

## THE TRAVEL DISTRIBUTION SUMMIT USA 2005

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### Interview with Andy McGraw, senior vice president and general manager, American Express Business Travel

#### What according to you have been major developments and trends?

Aside from the flurry of travel management organizational shuffles, we're continuing to see healthy interest in interactive or corporate online booking. For example, our most recent European Travel Management Technology Survey shows that Europe is narrowing the gap with the U.S. in terms of online booking and expense management, with 58 percent of air booking from companies headquartered in Europe expected to be made online in 2006.

Additional key findings from the study include:

- The average number of air tickets booked online has increased by 70% from 2004.
- 42% of respondent companies have introduced online booking systems since 2004; another 25% plan to buy online travel management systems within the next year.
- 48% of respondents committed to directing business travelers to the approved travel agency websites in 2006.
- The number of European expense reports filed online has increased by 20% from 2004.
- Online air bookings and travel expense reports will account for the majority of respondent company booking and expense reports.

So when you ask, what are the key developments and trends, businesses continue to pursue managed travel strategies that will yield greater process efficiencies and policy control and thereby ensure they maximize the dollars spent on or invested in corporate travel.

#### **Earlier this year, American Express Business Travel launched an e-solution for negotiating corporate meeting venues. How has this shaped up?**

We feel very good about the capabilities of this new offering and what it will accomplish for meetings management buyers and suppliers. The new e-auction solution brings corporations and hoteliers together in a transparent Internet arena, providing greater visibility into the venue bid negotiation process. The tool helps meeting buyers and procurement professionals to quickly

identify and source strategic hotel partners for their meetings needs and field competitive package offers consistent with their corporate travel policies and preferred supplier strategies. In addition, the e-auction technology helps buyers to reduce cycle time and achieve improved sourcing and decision-making efficiency gains. It also helps hoteliers to focus on providing the best, most competitive meetings packages possible. We're already performing auctions with a number of clients to their stated satisfaction.

**How have corporations/clients responded to e-auction technology, which supports a historically complex event management bidding process?**

We've received very positive feedback on our e-auction offering. As you point out, corporate meetings negotiations are historically quite complex, and this tool helps expedite and simplify that process. Overall, clients are pleased with how the tool augments their strategic meetings management programs.

**How do you assess development of your company's offering vis-à-vis online corporate travel booking tools offered by competitors?**

In 2005, American Express Business Travel marked a decade of online corporate travel service and recorded more than 6 million online transactions worldwide. In the U.S., more than 36 percent of total transactions were booked online, continuing to grow albeit at a moderate rate as the market nears maturity. From the U.K. to Australia, online penetration continues to rise dramatically.

Fundamentally, our platform, American Express Online, provides a one-stop-shop for self-servicing corporate travel. It enables a traveler to easily establish his/her travel profile, make bookings, manage itineraries and even print invoices. We know how to get clients online, how to drive adoption, and how to supplement our online platform with global reach, customer service, data management and everything else a business (large or small) needs to effectively manage its travel program.

Recently we were recognized by peers through the World Travel Awards for having the "World's Leading Corporate Travel Booking Website." Furthermore, in 2005, the independent **Online Travel Benchmarking Group**, a division of travel advisory firm Harrell Associates, found that American Express Business Travel offers the lowest business travel rates available online when compared to the public fares of three U.S. online agencies -- Expedia, Orbitz and Travelocity. All this good news likely correlates with the fact that of the 120 new North America- headquartered clients we added in the first two months of 2006, 30 were won in direct competition with an online travel agency -- five from a single OTA incumbent.

While these are solid accomplishments, there's certainly always more to be done to ensure we meet our customers' high-standards for online travel bookings.

**The **Online Travel Benchmarking Group** has found that American Express Business Travel is the 'Best-in-Class' for the lowest airfares available online when compared to the public fares of the main online corporate travel booking tools in France, Germany, Sweden and the United Kingdom. Why do you think your company is ahead of competitors in this domain?**

We've always taken pride in effectively securing preferred fares from air suppliers while offering low-cost carrier inventory. We provide clients with premium value for their investments in travel through increased savings, outstanding service and greater spend control. For example, across the top-traveled air routes originating from France, airfares for Expedia are 28 percent higher, Opodo fares are 17 percent higher, and Lastminute fares are 10 percent higher than the average American Express airfare paid. Bottom line: Our online cost-savings advantage in Europe (as in North America) is a huge benefit that clients appreciate and expect from American Express -- the world's largest processor of online and offline corporate travel transactions.

**What's on your agenda this year?**

Plainly stated, we plan to build on a number of the 2005 investments and strategies that helped to deliver the more than \$470 million in new signings from North America-headquartered clients and more than \$270 million in signings from European-headquartered clients in the first two months of 2006. As our announcement explained, we invested significantly in our servicing platforms with respect to online-booking, service-center and point-of-sale technologies, and even performance management tools. Further ahead into 2006, don't be surprised to see us introduce new and enhanced "end-user" focused solutions for the business traveler and to expand our leading consulting practices provided to travel managers and corporate travel buyers, respectively.

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