THE IN THE BLACK GROUP™

A TRANSPARENCY CONTINUUM

the NEWCO business travel management model

by Ron DiLeo

the premise

NEWCO guarantees corporate air spend reductions under the condition that client allows NEWCO to determine airlines utilized with all airline billings settled directly at NEWCO's discretion. Client pays NEWCO in advance an agreed upon predictable airfare amount as billed quarterly.

conditions and considerations

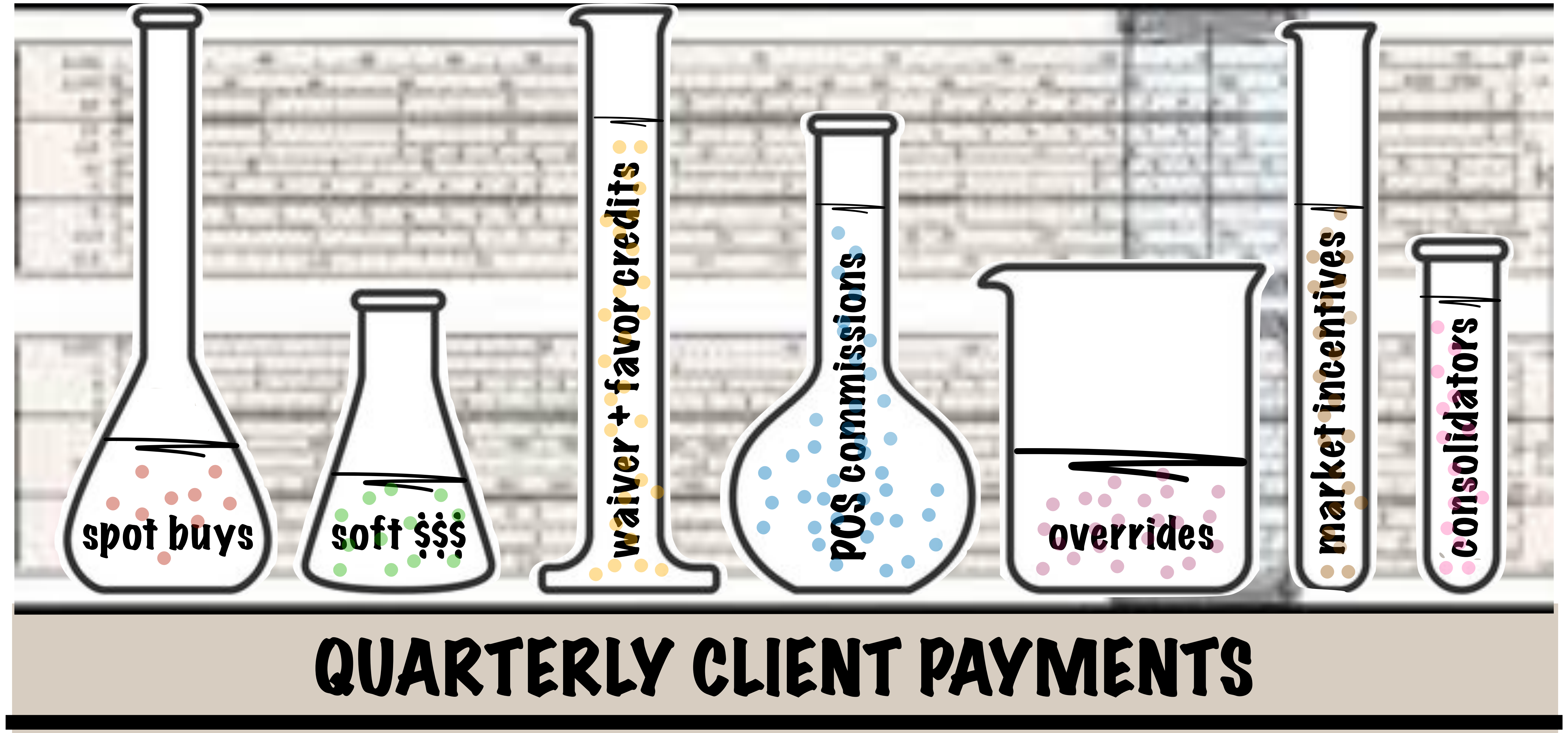
- travel options are limited to NEWCO choices
- there are no conflicting client airline deals or preferred supplier options
- airline tickets are not paid for with traditional corporate charge cards
- all tickets reflect TP form of payment; prepaid amount stored on card
- travelers receive limited airline loyalty program accruals
- consolidator tickets in the mix of consideration options
- all ticket prices set by NEWCO
- prices appearing on tickets may be different than what is charged
- airline settlement form of payment options are determined by NEWCO
- overspend amounts or unspent balances are carried over to the next quarterly billing
- incremental fees applied if traveler chooses to override the system and make their own choices rather than NEWCO selected options
- travel counselors provided with scripted customer talk-tracks that align voice and electronic booking options

