

AUTUMN 2000

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Dear colleagues,

Now that Summer holidays are over, we approach the last quarter of 2000 in an environment of constant and rapid change which affects us all. As the world shrinks and business becomes increasingly global in nature, we in ACTE will continue to keep you fully informed of all the latest developments in travel management.

Forums and conferences are an important part of this process and the recently enhanced ACTE website also contains interesting and informative papers and articles as do ACTE publications such as this.

To maintain our high standards, we must not lose sight of the needs of the members and to this end, we conducted a survey earlier this year. Unfortunately, the response was not high enough to give us the comprehensive feedback we need. We will therefore conduct a follow-up survey in the near future, which we hope will produce a more comprehensive response. It is important that we know what you think.

It is equally important that we all contribute to ACTE. This is a volunteer-run organisation and we are always grateful to those who contribute their time and energy to ACTE activities. In this context, I would like to thank Jonathan Stobart who recently stood down as finance representative on the EMEA Council. Jonathan's valuable input will be missed and his accountancy skills have played no small part in enabling ACTE EMEA to plan ahead and budget effectively. We need to fill the finance role he has vacated and would welcome any offers of

support. If you would like to put your name forward, please contact Herman Mensink, ACTE EMEA director, or myself.

The forum programme for this year has gone well. Since the Spring 2000 Update, the first EMEA forum has been held outside Europe, in Johannesburg (see p5).

In June, we held a second forum in Paris. Attendance totalled 236 of which almost a third travelled from outside France. Congratulations and many thanks to the Paris

Forum Committee whose effective collaboration resulted in a very successful event.

Five more forums are scheduled for this year in Helsinki, Johannesburg, Madrid, Zurich and Central London. Many of you will already have marked your diaries for this year's second UK Regional Forum to be held on 7th Decembet. This December event has taken place in London every year since 1995, when ACTE first came to Europe, and we promise a lively programme with plenty of opportunity for networking. UK-based members represent 40 percent of EMEA membership and this fact will be reflected in the education programme for 2001 which is currently being put together.

Last, and certainly not least, there is the ACTE Global Conference in Amsterdam on 22-24th October. Content and organisation this year reflect your feedback from ACTE Global 1999 and it promises to be a great event in a great city. I will be there and look forward to seeing you.

Ian Epps
Chair ACTE EMEA Council



Air Passenger Rights: *Voluntary code or legislation?*

The European Commission will this month outline full details of a plan to improve the rights of air passengers. A blend of European Union legislation and voluntary codes to be drawn up by airlines, it will take tough action on issues such as flight delays, mishandled baggage and code-sharing.

ACTE has engaged in high-level dialogue with the Commission on its proposals. The association is not a campaigning organisation and its airline members will no doubt have different views about the way ahead than travel manager members. Nevertheless, ACTE director EMEA Herman Mensink is pleased to see the Commission giving the issue its full attention. "It is about time we revisited passenger rights. Many existing rules date back to the Warsaw Convention of 1929," he says. Association of European Airlines secretary-general Karl-Heinz Neumeister has expressed surprise that the Commission should be giving passenger rights so much attention. After all, competition is good in much of the industry and fares are at an historic low. However, the Commission maintains that action is needed because airlines do not respond well when things go wrong for passengers, such as delays

Unlike most consumers, passengers pay in advance for the service they receive, making it more difficult to achieve subsequent redress of grievances.

or mishandled baggage. This is a particular problem in aviation because, unlike most consumers, passengers pay in advance for the service they receive, making it more difficult to achieve subsequent redress of grievances.

Furthermore, it feels airlines have had long enough to put their house in order – attempts to clarify and standardise conditions of carriage have failed and have no basis in law. Legislation, the Commission believes, will create certainty for airline and consumer alike.

