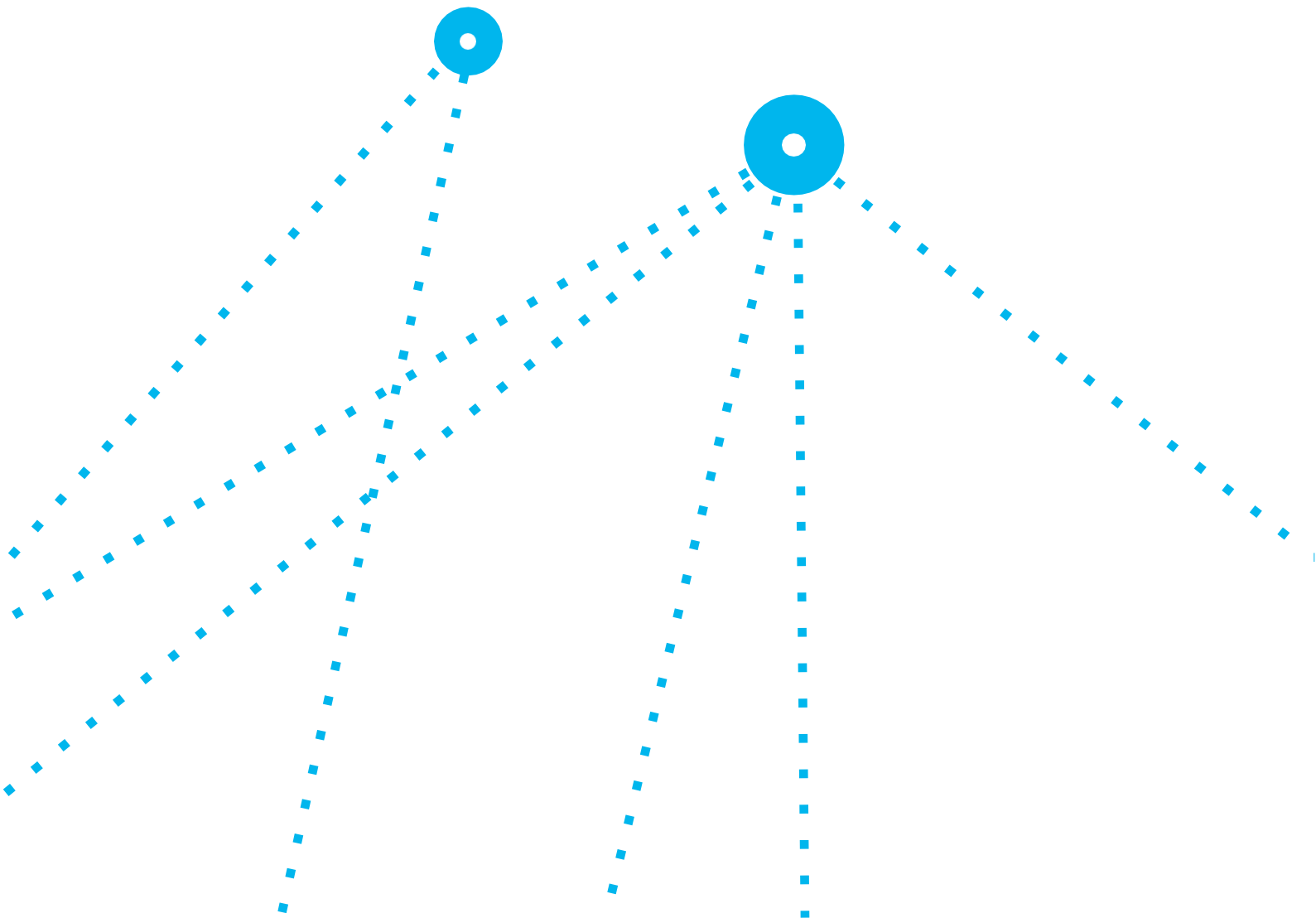


European business travel and expense analysis



Foreword

This white paper reviews the highlights of an independent study conducted by Concomitance and co-sponsored by Amadeus in March and April of 2015.