modeling sample

- ✓ total client air spend: $8M
- ✓ predictable air spend: $5M
- ✓ revised predicable air spend: $4M
- ✓ guaranteed air savings: $1M (20%)

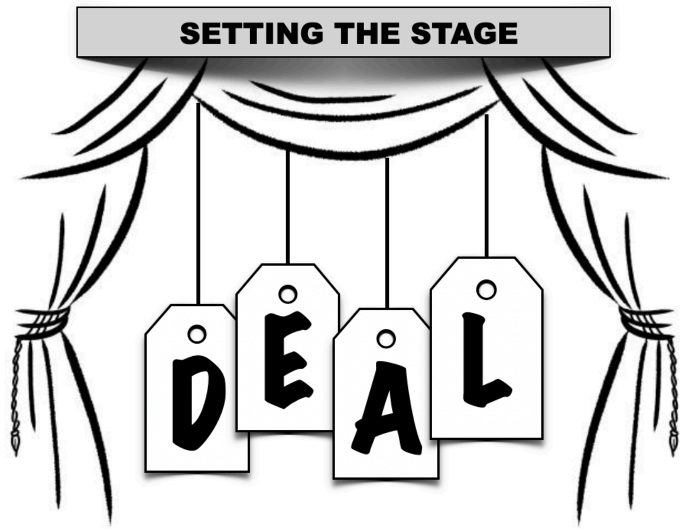
funding the formula

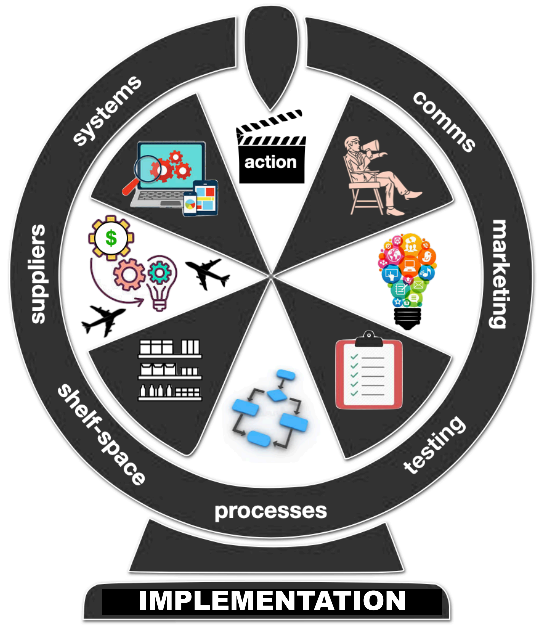
- set targets based on patterns, predictability, policy and tolerance
- overlay client paid revenue with optimized situational revenue ≧ agreed upon guaranteed savings administered via TP card(s)
- adjustment allowances agreed in advance to account for circumstances affecting acceptable ranges (+/-)
- airlines may be "red ringed" from consideration in advance as pre-agreed

