

IBM reduces corporate travel costs with realtime online reservation system.

Overview

■ Challenge

IBM wanted to find an even more efficient way to manage its corporate travel program, to lower employee travel costs and to improve productivity

■ Why Become an

On Demand Business?

The company required an IT infrastructure capable of integrating heterogeneous IT resources across internal and external enterprise systems, to enable a new level of responsiveness for employees

■ Solution

An easy-to-use online booking system that provides realtime reservations capability, enforces travel policy compliance and enables better control of the travel management process

■ Key Benefits

- *Estimated opportunity of \$75 million in savings in airfare and travel agency costs over 3 years*
- *Improved employee productivity*
- *Better ability to provide business consulting services as a result of in-house project implementation*



IBM created a realtime employee travel solution that integrates seamlessly with American Express's back-end reservation system and Galileo's Corporate Travelpoint application.

With more than 300,000 employees around the world, IBM continually strives to improve productivity and reduce costs throughout the organization. That's why the Armonk, New York-based IT leader acted quickly when it recently identified a way to increase efficiencies within its corporate travel program.

Specifically, IBM saw an opportunity to improve compliance with its travel policy, which stipulates that employees not only do business with specific hotel chains and car rental agencies, but also take the lowest available airfare when making a reservation more than 24 hours in advance.

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–Graham Wright, Global Travel - Services and General Procurement, IBM

Lowering costs and improving productivity with resilient, integrated IT solutions

On Demand Benefits

- Estimated opportunity of \$75 million savings over 3 years due to strict policy compliance
- Improved display and selection of most cost-effective travel options can save the company 5% on airline tickets alone
- Ability to self-book reservations has improved employee productivity, freeing workers to focus on their core competencies
- Hands-on business process optimization (BPO) project has enabled IBM to provide the knowledge it learned from this initiative as a service offering to its consulting customers
- Scalable, open IT architecture is both resilient and flexible, enabling seamless future growth without having to rebuild infrastructure

Previously, workers had to make reservations over the phone with one of IBM's pre-approved travel vendors. While guidelines were in place to enforce pricing rules, they were somewhat limited and after the fact. IBM knew that if it could find a way to more efficiently connect employees with realtime travel information and resources, it could reduce travel agency costs through more strict observance of its procedures.

Responding to employee needs

"We needed to ensure the most cost-effective travel options were displayed to IBM travelers," explains Graham Wright, Global Travel - Services and General Procurement, IBM. "At the same time, we wanted to make the process of completing a travel itinerary easier for our employees." This would require a resilient infrastructure and technology components capable of integrating corporate information with external vendor systems. "By putting alternate travel information at the fingertips of IBM travelers and not requiring them to use a travel agency, we would be able to better motivate employees to choose less expensive rates," says Wright. "That's because employees tend to book lower fares than those suggested by agency representatives when they are presented with the information visually. But our goal was to not just reduce costs. We also wanted to be more responsive by delivering relevant travel information to employees when and where they needed it."

To solve the problem, IBM deployed an easy-to-use, self-service online booking system that encourages travel policy compliance and enables better control of the travel management process across the entire company. The new employee reservation application connects several different, previously siloed systems, creating an integrated, highly resilient solution capable of providing realtime reservations.

The system unites IBM's corporate intranet with remote systems from Galileo International, one of the world's leading providers of electronic travel solutions, and American Express, the travel agency that provides fulfillment and full booking services for IBM. In doing so, IBM employees now enjoy an end-to-end travel reservation experience that has changed the IBM culture for the better.

Now, employees are empowered to make their own air, hotel and car reservations directly from the corporate intranet and can quickly view multiple booking options to destinations around the world. The solution automatically displays alternate

flights with lower fares that match the traveler's search criteria. Driven by the time sensitivity of employees, the system returns the best itinerary within policy parameters, reducing the need to shop around for the less costly travel options. The tool visually identifies options out of policy, driving easier and better compliance. Travel data feeds (where available) are used by IBM to notify management by e-mail when an employee does not take the lowest fare offered. In doing so, managers have an opportunity to verify the need for the additional expense before the employee leaves.

The new solution, called Online Travel Reservations (OTR), is hosted by Galileo. The central functionality of the OTR comes from Galileo's Corporate Travelpoint (CT) application, an advanced Internet-based solution for managing corporate travel plans. Powering the system is IBM DB2® Universal Database™, IBM WebSphere® MQ and IBM WebSphere Application Server. All of the software runs on an IBM @server® zSeries® system.

The CT software automates the business process for making air, hotel and car reservations, assuring travelers of the most up-to-date rates and schedule possibilities. The system calculates prices for complicated business trips in seconds, and validates all rules appropriate to the itinerary. It even provides weather reports and security updates. DB2 Universal Database serves as the central repository of travel information for the CT application. DB2 also manages IBM corporate travel policy data as well as employees' travel preferences and profiles. All travel data consists of realtime information based on the very latest published fares, negotiated rates and schedules.

The tickets are issued by American Express, which has access to OTR's control policy and preference and profile information. The system also provides a single sign-on for IBM employees, eliminating the need for American Express to manage passwords or certificates.

Integrating people, partners and processes

With its consistent application programming interface, WebSphere MQ enables a reliable exchange of messages between the CT software and the DB2 information management system. The middleware contributed significantly to Galileo's ability to build a robust, highly available solution that integrates people, partners, processes and applications on a common infrastructure, for maximum efficiency.

Key Components

Software

- IBM WebSphere Application Server
- IBM WebSphere MQ
- IBM WebSphere Studio Application Developer
- IBM DB2 Universal Database
- Galileo Corporate Travelpoint

Servers

- IBM @server zSeries
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– Graham Wright

WebSphere Application Server provides the runtime environment for the Galileo application's Java™ 2 Platform, Enterprise Edition (J2EE) technology-based business logic. The J2EE applications were built, tested and deployed using IBM WebSphere Studio Application Developer. For high system availability, the OTR system runs on a zSeries machine, which offers near-zero downtime.

Standards-based solution enables easy growth

Key to the new solution is its open standards-based infrastructure, which will allow OTR to easily scale as IBM's employee base grows. "Because it leverages industry-standard technologies, the system meets our needs for future expansion," says Wright.

The OTR solution is expected to generate major benefits. During the next three years, IBM estimates its savings opportunity at \$75 million based on reduced agency fees and lower airfares. According to IBM, travelers selecting the most cost-effective travel options can save the company an average of five percent on airline tickets alone. When combined with hotel and car choices, these savings can be even more significant. In addition, the project has resulted in IBM gaining expertise in advanced, real-world business process optimization (BPO) practices, which it can provide to its consulting customers as a service offering.

Moving forward, IBM employees will have access to their itineraries anytime and anywhere through the Galileo Wireless suite of wireless travel management tools. Running on personal digital assistants, cell phones or two-way pagers, the tools will allow travelers to check flight availability, receive driving directions and weather reports, obtain notifications of flight delays and cancellations, and access terminal information.

"IBM's goal of transforming its corporate travel procedures is part of the company's long-term strategy to increase efficiency, lower expenses and integrate business processes end-to-end across the enterprise," explains Wright. "By implementing automated systems such as OTR, IBM positions itself for unlimited future growth and success."

For more information

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