MEMORANDUM

GOE
Supplement to
Agenda Item No. 2(H)

TO: Honorable Chairperson Barbara Carey-Shuler, Ed.D. and Members, Board of County Commissioners

DATE: January 13, 2004

FROM: George M. Burgess, County Manager

SUBJECT: Travel Award Report

As a companion to the travel award item on your agenda today, I would like to provide background information and advise you of the planned revisions to our travel management approach. On November 15, 2002, the final contract extension with our current travel management provider was executed. Prior to the extension, staff analyzed available travel management options and recommended that the County issue a Request for Proposal (RFP) for services utilizing advanced internet-based technology with the support of a professional travel management firm (see June 21, 2002, "County Travel Services" report attached). The alternative allows travelers to book their own travel on-line, while still having available the services of a traditional travel agency if preferred. This new technology was not available at the time our current contract was signed, but is expected to yield significant cost savings and increased flexibility going forward. The recommended approach and the request to advertise the RFP was approved by the Board in March, 2003. In accordance with Administrative Order 3-38, a contract of this amount may be executed directly by my office. However, at the Board's request, we are bringing the contract back for your consideration.

The RFP was issued on April 15, 2003 and seven proposals were received from qualified travel management firms. A selection committee was formed in June consisting of five professionals from a cross-section of disciplines within the County: two Division Chiefs (Miami-Dade Transit and Solid Waste), one Manager (Employee Relations), one Budget Analyst 3 (Office of Strategic Business Management) and one Administrative Officer 2 (Business Development). The committee evaluated and ranked the seven proposals based on the evaluation criteria outlined in the four categories of the RFP: 1) Proposer's experience, qualification, capabilities, and past performance (30 points), 2) Proposer's approach to provide the services described in the RFP (15 points), 3) Proposer's value-added services and reporting functionality (15 points), and 4) Project Implementation Schedule (10 points). The selection committee also previewed demonstrations of the six on-line travel management systems which they deemed qualified (one firm had been rejected as a result of low technical scores after the initial review process). The selection committee recommended that the contract be awarded to Northwestern Travel Management (NWTM) as they were the number one ranked proposer.

NWTM's technical proposal received 312 points out of a possible 350. The second highest proposer (Travel Management Partners) received 270 points, the third (American Express One) received 260, the fourth (Business Travel Advisors (BTA)) received 225, and the fifth, sixth and seventh received 208, 205 and 169 respectively. The Pricing Proposals were evaluated separately and the scores added together, maintaining NWTM as the number one ranked firm and moving incumbent, BTA, to the fifth ranked proposer. The County entered negotiations with

NWTM and successfully reduced their original proposal price by nearly half. The award recommendation was prepared by the Procurement Department and all proposers were notified of the recommendation.

Consequent to the announcement of the recommended contractor, the incumbent, BTA, filed a bid protest requesting that the first, third, fourth and sixth ranked firms be disqualified due to non-responsiveness in the RFP submittals, and that the remaining proposals (the second ranked bidder, Travel Management Partners, and the fifth ranked bidder, BTA) be re-evaluated. The protest was dismissed by the Hearing Examiner because of BTA's "lack of standing." The Hearing Examiner's report quotes the County's Motion to Dismiss, "Business Travel Advisors, Inc. ("BTA") does not have standing to challenge the recommended award of the Travel Management Services Contract to Northwestern Travel Management ("Northwestern"), the highest-ranked proposer. Because BTA was ranked fourth [fourth in technical, fifth overall], it would not be entitled to the contract even if it could successfully show that Northwestern was not deserving of the award."

During the negotiations with NWTM, some concern was raised regarding NWTM's ability to search all airlines and provide the lowest fares. I asked staff to investigate these concerns and they have provided background and research showing that the proposed on-line system does scan all available airline databases, including the internet sites such as Travelocity and Expedia, and provides the lowest cost alternatives to the traveler. Staff has spoken to American Airline's Midwest representative, Bob Schadt, and has been informed that Northwestern Travel Management is a preferred partner of American Airlines. Staff has also spoken with three companies currently using Northwestern Travel Management services and has been provided with excellent recommendations. The only airline that is not available through the on-line system is Southwest Airlines and that is because Southwest has not chosen to promote through that channel. Southwest fares are available via the internet or by calling the travel agency office.

