



## PUBLICIS GROUPE

### INTERNAL NOTE

## **PUBLICIS GROUPE SELECTS AMERICAN EXPRESS BUSINESS TRAVEL AS NEW GLOBAL TRAVEL AGENCY**

Over the past several months Publicis Groupe has been conducting an in-depth review of its travel program. After 4 years of global consolidation of travel expenditures and the construction of a complete Publicis Groupe travel offer (agency, airlines, rail, hotels, etc.), with no increase in transaction fees despite a drop of over 20% in spending in 2009, it is now time to accelerate again and reach a superior level of performance. This is all the more important as we have observed a new rise of our travel costs since the beginning of the year (+35% year over year at end of June in the countries operated by CWT) and signs of reduced vigilance in policy compliance.

### **What has been achieved in 4 years**

Since the Groupe signed a global agreement in 2006 with CWT it has thoroughly transformed its travel practices towards best-in-class performance. Coming from a very heterogeneous environment with multiple travel agencies within the same country, as well as on-site travel agencies, we now have a single travel management company in 18 countries covering over 80% of our travel costs. This provides us with the benefit of transparency on spending, which we continuously leverage to negotiate more cost effective deals with the 3<sup>rd</sup> party travel suppliers (airlines, hotels, trains, car rental companies, etc.) which represent the bulk of our travel expenditures (around 97%, while the cost of the travel agency is approximately 3%).

On a parallel track we've developed new services for our travellers ranging from online booking tools, ISOS information and overseas traveller assistance, and the Publicis Groupe preferred hotels program, to travel alternatives such as telepresence and soft benefits for Road Warriors, as well as a homogeneous level of service from the travel agency platforms across the globe.

The results speak for themselves: 70% of online booking globally, continuous reduction of average ticket prices and average room rates leading to significant savings for the agencies, less than 3% non-compliance to our air travel policy, and a more cost-conscious and modern travel culture.

### **What is now needed to continue optimizing our program**

We know that all this has represented an important behavioral change for our organization and we can be proud of this shared outcome. The next step should be to build upon this same service model through one single travel agent that we've successfully implemented while equipping us with the most advanced combination of technology, services and processes to effectively **manage** travel for internal and client purposes.

With this in mind, as well as with the feedback from our travellers and travel bookers, and our review of the market tools, it has become obvious that we need to change our online booking tools to the new generation of user-friendly systems with more complete functionalities.

Secondly, supporting our culture of interactivity and mobility, we want to be always in a position to enrich the range of services that we offer our travellers, especially the frequent ones. One of the areas of focus is the



ability to develop as many PDA and mobile phone connectivity opportunities as possible, such as approving an employee's trip on a Blackberry or getting travel information via text messages.

Finally, considering the recent surge in expenditures and reduced vigilance on compliance that we've mentioned above, we need to make sure we reinforce the processes in place to pre-approve trips, monitor and chase non-compliant behaviors, favor cheaper and more environmentally friendly alternatives (including no travel through the use of telepresence), maximize our negotiating power by consolidating our volumes in a market where prices are going up again significantly.

### **Amex Travel as the new provider of choice**

With these 3 dimensions in mind (systems, services, processes), we've analyzed the offers of the 2 world leaders of this sector: our incumbent travel agent, CWT, and their challenger, Amex Travel.

After a thorough investigation we came to the conclusion that Amex would be the most suitable partner for Publicis Groupe in the years to come. They placed first in all 3 dimensions and made a particularly convincing case on their technology leadership, which helps them and should help us in all aspects of our travel program. In addition we could limit their proposal to a 3% price increase (total cost at the same travel mix), including updating all of our online booking tools to the most advanced ones. This is less expensive than the competitive offer, and we obtained more protective contractual terms.

We have started the implementation process in 20 countries with phased go-lives planned between **end of November and early December 2010** for countries already operating with CWT and in the course of 2011 for new countries.

- All online booking tools channelling 70% of our reservations are going to be changed to best-of-breed systems (which it was time to do in order to boost our travel booking productivity regardless of the choice of travel agent)
- Every country will benefit from a more integrated pre-trip approval process. This will be implemented for the first time in the US where the previous system limitations had not allowed this possibility
- The classic phone booking service will be moved from the incumbent travel agency to the new one at the same time when the online booking tool will be up-and-running.

We trust that Amex's experience with large companies like ours and our own 4 years of experience will enable us to manage this change successfully and build together an improved program for our travellers and travel bookers while helping us manage our cost baseline.

All local Re:Sources Procurement Managers and the Global Procurement team who are conducting this implementation are at your disposal, should you have any questions.