

Profiles In Travel Management

By Jennifer Merritt

APRIL 03, 2006 -- **Midmarket Co. Eschews Hotel RFPs, Saves With Individual Property Deals**

Company: McAfee Inc.
Headquarters: Santa Clara, Calif.
2005 Booked U.S. Air: \$7 million



In order to gain better control of McAfee's travel budget in 2006, Judy Shannon, worldwide strategic sourcing manager of the antivirus software company, revamped her hotel program with a policy-driven strategy aimed at increasing compliance and maintaining spend. Her efforts began in September 2005 and yielded savings of about \$50,000 in hotel spend during the last quarter of the year. In 2006, she expects to produce savings from her hotel program of approximately \$200,000.

Shannon worked with senior management and a travel manager to implement the hotel program, first asking travelers to shift to midprice business hotels from luxury properties. "We tried to make a change to more midmarket-level hotels before we were ready for it as a company," she said. "In 2005, we had a lot of pushback and a lot of people that didn't stay at preferred properties, so as we looked at 2006, we asked, 'What can we do this year to encourage people to stay at preferred properties and control our costs?' "

The answer, said Shannon, was in foregoing the request-for-proposals process. "We took our top 20 cities and went to individual properties and general managers and talked to them about what our needs are and what our patterns look like—how many Sundays a month we stayed, what our highest months of travel were—and worked with individual properties to set up rates for this year."

McAfee targeted such upscale hotel brands as Marriott, Embassy Suites, Westin and Hyatt, and worked with each supplier individually to assess whether McAfee's demand properly met preferred-property supply. "We have our highest number of hotel nights here in Plano," Shannon said of her Texas office location. "We couldn't have just two hotels here because they can't meet the demand. We also have people come in from our India office for two weeks, so we decided we really need a Residence Inn for that, rather than a Marriott or a Courtyard."

Shannon acknowledged the process as time-consuming, but said the benefits far outweighed the extra work. "In a lot of our key cities, our travel manager and I wanted to be able to say that we've been in the properties, and that we know what they look like, so the travelers wouldn't say, 'Oh, you just can't imagine how bad it is,' " she said. "I didn't find it as time-consuming as doing an RFP, because we targeted who we wanted to talk to. We didn't go to 20 hotels in New York, we talked to five, and we talked to two in Santa Clara and we talked to four in San Francisco. We really keyed it down to areas where we had a high level of travel."

Driving compliance was tasked to McAfee's travel management company, New York-based Ovation Corporate Travel, to which McAfee switched from mega agency Carlson Wagonlit Travel

in August 2005. Shannon said she chose the midmarket travel management company specifically to establish use of an online tool and help drive policy compliance levels. "Our online tool was set up so only our preferred hotel providers showed up," Shannon said of the GetThere booking tool. "If travelers want to stay somewhere else or don't have a hotel in a given city, they can still book their air and car rental online, but they have to go to the agent for the hotel. If they want to stay at a nonpreferred property, their manager has to contact the agency and tell them they approve and why."

About 50 percent of McAfee's travelers are using GetThere, implemented last summer, though Shannon said the percentage would be higher if she didn't include international itineraries, which account for about 35 percent of McAfee's travel. Use of the tool also helped to increase hotel compliance to 45 percent from 30 percent.

Shannon is working with Ovation this year to increase the percentage of online bookings. "I look to them to bring programs to me with different incentives, training and more visibility," she said. "It's not required to use the online tool, but I've heard tremendous things since we've switched to GetThere—it looks similar to the leisure tool and there have been positive comments around that."

Reporting and airline agreements are the priorities going forward. "We previously didn't have reporting from outside the U.S. and we're trying to get our arms around what that looks like," she said. "We have a very strong program with one airline, which has somewhat deteriorated since the rate reduction and everybody went through their fare caps. That's making us reexamine what we're doing, as well as our increase in international travel."