Some concern was also raised regarding paying for managed travel when employees can book directly on the Internet for no cost. As the attached report discusses in more detail, the benefits of managed travel include:

- The ability to program our travel policy and procedures into the system allowing for cost control and override approval,
- The ability to track overall sales volume in order to negotiate discounted rates with the airlines.
- The ability to call on a personal travel agent in the instances where an emergency occurs while traveling, where a trip is cancelled and requires ticket refund or exchange, or where assistance is necessary with passports and visas for international travel.

Additionally, there are cost savings to be gained by moving to an automated booking platform. The cost of a fully automated booking will be $15 versus the $29.50 transaction fee we currently pay for the use of a personal travel agent. The overall cost of travel can be reduced by nearly half with this new technology. An article, published in the March 17, 2003 Miami Herald (see attached article, "Companies often waste money, time booking travel"), states that, "... some companies waste both time and money by allowing their employees to "hunt and hunt and hunt"

for the lowest possible Web fares.... when companies consider all the direct and indirect costs involved, using employees to do the work of travel agents can be more expensive...."

Concern has also been raised about the fact that the recommended vendor, NWTM, is not a local firm. In fact, the top three ranked proposers were all non-local firms. In light of the fact that we are moving to an internet-based system and that almost all travel transactions are now completed electronically, the need for the firm to be local is minimized. The selection committee evaluated the criteria they were given and clearly identified NWTM as the top-ranked firm. NWTM's technical scores far outweighed the competitors in both past performance and their system approach. NWTM has implemented their on-line booking system in 68 firms nationwide, and all firms that were contacted provided excellent testimony to NWTM's service and competency. It is common best practice in the procurement industry to weight prior implementation experience and performance heavily and to ensure that the chosen firm has a proven track record.

We recommend that the contract be awarded to Northwestern Travel Management. Because the contract process was delayed due to the bid protest, we were not able to award the contract before our current contract ended on November 15, 2003. We have therefore made arrangements to extend our current contract for three months until we are able to contract with the new vendor and rollout the new product. We encourage you to pass the award recommendation and allow us to begin implementation of the new system. There are significant cost savings to be gained by using this automated booking system, as well as increased flexibility for the traveler.

Attachments

Cmo00504

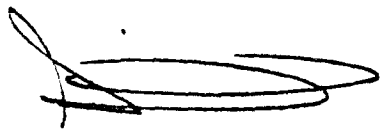
MEMORANDUM

TO: Honorable Joe A. Martinez
County Commissioner, District 11

DATE: June 21, 2002

SUBJECT: County Travel Services

FROM: Steve Shiver
County Manager



In response to your inquiry regarding County travel services, staff from the Office of Management and Budget (OMB) in conjunction with the Department of Procurement Management (DPM) has prepared a report summarizing four alternative approaches to procuring these services (see attachment). Based on staff research and analysis of the travel management industry, I recommend developing a Request For Proposals (RFP) for services utilizing advanced Internet-based technology with the support of a professional travel management firm. We estimate that it will take approximately one year to award such a contract based on a well-researched, comprehensive RFP.

The use of online booking tools with professional management support is most appropriate for large businesses and government agencies. Recent changes in the travel industry are forcing many of the airlines and travel management companies to provide more business friendly services via the Internet. The professional support and advanced technology will allow large organizations such as Miami-Dade County to customize and implement their own travel guidelines and restrictions into an automated online system which will allow County travelers to book their own air travel, hotel, and car rental by accessing the travel managements firm's procurement tools. Furthermore, the County will continue to receive travel management reports and the expertise of a travel management professional in order to ensure the on-going effectiveness and efficiency of our travel procurement process and expenditures.

Our contract with the current service provider expires November 15, 2002. It has an option to renew for one additional year. Based on the timing for the RFP process, we would anticipate executing the renewal clause, with the expectation of canceling the contract prior to November 2003.

If I can be of further assistance please do not hesitate to contact me.

Attachment

cc: Honorable Alex Penelas, Mayor
Honorable Chairperson and Members
Board of County Commissioners
George Burgess, Assistant County Manager
David M. Morris, Director, Office of Management and Budget
Theodore Lucas, Director, Department of Procurement

County Travel Management Review

Introduction

Currently, Miami-Dade County uses the services of a travel agency to procure the majority of its air travel, hotel and car rental services. At the request of Commissioner Martinez, the Office of Management and Budget, in conjunction with the Department of Procurement Management, investigated alternative air travel procurement opportunities for the County. The goals for this study were to research the options available to procure County travel, and to recommend an alternative that would allow for full and open competition while meeting the valid requirements and reasonable expectations of our travelers while still adhering to our County travel guidelines.