After several years of decline, business travel spend in Europe is once again on the rise. Yet, as 590 respondents responsible for managing the Travel & Expense (T&E) budgets of their Corporations told us, they are under pressure more than ever to demonstrate a Return on Investment of travel spend whilst ensuring the security and comfort of their travellers.

At Amadeus we are committed to helping Corporations identify opportunities for savings using the best technology, enabling those responsible for T&E management to meet these objectives.

The data obtained through this research helps Corporations understand how they compare with their peers in terms of how mature their current processes and technology are. We can see that more and more Corporations are equipping themselves both with Online Booking tools (OBT) and Expense Management systems (EMS) that allow them to optimise their processes end to end.

So whether, as this report identifies, your Corporation is at the high end of sophistication when it comes to managing T&E budgets or whether you are at the start of enhancing your organisation's travel processes, let's discuss how Amadeus can help you shape the future of your Travel and Expense management programme.

Florian Tinnus

Head of Corporate Solutions

Amadeus IT Group



Ten key insights: 2015 European business travel and expense analysis

After several years of decline, **business travel spend in Europe is once again on the rise.**

1

The main reason that European **Corporations spend on travel is to acquire and develop clients** (and less for other reasons).

2

Paradoxically, **business travel spend is still considered a cost** as opposed to an investment.

3

Organisations plan to increase their activity abroad in the coming three years, with Europe as their main destination (over outside-Europe travel).

4

Controlling direct costs is still the main priority for those managing the T&E budgets, but ensuring traveller security is gaining significance.

5

Travel managers rely on an OBT to reduce their direct costs (59% of OBT users have saved more than 10% on their travel budget through its implementation) and are increasing both equipment and adoption.

6

Corporations believe direct cost-saving optimisation has reached a plateau and that they now need to focus on optimising their indirect costs (process saving, workflow validation for pre-trip/post-trip and expense reimbursement).

7

Consequently, procedures and **automated processes to monitor and control expenses are on the increase.**

8

End to end systems are on the rise, and Corporations are equipping themselves with both OBTs and EMS, either integrated or as separate solutions.

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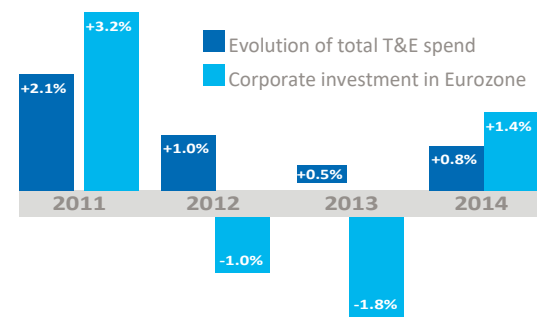
Four different clusters were identified to describe an organisation's maturity and compared with previous studies, Corporations are making an effort to gain control of their Travel and Expense budgets, although results across industry verticals and markets vary.

10

1

After several years of decline, business travel spend in Europe is once again on the rise

Organisations have increased their travel budget by **0.8% in the last 18 months**, reversing the declining trend observed for the past two years, and in line with overall corporate investment in the Eurozone.



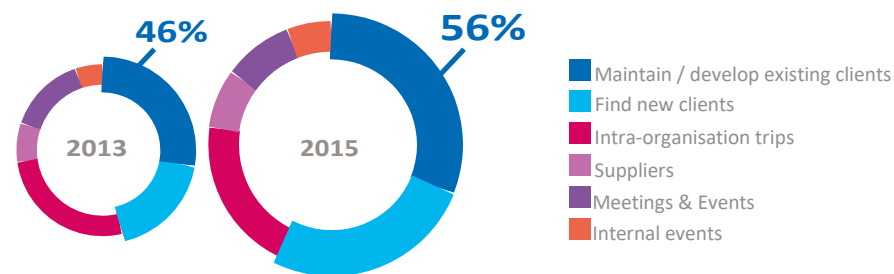
2

The main reason that European Corporations spend on travel is to acquire and develop clients (and less for other reasons)

56% of an average travel budget is now dedicated to **commercial development**

+10 pts compared with 2013 and at the expense of meetings, events or intra-Organisation trips.