One of the most controversial proposals from the Commission is to order airlines to provide either reimbursement of their ticket or an alternative flight in the event of a delay. The AEA is opposed to this idea. "I am not saying we are totally innocent but the majority of delays are caused by air traffic control, airport overload and bad weather, in that order, so they cannot make us pay," says Neumeister. "There is a safety issue as well. What if the baggage lock does not close properly? Do you take off anyway to avoid paying?"

Another interesting question for ACTE members is whether the Commission will legalise so-called creative ticketing. Using coupons out of sequence or throwing away the first or last coupons of an itinerary are tactics that business travel agents

often employ to find lower fares for customers. There is nothing to stop them doing this in law but airlines ban the practice in their conditions of carriage and sometimes carry out crackdowns on passengers. American Airlines made headlines last year when it refused to board business travellers who presented creatively doctored tickets.

The Commission says it needs more time to study the complex subject of coupon manipulation but the AEA is opposed to any changes. However, the Commission may well take action, based on its history of acting to

Proposed European Commission action on passenger protection

LEGISLATION

1. Enabling delayed passengers to continue their journeys under good conditions by giving them the right either to reimbursement of the ticket or to an alternative flight at the earliest opportunity
2. Transparency of fees, charges and taxes additional to the fare
3. No fare increases after ticket booked
4. Clarity and standardisation of airline contracts
5. Transparency in code-sharing
6. Stronger rights regarding denied boarding
7. Improved and consistent rights for disabled travellers

POSSIBLE LEGISLATION

1. Legalising transferability of tickets and 'creative ticketing' (sequential use of coupons etc.)
2. Scrapping confirmation of reservations

VOLUNTARY AIRLINE CODES

- To include:
1. Offer lowest fare available on airline reservations system
 2. Allowing reservations to be held or cancelled without penalty for 24 hours
 3. Rapidly informing passengers of delays, cancellations and diversions
 4. Adequate care for delayed passengers
 5. Improved assistance and compensation for mishandled baggage

OTHER ACTION

1. Regular airline reporting on issues such as punctuality, mishandled baggage and denied boarding
2. Improved consumer complaints procedure
3. Improved representation of passenger interests at Community level

ACTE Global 2000

Celebrating 10 years of Global Success

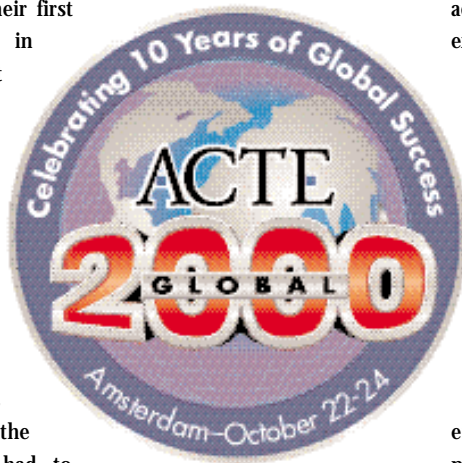
Ten years after staging the very first global conference in Amsterdam, ACTE returns to the Dutch capital to celebrate a decade of worldwide success.

Both the business travel industry and ACTE have come a long way since a small group of corporate travel managers held their first global gathering in Amsterdam to support their need for meaningful education and networking.

It was even less than five years ago, at ACTE Global in Madrid, that interest exceeded expectations so greatly that the organising committee had to cap attendance at 350 people, the maximum the venue could handle. Airline alliances, commission caps and travel technology were still relatively new issues but the need for a forum to discuss global issues of this nature was becoming ever greater.

After ten years of growth, the first global conference of the new millennium is expected to host more than 1,000 delegates from all parts of the business travel industry, including corporate travel managers, procurement managers, financial controllers, travel agents and suppliers. ACTE Global 2000 will offer more than twenty professionally developed education seminars ranging from strategic sourcing to merging traditional business

with e-business models. The conference will be kicked off on



Sunday October 22 by a keynote from futurologist Kjell Nordström, a professor at the Stockholm School of Economics. Nordström, author of *Funky Business: Talent Makes Capital Dance*, will explain why competitive advantage comes from being different. Other keynote speakers include Dutch-born Internet specialist Ben Verwaayen, vice-chairman of Lucent Technologies, and a high-level representative of the European Commission, who will explain questions such as: How can the EU more effectively foster competition? And what can be done about a European air traffic control system that's struggling with overcapacity, and major airports that can't handle skyrocketing demand?

