

BMO  
As Seen  
In BTE

Business Travel Managed Travel &  
Procurement Solutions

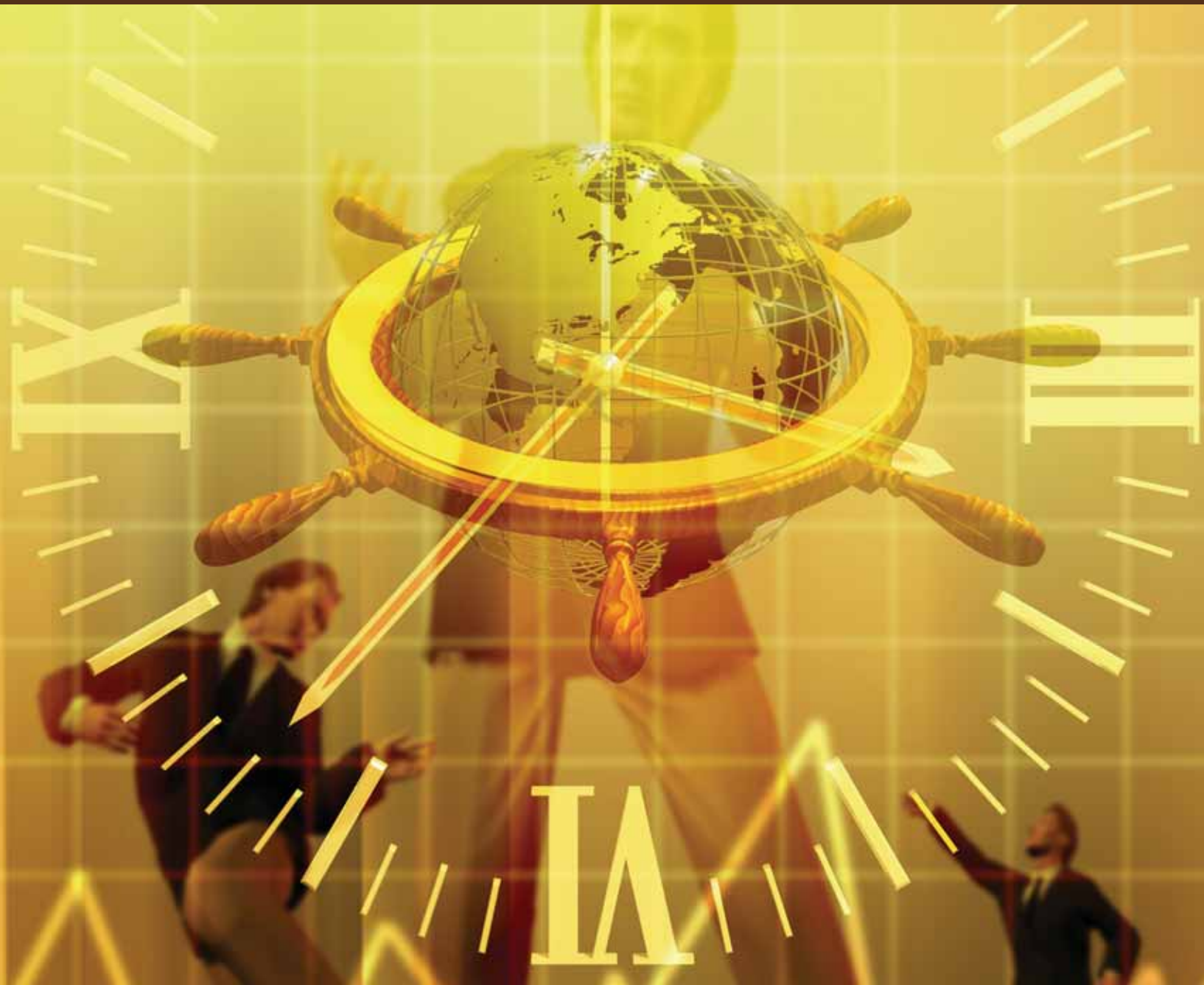
# EXECUTIVE

August 2009

Change Of Course  
It's time to redefine the way  
organizations work together.

Memorable Meetings  
There's more than one way to  
reach a goal that matters.

Lone Eagle  
Why corporate aviation  
will not become extinct.