As the concept of e-commerce continues to gain popularity and appeal in almost every industry, many travelers are looking to the Internet to procure their travel needs. Some travelers claim they can find lower airfares online than those provided by traditional travel agencies by using the Internet as a booking alternative. There continues to be an increasing amount of pressure on the airlines from the travel and business communities to make airline web-only fares available for corporate travelers. Currently, the airlines maintain two separate sets of inventory - one that is available to the travel agencies through the Global Distribution Systems (GDS), and one that is available on the web only directly to the consumer. The airlines typically use these web-only fares as a less expensive distribution channel for dumping "distressed," or hard to sell, inventory. These web-only fares explain why travelers searching the Internet can sometimes find lower fares than available through the traditional travel agency. These fares, however, do come with guidelines and restrictions to the traveler.

This report focuses on four possible alternatives - allowing individual web-based "No Charge" Internet booking through websites for purchases; creating our own in-house corporate travel department; continuing to use an onsite full service contracted travel agency; or implementing an online self-booking tool with travel management support. The advantages and disadvantages of each alternative are detailed below.

Travel Booking Alternatives

Alternative #1 - Web-Based "No Charge" Internet Booking through websites such as Travelocity, Expedia, Orbitz, etc.

This alternative involves travelers accessing the Internet using one of the many websites such as Travelocity, Expedia, Orbitz or the airline's websites to book

their own travel arrangements. A recent airfare analysis was done in February, comparing Internet airfares to travel agency fares for twenty-five bookings. For control purposes the actual Internet bookings were done by one of the team members, who is experienced in using the Internet and had limited experience with online booking.

The results of this analysis showed that one-third of the online travel bookings, nine out of twenty-five, secured lower airfares than that offered by the travel agency. However, of the nine times online bookings provided a lower fare, seven of those were cases where the traveler declined the original rate offered by the agency because of a preferred airline, time constraints or connections. When comparing the online bookings surveyed directly to the original fares offered by the travel agency, the agency was actually cheaper in the aggregate by four percent. There were only four cases where online bookings could be procured for a lower fare than originally offered by the agency.

Following are some of the advantages and disadvantages to using web-based "No-charge" Internet booking sources such as Travelocity, Expedia and Orbitz to procure the County's travel needs.

Advantages:

- **Competitiveness** - There is a growing number of online travel sources for Internet booking. With the availability of multiple suppliers, competitiveness is enhanced, and fees and costs are kept to a minimum.
- **Cost saving opportunities** - Lower airfares on occasion can be found online because the airlines use the Internet as a low cost distribution mechanism for their distressed inventory. This procedure could translate into cost savings for the County if lower fares than that of the agency's negotiated rates, could be found. When "distressed inventory" is high, Internet bookings will provide consumers with more opportunities for lower fares.
- **Perceived benefit** - There appears to be a psychological effect to Internet booking. It is believed that travelers will adjust their travel schedule in order to take advantage of special rates. This will happen more frequently when the traveler can actually see the various fares available.
- **No booking fees** - No transaction fee is currently associated with Internet bookings.

Disadvantages:

- **Unfamiliarity** - Some individuals are not comfortable navigating the Internet. Many organizations report that employees lack the confidence to navigate through the maze of choices that the Internet offers.

- **Lack of knowledge** - Those individuals using the Internet to make their own travel arrangements may not be knowledgeable enough to understand the rules and restrictions that often apply to lower fares, or the choices offered if a different search criteria were used, i.e. airports, time of day, connecting cities, airline specials, co-terminals, etc. This method of booking does not update the traveler on traveling conditions and/or security delays that may be associated with their travel.
- **No control mechanisms** - The County has no ability to incorporate its travel policies and guidelines into Internet booking sources. Employees would be able to purchase and book any ticket available with no mechanism for monitoring County travel policy. For example, if an employee prefers to fly out of Washington National where the airfare might be significantly higher, rather than Dulles, the County has no control mechanism in place to mandate the use of the less expensive airport. There is no way to build that type of control mechanism into an unmanaged Internet booking.
- **No management reporting/tracking tools** - Web-based Internet travel booking sites offer no form of management reporting/tracking tools. Without the proper management tools, the County cannot track information on the usage and volume of the airlines, hotels and car rental agencies used to negotiate discounted rates.
- **Tickets non-refundable** - Tickets purchased online are typically non-refundable and non-transferable. When bookings are canceled, typically dollars are unrecoverable.
- **Lower airfares may not be available** - The lowest airfare may not always be available. Airlines may choose in the future to make the lower fares only available on their own individual websites and through alternative booking sources rather than utilize the travel websites such Travelocity, Expedia, Orbitz, etc.