Trip motives (weight in the budgets)



3

Paradoxically, business travel spend is still considered a cost as opposed to an investment

How do you consider your T&E spend? (% of respondents)

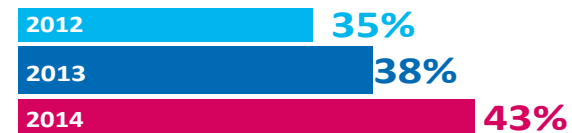


4

Organisations plan to increase their activity abroad in the coming three years, with Europe as their main destination (over outside-Europe travel)

43% of organisations plan to increase their activity abroad in the next three years.

International business plan for the 3 years to come (% of respondents)

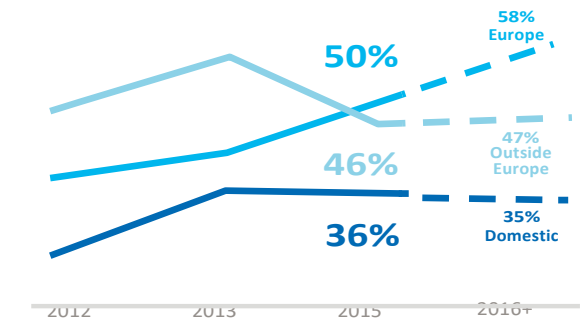


More organisations are explaining budget increases as a result of a growth in their activity in Europe.

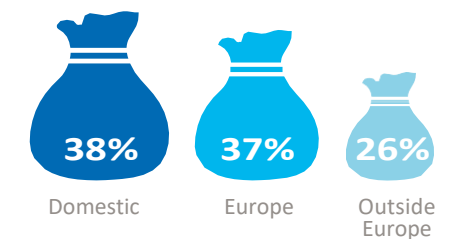
This evolution follows the trend of corporate investment in the Eurozone with an increase of 1.8% in 2015 (source: Eurostar, investment rate of non-financial corporations).

This share exceeds "outside Europe" activity and should be confirmed in future studies.

Growth areas for T&E spend (% of respondents, several areas possible)



Breakdown of expenses (share in the budget)



5

Controlling direct costs is still the main priority for those managing T&E budgets, but ensuring traveller security is gaining significance

Duty of care is a growing concern for organisations

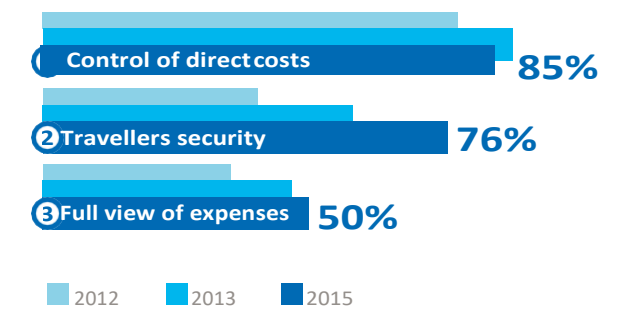
Security will continue to rise in priority for travel managers over the coming three years – quoted by **76% of them vs. 64% last year** and 45% in 2012.

87% of organisations want to be able to locate and contact their employees during their trip and 73% want to be able to repatriate their employees in case of emergency.

Online booking tools, coupled with repatriation specialists, play a major role in achieving these goals. 25% of Corporations declare that an **OBT is an interesting tool for traveller geolocalisation**.

Although stabilising slightly this year, getting full overview of expenses remains a top priority.