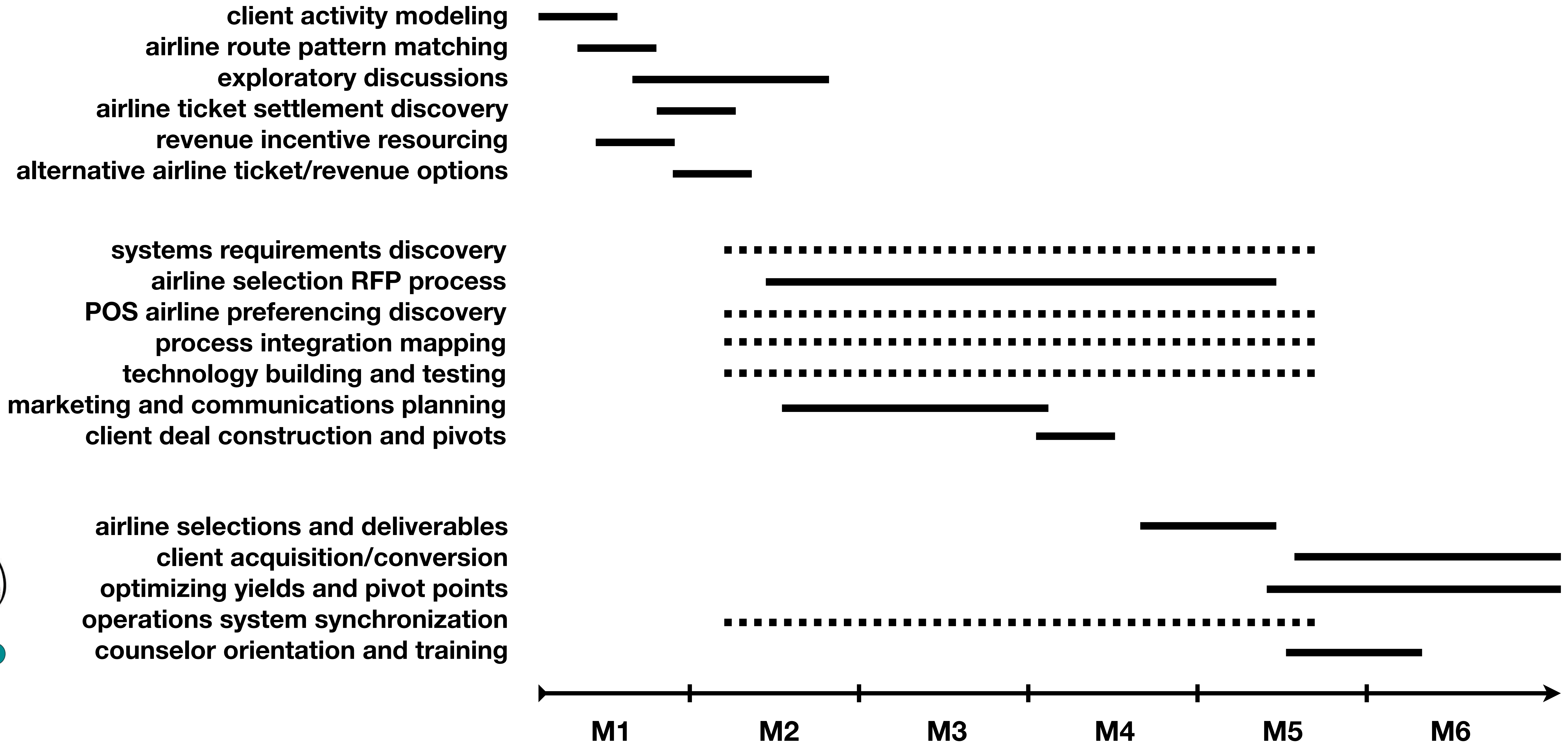


a three part production

"straw-dog" project plan







▪▪▪▪▪ denotes NEWCO tech planning

summary considerations

win-win-win effects

- ✓ **NEWCO** improves incremental revenue generation and ROR at no expense to clients or airlines
- ✓ **CLIENTS** reduce predictable airfare expenses by 20% (this model) at no incremental expense to NEWCO or airlines
- ✓ **AIRLINES** improve yields with client and NEWCO at no incremental expense to either party

