



Niche Focus Boosts TMC Ovation

OCTOBER 09, 2006 -- *As 2006 nears its end, senior executives at New York-based Ovation Corporate Travel are able to reflect on a year that brought rapid growth and its largest client yet through its relationship with the Radius Travel network—investment management firm BlackRock. Ovation CEO Paul Metselaar and executive vice president Michael Steiner late last month sat down with BTN editors Jennifer Merritt and David Meyer to discuss the company's changing clientele, the durability of high-touch services and a significant investment in a traveler-tracking tool.*

BTN: In the past year, how have you changed the way you do business?

Michael Steiner: Just the scale of the business and being able to institutionalize a lot of the high-end services of our business. Online adoption is big and our clients are doing really well with that, but when they look at their travel program at this point, they really assume that it's going to be handled just fine. It's really the offline transactions they're concerned about and that are under the microscope.

BTN: What has growth been like?

Steiner: It's been a big year for us globally. We're managing 35 countries now. A few years ago, it was the U.S., the U.K., maybe a spot in Paris and Germany and that was it. Now, we're all over: Latin America, Asia and Australia. We're really helping our clients get a handle on their spend, providing global account management. Sometimes we're quarterbacking the deal, other times it's Radius. It depends on the client and how they want it set up.

BTN: Is growth client by client?

Paul Metselaar: Yes. We want to build out our business beyond law firms, hedge funds and private equity firms. The law firms are only about 40 percent of our business now. It used to be about 70 percent. Entertainment is on our radar screen, management consulting and advertising—anyone that bills travel back and is looking for high-touch service. The other real significant thing has been new leadership. We brought in a few senior people from the mega agencies to help us run different functional areas of the business. When you're growing at the rate we are, at 40 percent over last year with an employee base of about 350, the challenge is what you don't know, and since we're not a mega agency, we needed to bring in some leadership that knows the things that we didn't about growing this business and providing service to a much larger customer.

BTN: Who is in the new team?

Metselaar: Marcia Amoye, who was running New Jersey for Carlson Wagonlit Travel, is heading up our client solutions group as senior vice president, and Daniel Gogerty, senior vice president on the operation side, who used to run the Western region of Carlson.

BTN: Did the mega musical chairs give you an opportunity to cherry-pick?

Metselaar: Yes, there are very talented people out there and we've been very fortunate, because Michael and I don't come from that world. That's been a huge difference. It's been great to learn how to run a billion-dollar company, though our goal isn't necessarily to be a billion-dollar company. Our goal is to stay within our market niches. We expanded beyond the legal industry almost by accident. We created a new division to manage travel for hedge funds and private equity firms and it's exploding. That's what we do: We focus on these niches that no one else is focusing on. They're not big accounts, but they're all international and they're all high-end and very high-touch.

BTN: Have you made any technological investments this year?

Metselaar: We've made a significant investment in traveler tracking and will roll out a new product by the

end of the year. It'll be our own risk management solution through a partnership with a technology company.

BTN: What percentage of your client base has mandated use of a booking tool or agency to track travelers?

Metselaar: Less than 10 percent. It's very small. Many of our clients are not like most companies where the CEO sends out a memo and everyone falls into line. We've got to sell our service. The issue of traveler tracking is one of the most compelling arguments. Once we show them the real benefits of this product, it will help us get more consolidated business.

BTN: How do you provide multinational service?

Steiner: Radius is certainly a big part of what we're doing internationally. We've had relationships for years with other clients where we're handling it on a bilateral basis. There are other relationships outside of Radius from former legacy relationships, for very high-touch business. That's mostly for Europe. We don't have any legacy relationships outside of Europe now.

BTN: How have the Radius equity ownership changes affected Ovation?

Metselaar: The difference is that we have the ability to provide high-touch service all over the world from like-minded owners. In hiring Radius, you get the committed local business owner and if there is problem, you can swap one agency out for another. That ability to customize and that flexibility is a real driver of our growth.