Alternative #2 - In-house Corporate Travel Department (CTD)

This alternative would create an in-house Corporate Travel Department (CTD), supported by the Airlines Reporting Corporation (ARC). The ARC is a service company owned by the major airlines in the United States whose primary function is to process and evaluate applications by organizations seeking approval as new Corporate Travel Department (CTD) entities. The ARC is responsible for supplying traffic documents used to issue airline tickets and other accounting documents used in connection with air and rail transportation services. An annual fee of $150 is charged for each ARC approved CTD and the CTD must maintain a $50,000 surety bond.

Following are some of the advantages and disadvantages to having an in-house Corporate Travel Department (CTD).

Advantages:

- Lends greater leverage for negotiating - CTD's are provided a permanent ARC number, which helps to establish a strong presence among the airlines, and lends to greater leverage for negotiating fares and greater access to airline preferential pricing deals.
- Savings on transaction fees and commissions - This approach will yield some financial gains for the County in the form of saving transaction fees and commissions.
- County would become self-sufficient - By having an in-house CTD it would allow the County to be completely self-sufficient in procuring its own travel needs.

Disadvantages:

- Hidden costs - There are hidden costs associated with the CTD approach. At least one additional full time employee will likely be required to handle the accounting, and automated reporting for ARC. Further, additional time and resources may be required to interpret, negotiate, and manage individual suppliers and service provider strategies and contracts.
- Commitment to technology - Having an in-house corporate travel department would require an on-going commitment by the County to technology. By tying ourselves to a centralized system, we are committing to the technological outlays and upgrades mandated by the vendors. Technology is a rapidly evolving field and what is new and on the cutting edge today, in one year could be outdated and obsolete. ARC requires new CTDs (approved after January 1, 2000) to electronically submit weekly sales reports through ARC's Interactive Agent Reporting (IAR) system. The County would have the option of using either a Computer Reservation System (CRS) with the GDS to submit weekly sales reports or an Internet Service Provider (ISP).
- Maintaining staff - Recruiting, training and maintaining competent staff would be the responsibility of the County. Retention of experienced agents may be difficult due to competition with agencies because of unequal travel benefits and the lack of vertical growth opportunities.
- Adhering to minimum requirements - Being a CTD requires maintaining certain volume minimums with the airlines in order to procure the best rates. The County's travel volume may not be substantial or consistent enough to meet the airline minimums, and we would have no other outlet for selling the additional air required.

adherence to County travel policies. This provides comprehensive management reports to allow for the review of expenditures in a multi-tiered format, most frequent destinations, en-route traveler location systems, system overrides and more.

Disadvantages:

- Time consuming - Requires an appointed individual to call the travel agency to procure their travel requests and upon calling is then informed of what is available. This is time consuming and may prohibit an individual from performing their appointed job responsibilities.
- Transaction fees - Allows the agency to charge a transaction fee for each transaction. To date this has not had a significant impact on the County's budget, as our annual transaction fees are approximately $63,000. However, in light of the recent decision by Delta and other major airlines to eliminate travel agency commissions, our current vendor has informed us that they will increase their transaction fee from $17 to $29.50, an increase of 74 percent. The impact of this will partially be offset by an increase in the County's "soft dollar savings," or free ticket reimbursement that the County currently receives from the agency. The percentage of total fees and commission that is earned as "soft dollars" has increased from 50 to 75 percent, as a result of the change in the airline commission structure.

Alternative #4 - Implementing the online self-booking tools, with travel management support.

This alternative allows the prospective traveler to book their trips online using the travel management company's self-booking tool. The online self-booking tool reduces the human interaction between the traveler and the travel agent, and the transaction costs as well. Essentially, travel management companies offer account management services and access to booking sources. There are many companies providing this service around the country. Their primary function is to ensure that booking problems are resolved swiftly and efficiently, that corporate policy guidelines are enforced, and to provide management reports as required. Each company may offer other options depending upon their size, software capacity and GDS support.