There will be several changes to the structure of this year's conference, prompted directly by the feedback from a comprehensive survey of ACTE members last May. New features include making time available for smaller, peer-to-peer networking sessions. In addition, there is a session for executives new to the travel arena and a number of educational offerings have been designed specially for industry suppliers. Another change well worth noting is the lower registration fee. For members, it has been reduced by \$100 to \$895.

In our "zero time environment", as ACTE president Ron Wagner calls today's business world, technology is key and the conference will address every aspect of it in the educational sessions as well as at the Technology Experience. Integrated into the breakout session schedule, the showcase will feature the latest travel technology available in an interactive, hands-on environment. And as if all that were not enough, Amsterdam is of course a wonderful city for pleasure as well as business. During the social gatherings, delegates will have the opportunity to network in some of the city's most beautiful landmarks.

*Register today at:
www.acte.org*

ACTE Global 2000 Conference

- **When:**
October 22-24, 2000
- **Where:**
Amsterdam,
The Netherlands
- **Conference Centre:**
Amsterdam RAI,
International Exhibition and
Congress Centre
- **Conference Hotels:**
 - Hotel Tulip Amsterdam
Centre
 - Golden Tulip Barbizon
Palace
 - Hotel Amsterdam Hilton
 - Holiday Inn Amsterdam
 - Hotel Okura Amsterdam
 - Novotel Amsterdam
 - Victoria Hotel Amsterdam
- **How to register:**
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By fax: +32 2 7431550
Website: www.acte.org
E-mail: acte@associationhq.com

Session topics include:

- European Airline Deals
- Agency RFP
- Hotel RFP
- Hidden Car Rental Costs
- Corporate Card Programmes
- Transaction Fees
- Technology Today
- Online Booking Systems
- e-Business from A to Z
- From Bricks to Clicks
- Electronic Reporting
- Global Data Management
- The Mobile Internet
- Road Wise
- High-speed Trains
- Views from the Top
- Negotiating Skills
- Doing Business Globally
- Strategic Sourcing

IATA Client Codes: *Are they the way to go?*

Travel management professionals are engaged in one of their most violent disagreements in years over plans to create corporate client identification codes for flight reservations.

Supporters of the scheme say companies will find it much easier to obtain accurate management information. Opponents claim it will give too much confidential client data to the carriers and, though voluntary, will become mandatory by default, with airlines only giving corporate discounts to clients which obtain a code. There are also suggestions that, along with the development of multi-airline Internet booking portals, this is part of a conspiracy to remove travel agents from the supply chain.

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The row centres on a proposal by the International Air Transport Association to allocate eight-figure alphanumeric corporate codes, which would be entered in the passenger name record every time a traveller from the company makes a booking. Clients can order up to 1,000 sub-codes so they can track spend by subsidiary, department or even cost-centre. At the end of each month, the global distribution systems pass accumulated data for each code on to airlines subscribing to the scheme and they in turn pass the information on to their clients. Airlines only receive information about how much clients have spent with them, not with other carriers – in theory, only the client will be able to obtain the whole picture once they have received reports from each participating airline.

The system has long received approval from every country worldwide except the US. Its Department of Transportation also said yes earlier this summer but a string of written protests from travel agents and corporates persuaded it to suspend endorsement in late June. As this newsletter went to press, the DOT was still considering whether to reinstate approval. If it vetoes the idea, the scheme will probably die.

ACTE has no official position on the issue, and with good reason – its membership is split. Most airlines are in favour of the codes and most agents against, although there are dissenters in both camps. Travel managers seem evenly divided, although, generally speaking travel managers in Europe seem to be in favour while their counterparts in the US are vigorously opposed.