# The Answer



When the recession hit, travel and entertainment (T&E) expenses were one of the first costs that management slashed. Business travel froze, expense accounts practically disappeared, and every receipt was heavily scrutinized to ensure employees were adhering to policy.

Now though, companies are realizing that travel is an essential part of doing business. Southwest Airlines has made this premise a part of a recent ad campaign, with the slogan “It’s On” and images of busy travelers racing from one city to the next, in pursuit of business.

The question is how to balance the cost of putting people on the road to meet with customers and business partners, carve out opportunities in new markets and to get the job done. For many organizations, the answer is BMO Financial Group which offers solutions to meet the full range of T&E needs — from booking to expense reimbursement and reporting — and positions companies to meet the emerging trend where T&E management must meet the exacting standards of procurement best practices.

“Every organization in business today is acutely aware of the need to control spend and actively manage the bottom line,” says Terry Wellesley, managing

director of BMO Spend & Payment Solutions. “We help our customers meet the complexity of managing travel costs, by making it possible for them to unravel who did the spending, where did they go and how did they pay the bill.”

BMO is a leading player in the T&E space, and that’s not by accident. Leveraging decades of corporate card experience, BMO supports customers at all stages of the travel lifecycle. It has established the BMO Travel Alliance to deliver the following benefits:

- more robust data
- easier integration with ERP and expense management systems
- powerful reporting tools

BMO’s partnerships with leaders in travel management, expense management, meeting management, and providers of state-of-the-art travel dashboards complement a full range of the bank’s products, including:

- corporate card and payment products
- spend management solutions
- banking products, such as BMO Global Treasury Management

## One Card, Many Uses

T&E is usually the second largest category of controllable spend for most organizations, behind salaries and benefits. To get control over what, until now, has been a notoriously difficult spend category to manage, companies are making two strategic shifts — both designed to enhance visibility and control, and to increase their leverage in negotiating with suppliers.

The first: They’re choosing a single card provider for both T&E and purchasing. Two years ago, approximately 27 percent of RFPs sought a combined T&E and purchasing card (p-card) program. Today, more than half are seeking a single card provider for T&E, p-cards and fleet cards. The benefits of a sole card provider are numerous: accountability and audit trails; less administration; faster time to rewards and discounts, and a 360-degree view of spending.

However, choosing the preferred card program needs to be done with discipline. Widespread acceptance by merchants is a critical factor in the success of this model. Making the right choice involves several considerations:

- What is the standard method of payment for the category, e.g. do taxis accept cards?
- Is one card accepted more than others?
- What card does the preferred vendor accept?
- What type of line item data is captured with the card transaction?

The second strategic shift is a much broader and sweeping change: placing corporate travel under the management and control of the chief procurement officer (CPO) or personnel with similar functions.

By vigorously applying procurement disciplines to T&E spend, T&E best practice trends are evolving.

- Information is power: Line-item breakouts of travel costs are the minimum basic requirements for sophisticated

## Safe & Sound

Through the recession, BMO Financial Group has proven itself to be a strong and stable partner to its clients. As a Canadian bank, BMO is part of the “World’s Soundest Banking System” according to the World Economic Forum, Global Competitiveness Report.

With BMO MasterCard and its comprehensive suite of leading edge travel tools and alliance partners, spend visibility, compliance and control on a global scale has never been easier.

travel managers. The detailed analysis of corporate travel spend becomes a powerful tool for enforcement, negotiation and compliance.

A simple example is a hotel bill. At one time, hotels just gave guests a summary line of costs related to their stay. Today, when a BMO MasterCard is used as payment, thousands of participating hotel properties around the world provide a detailed, electronic, line-item breakdown of hotel charges for each stay. By understanding if, for example, Internet charges are a recurring expense during hotel stays, and by being able to quantify this expense, companies can choose from among several options to rein in cost — they can negotiate a better price; change vendors and add Internet expenses to the negotiation; change corporate policy to address Internet use on the road; or provide an alternative option for Internet to those who are traveling.

- A level playing field for vendors: The vendor sourcing process for T&E is changing to ensure consistency with the organization's standard vendor selection processes. Sourcing events and the use of e-sourcing tools, like those from BMO, are becoming widely adopted for travel-related vendor selection.
- The contract is just the beginning: Once vendors have been selected, travel managers need to ensure that they are actually receiving the preferred pricing and other benefits agreed to by the supplier. With automated contract lifecycle management tools from BMO, travel expenses are automatically tracked, matching payments to contract terms, and ensuring that organizations extract maximum value from vendor relationships.
- No more maverick spend: Both the financial and non-financial travel addendum data that accompanies corporate card transactions are seen as key input into the tools and analysis that drives best-in-class procurement practices.