discovery ahead

- AIRLINE REVENUE work streams (analysis + negotiations + set-up)
- CLIENT work streams (predictive travel modeling + program tolerance)
- TECHNOLOGY work streams (reservations + yield management + reconciliation/settlement + expense)
- OPERATIONS work streams (counselor orientation + training)
- ACCOUNT MANAGER work streams (orientation and client targeting)

the continuum five year plan

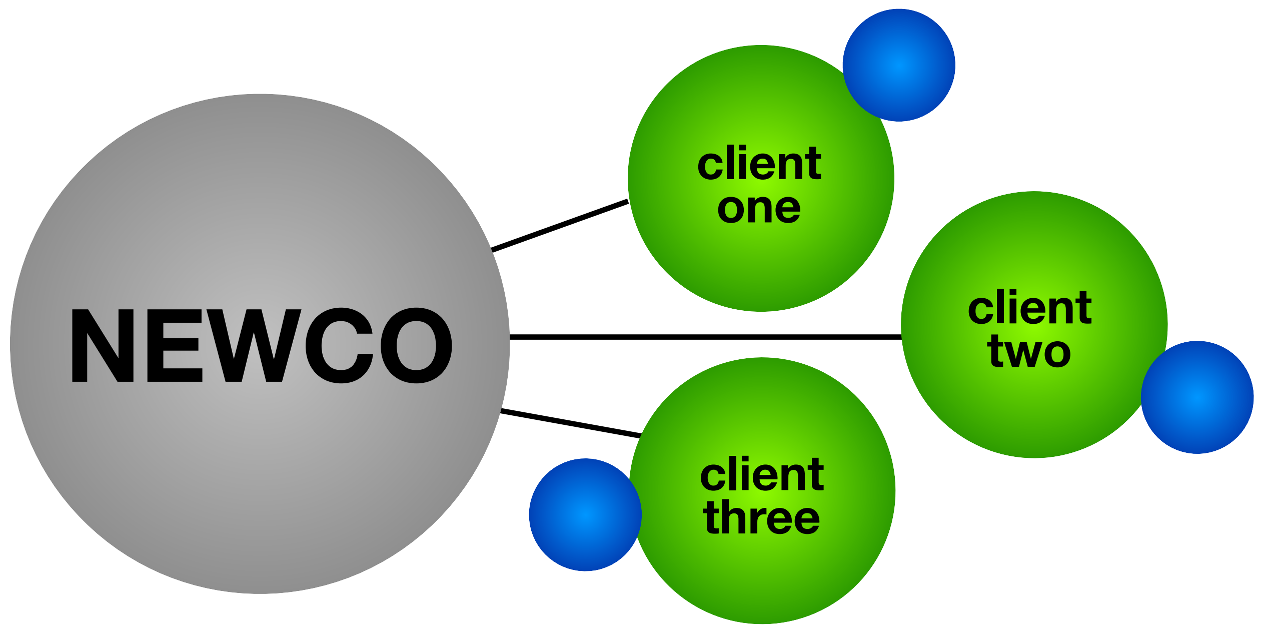
con·tin·u·um | kən'tinyəwəm |

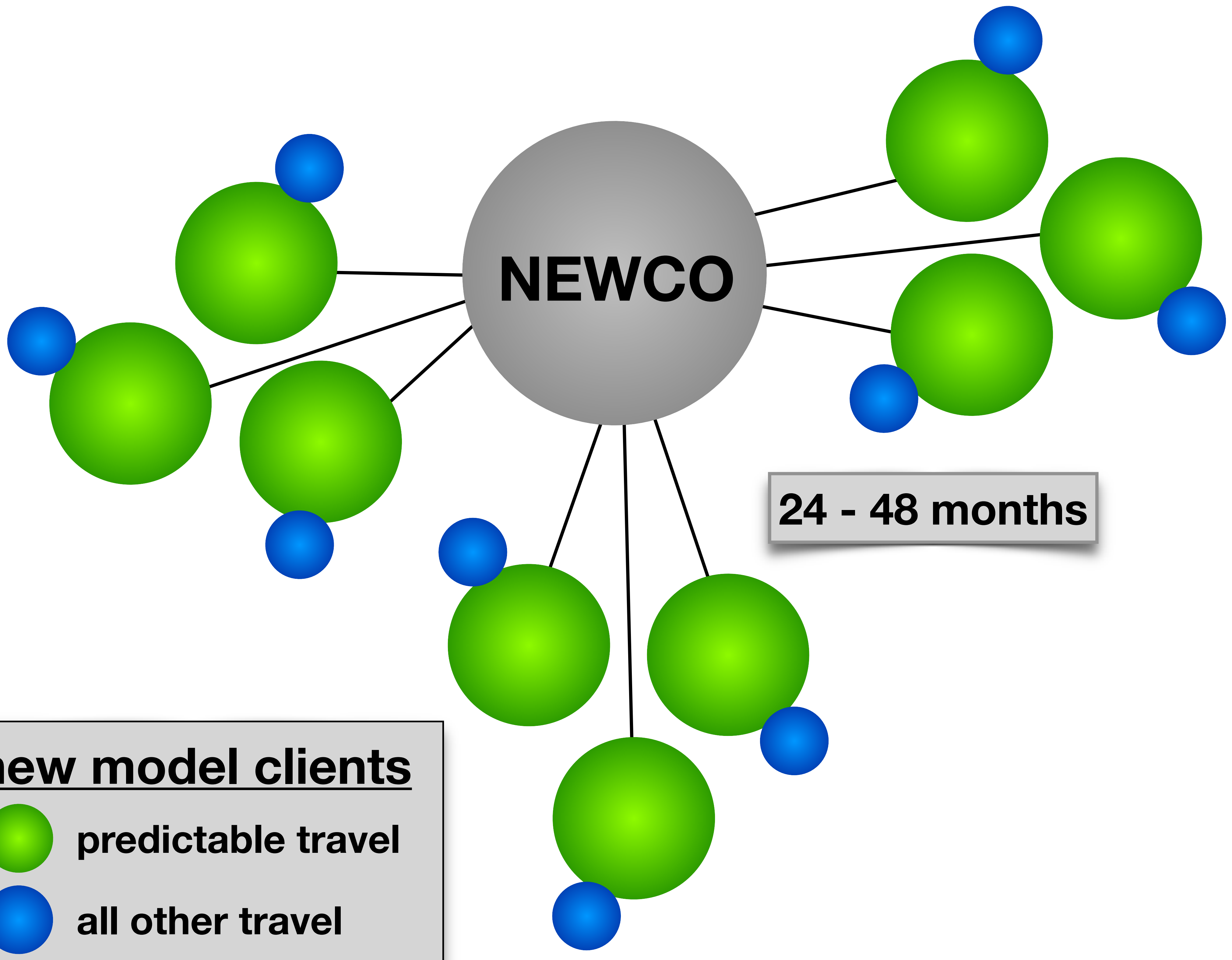
noun (plural continua | kən'tinyo͞oə | *[usually in singular]*

a continuous sequence in which adjacent elements are not perceptibly different from each other, although the extremes are quite distinct: *at the fast end of a fast-slow continuum.*

