PUTTING VIRTUAL CARDS AT THE HEART OF A TRAVEL PROGRAMME

WHEN SODEXO DECIDED TO REVAMP ITS TRAVEL PROGRAMME BY CONSOLIDATING ITS TRAVEL MANAGEMENT COMPANIES (TMCS) TO IMPROVE EFFICIENCY AND OVERCOME RECONCILIATION CHALLENGES, CITI'S VIRTUAL CARD ACCOUNTS FOR TRAVEL (VCAT) WAS THE IDEAL PAYMENT SOLUTION.

Global companies often face challenges in managing their travel. Those with decentralised operations in particular, often build up a myriad of TMCs around the world. This can lead to difficulties in reconciling data and require expensive and time-consuming manual reconciliation.

This was the exact challenge that Sodexo faced, as a global facilities management company with hundreds of thousands of employees across dozens of countries. Although it had a central travel account, it worked with three TMCs. One consequence of this was that reconciling data, especially in relation to hotel bookings, was tricky – employee data and cost centre data were often incomplete. The company's back office was tied up trying to allocate bookings to the right cost centres.

Around 60% of its spend was paid by corporate credit card or personal cards, with the remainder settled by invoices from TMCs.

As a result, the company had limited visibility and control as expenses were not submitted or paid according to a set timetable. As its growth continued, the company knew it was time to make a change. It decided to revamp its travel programme to improve efficiency and overcome reconciliation challenges. And it needed a payment solution to help it achieve its bold vision.

DOING IT RIGHT
For multinationals with hundreds of thousands of employees, changing a travel programme is not to be taken lightly. After considerable planning, the company decided to move to a single TMC provider and introduce VCAT.

VCAT provides a secure and efficient way to make travel payments without the need for plastic cards: a unique 16-digit card number is generated for each transaction. It can be processed like any card-not-present transaction, and is welcomed by all card-accepting travel suppliers. Crucially, it delivers granular information that integrates into existing systems so the company's employee data is captured and fed directly to its expense management system.
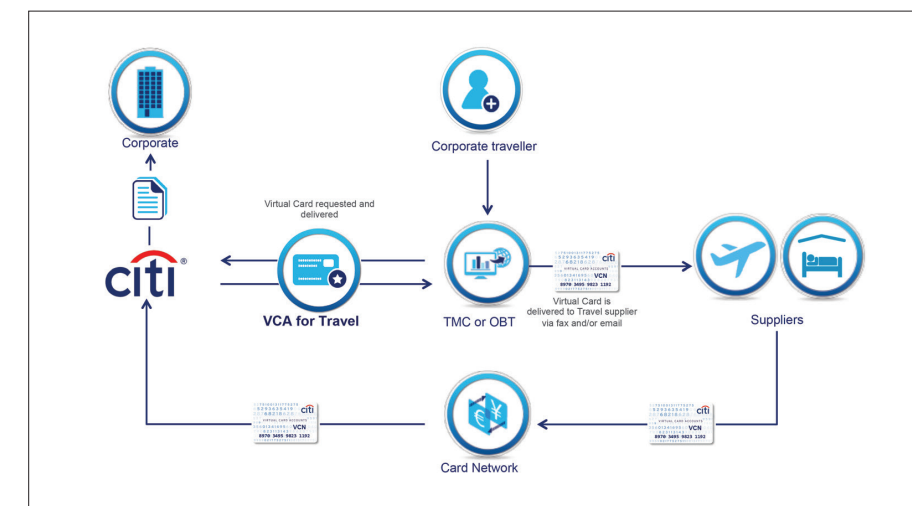
Sodexo planned meticulously and reaped the benefits. It contacted hotel chains about the move to a new TMC, introduced an online booking tool and set up a payment mechanism long in advance to ensure there were no problems. Attention to detail also meant that the integration effort to connect Citi, the company's TMC and its KDS online booking tool went smoothly. Integration included plugging a data feed into the company's expense management system to facilitate VCAT reporting, which, combined with a comprehensive travel policy, gave Sodexo increased controls and compliance.

DELIVERING RESULTS
With the solution in place, Sodexo is enjoying the benefits of the transformation of its travel programme. For employees, the new system is a welcome change: they don't have to pay using their corporate or personal card anymore, making their lives easier and expense management more straightforward. Booking hotels is now simpler (and the company benefits as users are guided towards the best value/preferred or alternate booking options).

Centralisation of Sodexo's travel payments across hotels and low cost airlines has improved efficiency and lowered costs. Its use of VCAT means that costs, cost centres and other data are captured accurately when a virtual card is requested – reconciliation is no longer a problem. The wealth of data available to the firm (including booking versus cost data) has enabled it to negotiate better rates with chains and drive down costs. The company can drill down and target segments or individuals to get best rates for preferred hotels. VCAT's enriched data and user-defined fields enable Sodexo to create reports on traveller behaviours and gain insights into spend trends.

There have also been sizeable cost savings as a result of the increase in use of the KDS online booking tool from less than half of all bookings to more than three-quarters: online bookings save as much as 30% on agency fees. Overall, Sodexo expects to save almost $350,000 from the VCAT implementation; back office staffs are also freed up from manual tasks to focus on value-add areas that help the business. At the same time, it has improved its cash flow management with set cycles and billing terms. Treasury now receives data that it uses to forecast outgoings a month in advance.

LOOKING FOR NEW OPPORTUNITIES
Sodexo was an early adopter of VCAT: it saw the enormous opportunities the payment solution offers, especially when integrated with the company's TMC, its KDS online booking tool and its expense management system. The result has been lower costs, improved efficiency and – as importantly – greater visibility of data, which offers additional opportunities for improvements in travel management in the future.

The company is not sitting on its laurels. The success of the travel programme and its solution has already spurred it to look for new ways to use VCA and its online booking tool.

With 20 years of experience as a leader in travel services and an unrivalled virtual card offering, Citi is well positioned to guide and support your decision-making process and take your travel payments to the next level. Please get in touch if you think VCAT could help you improve the cost, efficiency and visibility of your travel programme. Simply email us at Amos.Curtis@citi.com today to learn more.

Virtual Card Accounts for Travel Payment Flow

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