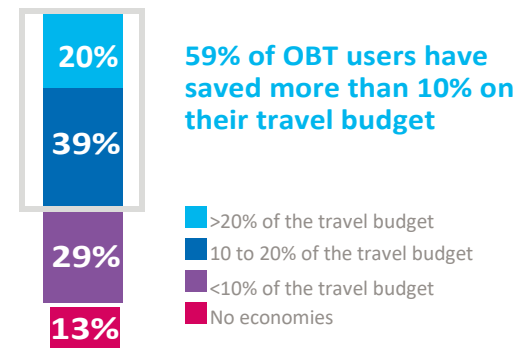
Priorities in travel management (% of respondents)



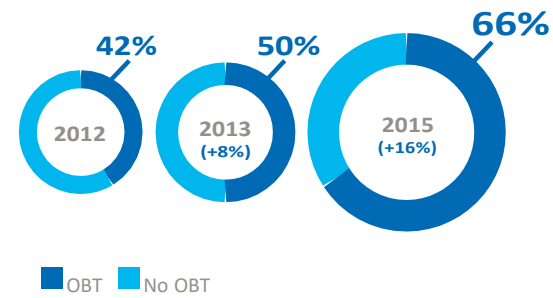
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Travel managers rely on an OBT to reduce their direct costs (59% of OBT users have saved more than 10% on their travel budget due to its implementation) and are increasing both equipment and adoption

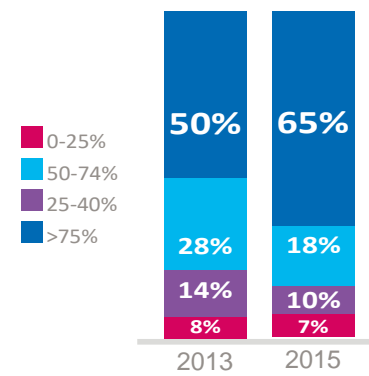
Savings made as a result of the implementation of an OBT
(% of respondents equipped with an online booking tool)



Online corporate booking tool
(% of respondents)



Share of booking volumes made through OBT
(% of respondents equipped with an online booking tool)



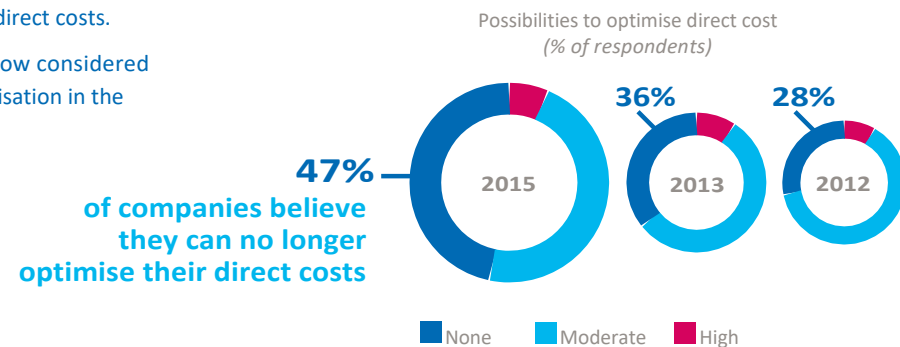
Consequently, OBT adoption is increasing (+24 points over the last three years) and 65% of organisations claim more than 75% of their booking volumes are made through an OBT (+15 points over the last three years).

7

Corporations believe direct cost-saving optimisation has reached a plateau and that they now need to focus on optimising their indirect costs (process saving, workflow validation for pre-trip / post-trip and expense reimbursement)

47% of companies declare they can no longer optimise their direct costs.

Reducing indirect costs is now considered the key to achieving budget optimisation in the coming years.