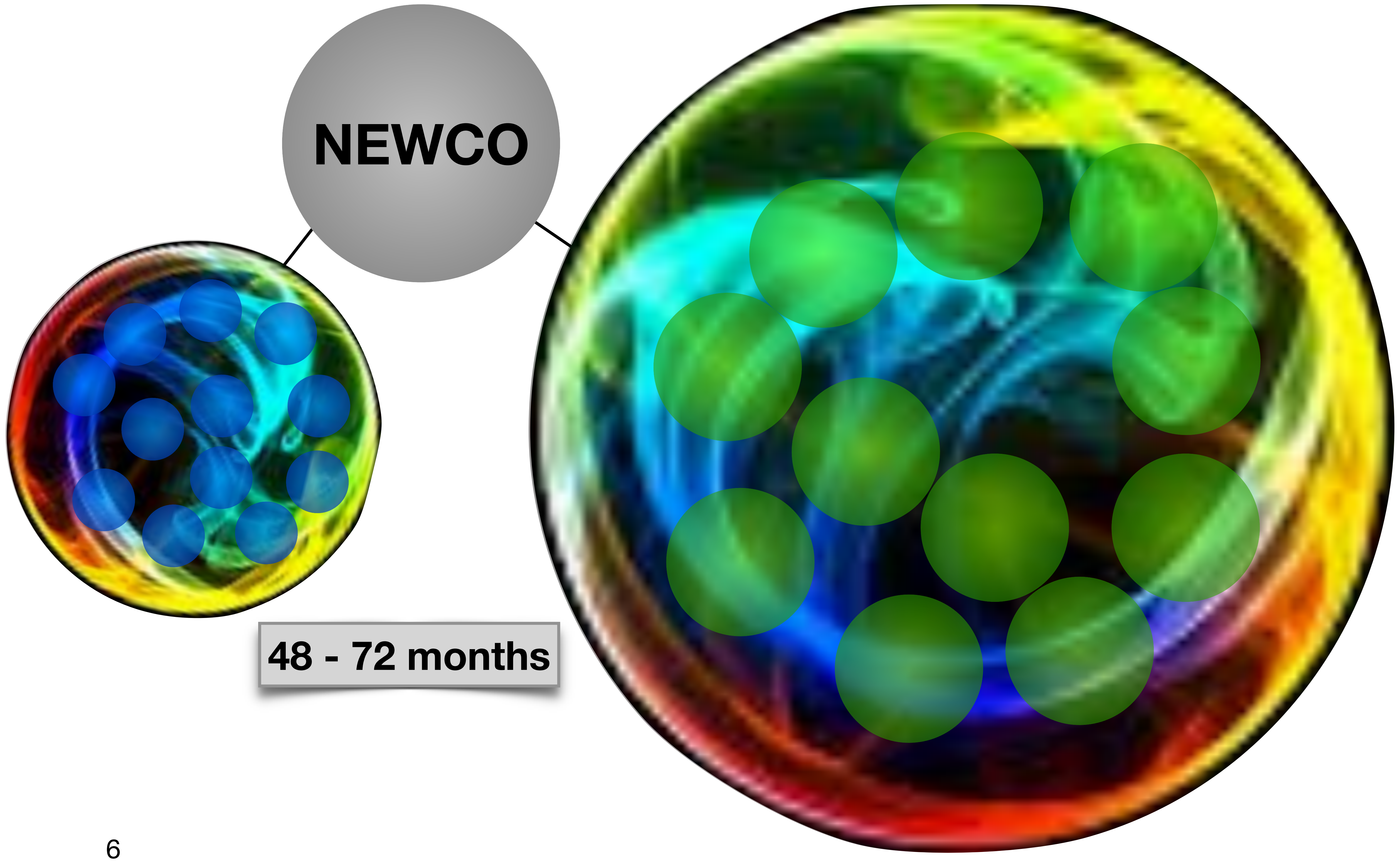
New Oxford American Dictionary

12 - 24 months





24 - 48 months



48 - 72 months

new model clients

- predictable travel
- all other travel

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