This may be the toughest piece to enforce, as travel managers learn to be as diligent about “off-card” buying as their procurement colleagues are about “off-contract” buys. Helping employees understand that they will benefit from using the card for as much of their travel expenses as possible encourages greater participation. The possibility of quicker reimbursement and even better travel perks in the long run can help bring compliance close to 100 percent.

It's important to note, though, that T&E spend management is not easy. A major challenge in bringing complete transparency to T&E transactions is the sheer number of T&E “buyers.”

### Technology To The Rescue

While traditional procurement is undertaken by a relatively small number of authorized employees within an organization, hundreds or even thousands of employees “buy” travel and entertainment.

Adding to the challenge:

1. Organizations use multiple travel management companies for their global operations.
2. Organizations use more than one online booking tool.

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3. Bookings can take place across numerous global distribution systems.
4. T&E “buyers” use payment methods including cash, check, personal credit card or corporate card, depending on company policy and vendor payment acceptance capability.
5. Employees will not always use the organization's preferred vendors or booking agents.

Using a single card provider is an important first step in getting a consolidated view into T&E spend, and when combined with the solutions offered by the BMO Business Travel Alliance, organizations can harness a great deal of information and leverage.

Many companies have moved to the next level, automating the T&E expense submission, approval, audit and reimbursement processes. Expense management automation (EMA) solutions ensure accurate transaction data is pre-populated to the expense report which relieves business travelers from having to manually key in their expenses. Increasingly companies are providing their mobile workforce — the traveler — with the EMA solution on a handheld device to further streamline and improve the expense reporting process for both the traveler and the company.

With the combination of cards and expense management automation, organizations gain valuable insight into actual versus forecasted business expenses, employee spending patterns, compliance to corporate policies, and usage of preferred suppliers.

The most innovative organizations are moving to analytics solutions or dashboards that consolidate data from multiple sources into a common database. BMO's alliance with TravelMaster delivers a dashboard that:

- Provides a single view of travel spend across all categories.
- Enables comprehensive data analysis using internal corporate policies, industry standards and compliance rules.
- Delivers the ability to track corporate travelers on the road, including any deviations from originally booked itineraries.
- Includes a dynamic reporting engine that helps customers make informed and proactive business decisions, including correcting out-of-compliance bookings before the charges even hit the corporate card.

### A Brain Trust At Your Service

Technology is one piece of the arsenal that BMO brings to helping clients overcome the complexities of T&E management. Its consultancy team works with clients to help decide which solutions best fit their needs. “We talk with clients about their needs and all of our solutions,” says Rob Bast, senior manager of BMO Spend & Payment Advisors. “But clients don't need to reinvent the wheel. We work with each customer to design a solution that takes full advantage of what they have and what works best for them.”

Indeed, with so many changes underway in the industry, “dynamic” — in the sense of being self-motivated and goal-oriented — may be the watchword for the future of managed corporate travel.

“We know that business travel and travel management is gaining visibility at the highest levels of most organizations, and will benefit from increased scrutiny,” says Wellesley. “Organizations that are actively taking steps to drive efficiencies to travel programs today are well-positioned to take advantage of these efficiencies as the economy rebounds and corporate travel spending increases once again.” **BTE**





## Control Costs and Travel with Confidence

As the leading global provider of commercial card and total spend management solutions, BMO offers a full range of T&E card programs to facilitate cost control and meet the unique needs of organizations around the world. In these uncertain times, BMO's strength and stability enables organizations to operate their T&E programs with confidence. Canadian banks are recognized as world leaders in financial soundness, and now more than ever, choosing BMO is the smart business choice.

### Choose BMO – and travel with confidence.

- Unsurpassed global acceptance of MasterCard
- Customizable spending controls
- Detailed travel data
- Robust global hotel folio data
- Feature-rich Executive cards
- Optional reward programs
- Seamless ERP and expense management system integration



For more information about BMO Travel & Entertainment MasterCard, contact us at: [bmo.sps@bmo.com](mailto:bmo.sps@bmo.com) or 1 888 838-4401 or visit our website: [bmospendandpayment.com](http://bmospendandpayment.com)

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