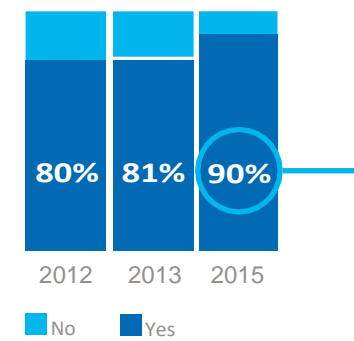
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Consequently, procedures and automated processes to monitor and control expenses are on the increase

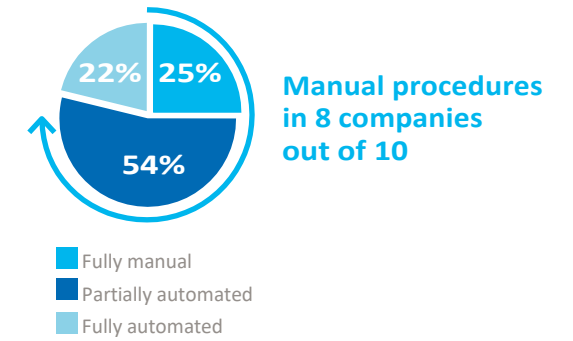
90% of organisations declare they have procedures dedicated to expenses follow-up in place.

Fully and partially automated tools to control procedures are in place in almost 76% of organisations.

Presence of control procedures
(% of respondents)



Automation of control procedures
(% of respondents)

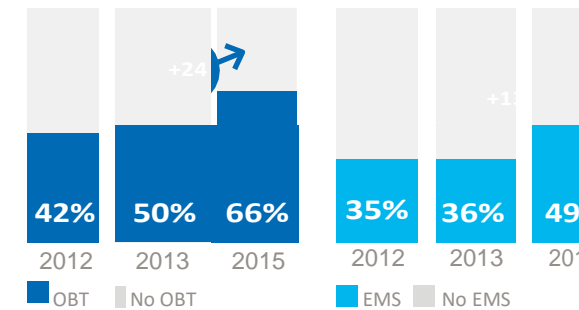


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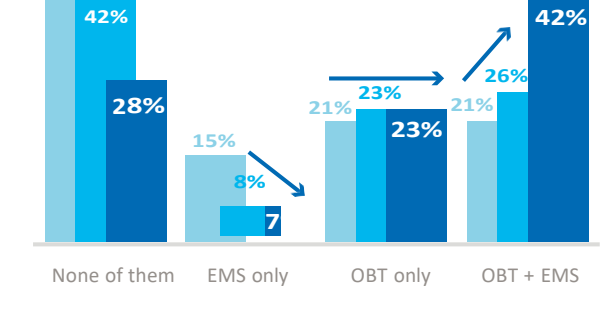
The use of end to end systems is on the rise, and Corporations are equipping themselves with both OBT and EMS, either integrated or as separate solutions

Expense management tools and OBT uptake is growing significantly with an increase of 49% and 65% respectively (+13 and +24 points over the last three years).

OBT and EMS equipment rate
(% of respondents)

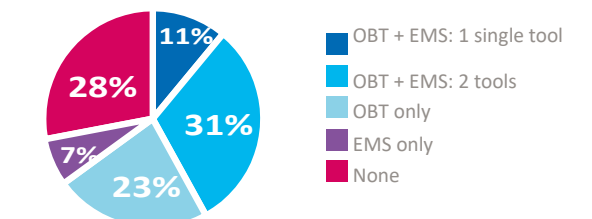


OBT / EMS equipment
(% of respondents)



When organisations get new tools, most of the time it is both OBT and EMS (+21 points in three years).

Fully end to end (EMS and OBT in a single tool) accounts for 11% of the total.



Four different clusters were identified to describe an organisation's maturity and, compared with previous studies, Corporations are making an effort to gain control of their Travel and Expense budgets, although results across industry verticals and markets vary

Four clusters of respondents have been defined according to a group of 10 variables (Global, Targeted, Pragmatic and Limited). These clusters reflect an organisation's level of maturity for its business travel management, with **Global control** signifying the most mature:

They have all the structures in place (TMC, travel policy)