The anti-codes lobby has two main objections. The first is that it believes the codes violate the right of corporations to privacy of information and that there is an ineffective structure to police the

security of data. US travel managers have expressed the concern that rival companies might be able to learn where their executives are flying if the information fell into the wrong hands. The second objection is the fear of being forced to adopt a code. What, US travel managers ask, is to prevent alliances in particular from refusing to negotiate with a corporate client unless it agrees to be tracked through the IATA scheme? If that happens, the argument goes, the corporate position at the negotiating table would be fundamentally weakened by the airlines knowing its travel patterns in depth.

One concerned American member of ACTE is PricewaterhouseCoopers global travel leader Jim Lennon. "This opens up a can of worms," he says. "We already have a perfectly good way of capturing our data. There are some advantages but I am not sure they outweigh the risks. A universal code would make capturing travel on a global basis easier but being easy is not always the best if it makes the information too accessible."

Richard Lovell, European executive vice-president for operations and regions at Carlson Wagonlit Travel, believes the codes would weaken the negotiating position of corporates against airlines and he fears administrative problems as well. "Who will inform the airlines about all the changes to the codes?" he asks. "It could be very difficult keeping track of them."

The contrary point of view is that the codes will aid the critical task of data gathering and that corporates have nothing to fear from transparency. "Knowing exactly what everyone is doing is the basis of doing business today," says Kim Skaarup, senior vice-president of Danish shipowning company J Lauritzen. "Why should it give too much power to the airlines? We are the ones in control." Skaarup is particularly excited by the prospect of gaining flown information, a point that is developed by ACTE veteran Hanna Murphy, one of a minority of US travel managers in favour of the codes. Credit card companies, explains the director of corporate travel and fleet services at Siemens Corporation, provide paid information; agents provide ticketed information; the airlines can

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give crucial flown data. "Any travel manager who is opposed to receiving another accurate data feed in addition to their corporate card and agency data feed does not have a future in travel management," she maintains.

Skaarup sees an additional advantage in the codes: they will make him less reliant on his travel agency. "If you don't want to use the middleman but want to shop around directly with suppliers, it has not been possible until now," he says. The creation of multi-airline Internet booking portals – one each for Europe, the US and Asia-Pacific are in the pipeline –

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ACTE takes off in South Africa

First Travel Management Forum is great success

ACTE's debut travel management forum in South Africa on June 6 was a great success. More than 300 representatives from the South African business travel industry, including 166 corporates, registered for the full-day educational. No fewer than 87 per cent of those who attended indicated that they would be interested in further ACTE seminars.

The launch of ACTE in South Africa was supported by a great number of companies from different disciplines of the travel industry," said Herman Mensink, director ACTE EMEA. "Among the topics that were addressed at the forum was the changing relationship between corporates, agents and suppliers. ACTE's initiative to facilitate a dialogue between the three parties involved was very well received.

"Following the commission cuts of South African Airways at the end of last year, agency remuneration is slowly moving towards a fee-based system, making this exactly the right

time for us to move in," Mensink continued. "The consolidation process in the travel industry has only just started in South Africa, with small companies being swallowed by larger network organisations that can leverage their way out of trouble through economics of scale. We have already seen this happen in the



Coleman Andrews, SAA



US and Europe, so I believe fellow ACTE members can exchange useful knowledge based on their experiences in different countries."

Mensink. "We want to build on the success of the first forum and move forward. There is a clear need for meaningful education and networking in



Chris van Veen, ABN AMRO



Toby Joseph, Carlson Wagonlit

IATA Client Codes

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will speed up this process of "disintermediation", he believes. However, British Airways manager of business pricing Nick Horne says no such grand conspiracy exists. "People are overestimating the power the client codes will have and they are underestimating the power we already have," he says. "We already do all sorts of things with customer to identify our revenue - this new scheme is a way of doing it in a slicker, more consistent manner. We want to improve our direct relationship with corporates because they are our customers too but we don't want to do direct fulfilment. BA tried that a while ago and did not do very well at it."

