

RWE Systems AG

Low-cost carriers opened the door

The RWE Corporate Procurement, responsible for the strategic management and bundling of all purchasing activities, introduced online booking of travel services in 2006. 7 500 users were activated online. The outcome: 50% online within 12 months plus up to 30% savings on average ticket prices.



It's a topsy-turvy world: in the past, travel buyers believed that rates negotiated with service providers were simply unbeatable. Today, things look different. Rates available on the free market, published by service providers on dedicated internet portals, often undercut company rates. Which is, of course, not a problem for users of online booking systems - in fact the opposite. RWE travel manager Michael Meironcke - head of travel services within RWE Systems AG Corporate Procurement - is very pleased that RWE Group employees can now also enjoy the benefits of public fares without having to leave a well established order process. cytric software means RWE staff can book at special rates: "They can get to London and back for 99 Euro."

cytric has brought low-cost airlines to the attention of RWE. An interesting proposition for RWE, with Germanwings on their doorstep in Cologne and Easyjet very handy in Dortmund. DynaWeb - a cytric option - provides access to more than 95 low cost carrier sites. DynaWeb means RWE employees can compare availability and prices directly on the providers' internet portals and also book the flights directly as well. Thanks to all of these functions being integrated in cytric, all online bookings are compliant with the Group's travel regulations and approval processes. Down the accounting

stream, DynaWeb bookings come with the usual cytric comfort: all booking data is thoroughly documented.

One of the upsides of having this greater choice when making flight bookings was watching the average price of a ticket paid by RWE fall by 30% during the first 12 months. "A figure achieved thanks to the price transparency provided by cytric," explains the head of travel services at RWE Systems AG shared services organisation, "so that travellers immediately see their lowest cost option."

Michael Meironcke has been interested in the topic of online bookings for a long time and looked at several systems during the 90s. However, he decided to wait. The 42-year-old remembers telling his co-workers at the time that he was "not a travel agent." What's different today? Low-cost carriers have brought about a sea-change, that is the opinion of this RWE manager. Since private flights and holidays are now booked online by the general public as a matter of course using processes which are quick and easy, any objections to online bookings for business travel are now groundless. "Anyone who can find the best deal online in private can also handle a professional e-procurement system for business travel."

Mind you, Meironcke was not looking "to be a pioneer". But in 2005 he considered that it was time to put the issue of online booking to the test. The RWE manager took a close look at three systems. One package offered by an ERP provider was not suitable because it only harmonised properly with specific versions of the ERP system and he was also worried about greater complexity and higher administration costs. The application offered by a European provider was rejected by RWE because it felt uncertain about being able to influence the manufacturer and had doubts about continuing software development.

Meironcke was persuaded by the "willingness to innovate" he found at cytric and the

manufacturer's assurance that the tool would be further developed continuously. A promise which, according to Mr Meironcke, i:FAO has absolutely fulfilled. cytric's user guidance system is, however, not totally persuasive: "You either love it, or you hate it," says Meironcke. In his opinion, the interface presents too much information. Some users have real problems at first, but once people had got used to it, "cytric is easy enough to use."

50 pilot users at RWE HQ procurement in Dortmund were the first to book their business travel needs online. The testers were chosen from the procurement department, because they wanted to first test the new application themselves, before letting the others loose. The pilot phase proved a success, it generated a few suggestions for the administration and training was changed from time-consuming seminars to PC-based presentations. Cytric was then activated at the parent and in eight RWE Group holdings in early 2006. E.g. at RWE Energy, RWE Power and RWE Trading. Cytric is also slated for introduction at more affiliates and subsidiaries - under the auspices of RWE Systems AG Corporate Procurement.

Online booking within the RWE Group is also expanding geographically. During 2007, cytric will go online in England, the Czech Republic and Slovakia. While RWE cooperates with BCD Travel in Germany and the Czech Republic, the task of fulfilling cytric bookings will be undertaken by Carlson Wagonlit Travel in Great Britain. In Slovakia, cytric collaborates with Tory Tour, a local travel agent. In the eyes of Michael Meironcke, it is exactly this flexibility in establishing links with the fulfilment service provider and travel agent partners which represents one of the key advantages of this application. He deliberately sourced cytric directly from i:FAO because "our independence is extremely important to us." Mr Meironcke also administers the tool himself because he wanted to pre-empt problems in the event of a travel agent change.

Which advice does this RWE travel manager have for any colleagues considering the introduction of online booking?

- "Take time to select the tool"
- "Take time during the introduction"

It is especially important to persuade decision makers and key online users so careful preparation is well worth the effort. It certainly worked for RWE Systems.

In the future the goal is to underpin this successful start with sustainable value generation.

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