

5Q with Ovation Corporate Travel's Michael Steiner

Ovation Corporate Travel executive vice president Michael Steiner in late March met with *Management.travel* to discuss a notable increase in the use of managed travel practices among the law firms using Ovation's The Lawyers' Travel Service. About one-third of clients during the prior six to nine months had recently implemented policy changes, more firms than in the past were using preferred suppliers and some were taking programs global, Steiner observed. "They're behaving more like corporations with CFOs in trying to drive down the cost of business travel; for example, with advance booking and nonrefundable tickets, where in the past it was all refundable," he said. Further comments follow.

"Our online bookings are up more than 30 percent year to date, and more than 75 percent of Lawyers Travel Service online bookings are made via GetThere technology."

Michael Steiner, Executive Vice President
Ovation Corporate Travel
The Lawyers' Travel Service

Q. In the corporate world, some are saying this is a moment for travel management to take advantage of its newfound access to the executive suite. How widespread is that among law firms?

A. No question, organizations that historically have not been able to get policies or technology in place—or the adoption of the technology if they have it—are absolutely using this as an opportunity to help themselves for this period and in the future. This is a tipping point, and we're seeing it across the board. Travel is a very big expense that is under the radar screen. Every one of our clients is trying to reduce their spend. We have law firms—as well as consulting firms, investment banks, hedge funds and private equity companies—that would never have considered pre-trip authorization. They're receiving data on purpose of trip and cost. In the past it was, "Gotta go. We're taking off. First class. Hong Kong. I'll call you from the road." Now there's workflow in place to make sure that trip is authorized, for lack of a better word, and the price point is validated. "This trip is \$15,000. Are you sure three of you have to go?"

Q. Since so much of the attorneys' travel is billable, do the law firms' clients ever go so far as to manage choices on a trip basis?

A. No, well we haven't heard of the firms' clients nixing trips. But the expectations are set upfront—what do we feel, ballpark, the T&E is going to be for this type of [engagement] whether a bankruptcy deal, a litigation deal, or M&A, which there isn't a lot of right now. Bankruptcy and litigation are all traveling; the deal guys are a little slow right now.

Q. What are self-booking adoption rates like?

A. Years ago, it was in the single digits for most of our firms. We're seeing some of the ones that are very focused are in the 70 percent zone. The lion's share are in the 20 percent to 45 percent zone, and for law firms that's good, based on historical information. We have a couple firms (especially on the West Coast) that are in the mid-70s. It's a big change over a couple years ago, and the law firms are engaged with it right now. They have the "cover" of the economic crisis. They have always wanted to get there, but the administrators could never make the partners do it or the partners' assistants do it because they were more comfortable picking up the phone. But we have demonstrated the savings they can get, the direct labor plus the



visual guilt—let's say 13 percent from seeing all those rates on two screens versus sitting on the phones. When you add up all those elements, it's a very big number. Most of our clients are in the \$10 million to \$20 million range in travel spend, including what's billable. And if we can show without a lot of pain a 20 percent reduction, that's a big number in an environment where they are cutting associates and lawyers for the first time ever, and changing compensation structures for clients.

Q. How are you helping law firms analyze the productivity impact of cutting travel, or altering class of service and other policies?

A. There's a fair amount of pre-trip data going to the firms now, and it depends on who it is, what client they're traveling for and other factors. You see these lawyers with big boxes of documents and you can't do that in coach. To Europe, they may be coming down a class from first to business. You can still do business in business. Coach is very difficult with the size and spacing and all that. So we're helping them determine who is doing what in the firm. If it's a partner who is leading the charge, that may be one policy. And we've seen more categories of policies: Senior partners may travel in x, associates in y and everyone else may be z.

Q. Accounting and consulting firms got into trouble a few years ago when they were not sharing back with their clients the rebates they were getting from TMCs. Has the question of the TMC sharing commissions and rebates back with clients been an issue in the legal world?

A. Not too much. Typically, the financial model has changed from cost-plus, where revenues flow back, to more of a straight transaction fee. Typically, they're billing it back to their clients so there are no commissions going back. There's some of that going on, but it's few and far between, so it's not really an issue.

