

Advertising network

Advertiser committed to online option

The world's second largest advertising network is leading in eProcurement. 4500 staff in the German agencies have the option of booking their business travel online using cytric from i:FAO. A special feature is the integration of cytric in a procurement marketplace.

Many Advertising Companies in Germany have one in common? They are all part of a leading advertising holding. The network is a major force in the advertising world: 58,000 staff generated Euro 6.2 billion turnover in 2004.

Efficient procurement is a key factor for successful business. The German part of the Group decided early on to professionalise its purchasing with the help of a marketplace. The Holding has been using the "eB2B marketplace" - a Gruner + Jahr publishing house product - since 2003. Advertising agencies in the German network use this intranet marketplace to purchase office materials, publications, books and business cards. The procurement strategists planned right from the start to add other product groups to the procurement platform in the long term - including travel buying. The process was accelerated when airlines slashed their commission charges. This affected the previous arrangements where companies organised a management fee with their travel agency which incorporated the commissions - this source of revenue is now no longer available. The new situation required converting the system to a transaction-fee basis - to be negotiated as low as possible. This is where online booking comes up trumps

because it is much cheaper than any form of telephone booking system - "20 to 30 per cent savings," compared to booking travel by telephone estimates the Country Procurement Manager. "We are therefore committed to the online booking process."

The Advertising company arranged the use of cytric with its travel agency partner. The system from i:FAO has been available since January 2004 in the intranet as a flight booking tool for business travel. All of the agencies in the German network analysed the tool in detail with positive results.

The communications consultants do a great deal of travelling - visiting clients, production locations, congresses etc. Another factor is the spread of the agencies themselves over numerous locations: 80 in Germany alone, and more than 800 world-wide. The "main drag" is the connection between Frankfurt and London. Online booking is ideal because the advertising staff generate a lot of point-to-point travel.

However, the urgency of the business and the stringent orientation to client deadlines still make telephone booking a vital backup. The telephone is "indispensable" according to the Procurement Manager when the flights have to be rearranged, a situation that occurs quite frequently.

One year after launching online booking, 40 per cent of all flight reservations are now made online. The procurement experts at the advertising holding are satisfied with this figure although they think there is still room to boost the proportion to 60 per cent. The Network has not made online booking obligatory: every agency within the network is free to choose whether they use the tool or not. Even so, only one agency has so far decided to stick to traditional methods when

arranging its business travel. The advertising holding also leaves the decision on how to organise online booking to their member agencies: at some agencies the staff do the booking themselves, whilst others have travel arrangers to book the travel required by their colleagues.

The central procurement department of the holding in Frankfurt did however make arrangements to highlight the attractions of online booking to its staff: it organised training courses and road shows in the offices. The Travel Manager does not disguise the fact that "a lot of work is required to convince the staff" of the benefits of booking their flights themselves through the intranet. He is happy to report however that those that get used to arranging their travel themselves in this new way seldom make any complaints. Employees enjoy the advantage of having all the possible flights displayed and seeing immediately which seats are free and which flights are full.

Having a shared procurement platform also has another major advantage: using cytric puts an end to maverick buying - uncontrolled procurement. Previously, agencies purchased travel services from service companies with whom they had long business relationships. Today, travel procurement is centralised and consolidated around one provider. The central booking and the marketplace considerably optimise controlling and statistical analysis. The Procurement Manager: "This is a major advantage which strengthens our negotiating position with providers."

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