The fate of this difficult issue now rests in the hands of the US DOT. If it decides not to give approval, many travel agents and managers will breathe a sigh of relief. However, numerous airlines and travel managers in Europe would be angry that a regulator across the Atlantic was standing between them and what they see as an opportunity to improve data efficiency in the travel business.

The evaluation forms show that the forum was extremely well rated. The delegates awarded the seven speakers with an average of 85 points out of 100, while content received 84 points and relevance 85 points.

South Africa and ACTE can deliver that."

The November forum will focus on matters such as effective travel policy development and agency selection, travel agency remuneration and the benefits of corporate card management

"There is a clear need for meaningful education and networking in South Africa and ACTE can deliver that."

Following hard on the heels of the launch in June, a second travel management forum has been planned in Johannesburg for November 2.

"The momentum is there," said

information and corporate booking tools.

More information will be published on the EMEA section of the ACTE web site shortly (www.acte.org).

ACTE would like to thank the following sponsors for their support of ACTE EMEA and their commitment to the business travel management industry.

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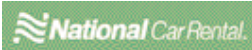


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Air Passenger Rights

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eliminate constraints on consumer behaviour.

Loyola de Palacio, the Commission's vice-president for transport, is expected to bring the final proposals before the Council of Ministers in two to three months. Airlines will almost certainly attempt to water them down but the UK's Air Transport Users Council (AUC), one of the leading passenger rights groups in Europe, has high hopes of making spectacular progress. "The proposals mention almost everything we have asked for," says AUC industry affairs officer Janine Murphy. "We think we will get most of what we want."

Neumeister accepts the need for change but one of the main disagreements is whether to proceed through legislation or voluntary airline charters. The AEA secretary-general points to the similar debate in the US, where last year carriers devised a voluntary code of practice to stave off the threat of legislation.

Neumeister wants to follow suit, saying "there is no need to reinvent the wheel."

Under the auspices of the European Civil Aviation Conference, European carriers will produce their own version next April but expect it to be similar to the US code. "We would like to have the same code so that we can have consistency within alliances," Neumeister says.

The Commission has accepted the desirability of a voluntary code for many of its targeted changes but, says Murphy, "if that does not work, we will want to see legislation."

The US experience lends support to her concerns. A preliminary report from the Department of Transportation gave a decidedly mixed assessment of how well airlines have met the targets they set. A full report will be delivered at the end of the year. Whether they jump or are pushed, it looks as if airlines in Europe will also have to improve their customer service.

People on the move

The following people have changed companies in recent months:

- **Wenche Ahren** from Travel Information Systems AB to **ICSAT Scandinavia AB**
- **Anna Coleman** from Marriott International to **Ian Schragger Hotels London** (Corporate Sales Manager)
- **Alice Cooper** from Warburg Dillon Read to **TRW Limited** (Global Travel Manager)
- **Andreas Konkell** from Electrolux to **Carl Zeiss Stiftung** (Travel Manager)
- **Olivier Mindren** from Klee Data Systems to **Traveldoo** (Manager New Markets)
- **Caroline Ravenall** from Virgin Atlantic Airways to **International Corporate Travel Solutions** (Manager Sales & Distribution)
- **Huub Smeets** from IBM Nederland N.V. to **Rockwell Automation** (Strategic Sourcing Manager EMEA Region)

ACTE EMEA Events Calendar 2000

■	October 22-24	ACTE Global 2000 Conference	
■	November 2	Travel Management Forum	Johannesburg, South Africa
■	November 6	Travel Management Forum	Madrid, Spain
■	November 23	Travel Management Forum	Zurich, Switzerland
■	December 7	Travel Management Forum	London, United Kingdom

Please note that the above dates are subject to change. For further information or to register for any of these events check our website at www.acte.org.