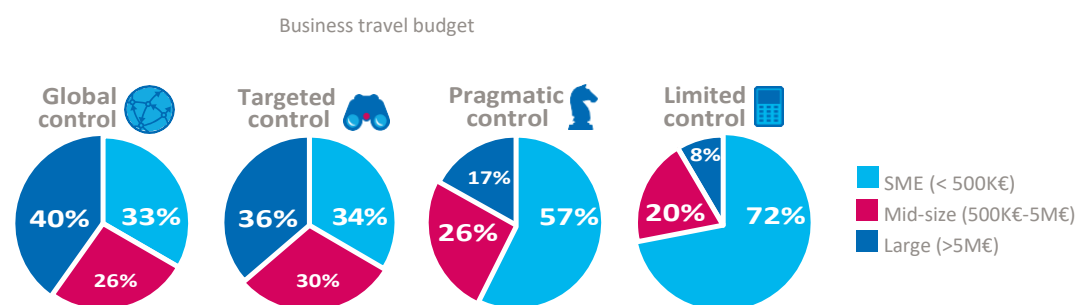
They measure ROI (more than others, even if still < 50%)

They use different central payment solutions

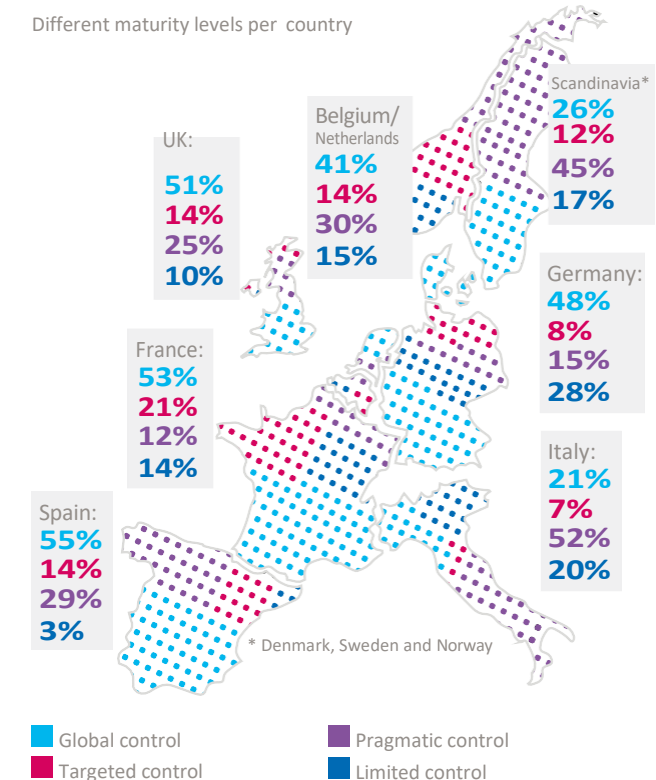
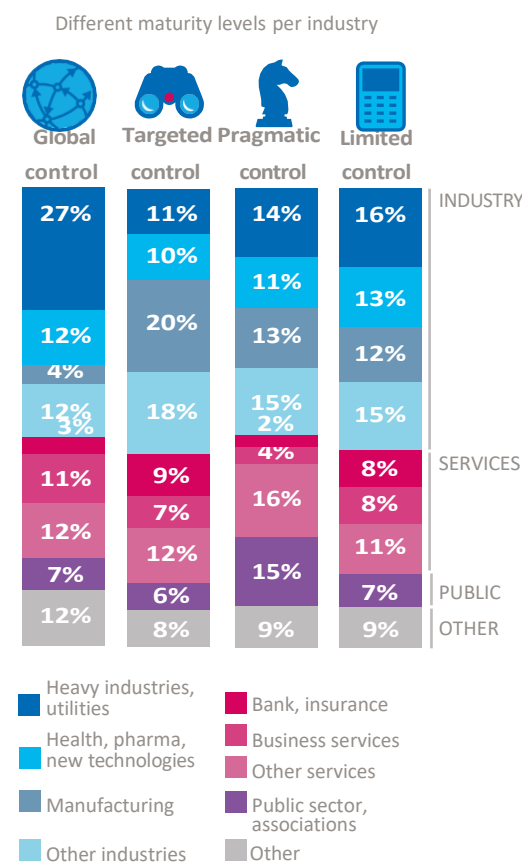
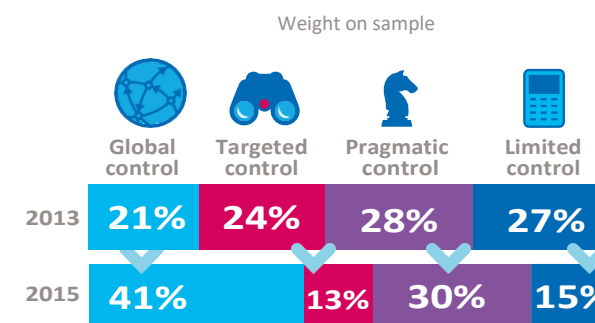
Even so, they may have some issues with travel policy compliance, and may not yet have fully integrated mobile within their procedures.

Cluster Characteristics	Global control	Targeted control	Pragmatic control	Limited control
Weight on sample	41%	13%	30%	15%
Travel policy in place	97%	89%	83%	53%
Travel policy compliance rate (>70% of compliance)	56%	83%	43%	31%
OBT equipment	96%	64%	66%	22%
OBT compliance	Fair	High	Fair	Low
Double equipment OBT+EMS	87%	14%	21%	11%
Level of expense automation	High	Fair	Fair	Low
Mobile usage (current usage for business travel management)	++	-	+++	+
Central payment solution (Corporate cards, lodged cards, virtual cards)	+++	+	+	-
Business travel ROI measurement	42%	14%	46%	11%
Travel management structure	+++	++	+	-
Travel agency in place	100%	100%	87%	47%
TMC used as main travel agency	81%	79%	31%	3%
Role of agency in OBT management	High	Very High	High	Low

Maturity is not 100% linked with travel budget size, any kind of organisation can be part of each cluster (even though the cluster they are in broadly reflects the size of the organisation).



Organisations have made strong efforts to gain maturity in the past 18 months with more and more entering the segment of Global control, which represents **41% of the market (+21points in three years)**.



On the study: Research methodology

This study was conducted by Concomitance and co-sponsored by Amadeus on the basis of a telephone survey conducted from March 4th to April 9th, 2015, among people in charge of travel budgets ranging from less than €250,000 to over €50 million (Finance Directors, Purchasing Directors and Travel Managers) in 590 European companies based in 10 countries: Germany, Great Britain, France, Belgium, Luxembourg, the Netherlands, Spain, Italy, Denmark, Sweden and Norway.

About Amadeus

Amadeus is a leading transaction processor and provider of advanced technology solutions for the global travel and tourism industry.

Customer groups include travel providers (e.g. airlines, hotels, rail, ferries, etc.), travel sellers (travel agencies and websites), and travel buyers (corporations and individual travellers).

Amadeus has central sites in Madrid (corporate headquarters), Nice (development) and Erding (operations – data processing centre), and regional offices in Miami, Buenos Aires, Bangkok and Dubai. At a market level, Amadeus maintains customer operations through 73 local Amadeus Commercial Organisations covering 195 countries.

Because Amadeus is at the heart of the travel industry, we are uniquely positioned to offer corporations the best technology, content and travel expertise.

Choosing Amadeus means opting for a long-term partner to help you shape the future of your business. Amadeus gives you insight and clear direction in both IT and travel technology – backed up with the investment to make it happen.

Together, let's shape the future of travel.

To find out more about Amadeus, please visit www.amadeus.com or speak to your Amadeus Account Manager today.

To download a copy of the report, please visit www.amadeus.com/corporations

About Concomitance

Concomitance is an independent management and strategic consulting firm.

Founded in 2001, areas of expertise are focused on two levers that create value on the customer experience: marketing and sales.

Concomitance has teams specialising in several activity sectors such as telecommunications, travel and business travel, banking, distribution, etc.