It is important to note that although travelers would be responsible for booking their travel online directly, they will still have access to the same inventory available to the travel agency - this is different than booking on the Internet directly. The technology in this area is still evolving and it is projected that the next generation of online self-booking tools will have the capacity to work with multiple GDSs and the ability to search web-only fares online.

Following are some of the advantages and disadvantages to implementing online self-booking tools with travel management support.

Advantages:

- **Self-booking** - Online self-booking tools allows the traveler to book their own travel for air, ground and hotel via the Internet, using the agency's software. Since much of the booking is without human interaction, a significant savings in transaction costs can be realized. The agency will still be available to book reservations if the traveler desires, but the cost will be greater on that transaction. The agency will still be available to book reservations if the traveler desires, but the cost will be greater for that transaction.
- **Tracking and control of expenditures** - Allows for the tracking and control of expenditures and facilitates adherence to County travel policies. This alternative provides comprehensive management reports to allow for the review of expenditures in a multi-tiered format, most frequent destinations, en-route traveler location systems, system overrides and more.
- **24-hour customer support** - Booking online through a managed travel tool offers the same support as a telephone booking, with customer support available 24 hours, 7 days a week in case of travel interruption.

Disadvantages:

- **Preference for human interaction** - Perhaps the greatest drawback of this alternative is traveler adoption. Despite all the talk about web-based travel opportunities, many travelers still seem to prefer the more personal human intervention.
- **Indirect costs** - With this service there may be indirect costs associated like incidental training and the time a traveler spends online booking their travel.
- **Implementation costs** - An implementation cost may be associated with the set-up of the website to interface the systems and to program into the system, the County's travel guidelines and policies.
- **Lower fares may be offered elsewhere** - This alternative may not always yield the lowest possible fare available because airlines are currently using other avenues to offer their lower fares on.

Summary

It is a widely held assumption by many traveling employees that airfares found on websites such as Orbitz, Expedia, and Travelocity, or official airline websites, are consistently lower than fares negotiated by corporations and government entities. As indicated above, our research does not support this perception. An independent study performed by Topaz International showed that travel agencies

with negotiated airline discounts were by and large able to beat the web fares (Business Travel News, February 11, 2002). Web fares for the most part are not "business friendly." They usually have tight restrictions and change policies. Web-fare purchases often limit the traveler's ability to obtain ticket refunds or to reuse tickets. In addition, the traveler also loses the 24-hour customer support of a travel management company.

While it is important to provide 24-hour customer support for our travelers' safety and convenience, the research does not indicate that it is prudent for the County to assume all risk and responsibilities associated with an ARC approved CTD. The primary disadvantage of this alternative is the liability associated with ticket fulfillment. Even though much of the functions can be privatized, as a CTD, the County would be responsible for every aspect of the travel arrangements. This alternative requires that the County recruit and retain a full-time staff of travel experts.

Currently, the County benefits from the expertise of a contracted travel agency to book its travel needs, to provide management reports, and to enforce its travel policy. The current process requires that County travelers call the onsite travel agent in order to book their travel. The agent then goes online and uses a dedicated search engine, i.e. GDS, to find the best available fare meeting the traveler's needs. There are certain policy restrictions that the agent is supposed to enforce, and overrides should only be granted with approval from the Office of Management and Budget. These override requests typically result from the traveler not being able to or willing to comply with the established County travel policy guidelines. Our research indicates that while the service we are currently receiving from our vendor does meet most of our needs, there is room for improvement as it relates to policy compliance.

Our research further indicates that several changes have been taking place within the travel industry, the way corporate travel is being purchased and serviced. Many travel agencies, small independent firms, and carriers have consolidated into their respective groups in order to gain bargaining power through increased volume, and to eliminate competition (Travel Industry Trend, Accenture 2001). Indeed our current vendor is now an affiliate of World Travel Partners. Much of what has been driving these consolidations and buyouts are the airline commission cuts. In fact, the airlines recently announced that they are eliminating travel agency commissions altogether. It is projected that this decision will likely change the structure of travel purchasing as well as the roles and relationships of travel management companies and their clients.

Travel management companies and their clients are also being significantly impacted by the availability of new technology. Through the use of online booking tools, savvy travelers can now procure all their travel needs without contacting a travel agent. This will ultimately be the way most air travel is booked, in the not too distant future. By using the online self-booking tools, the

County will benefit from the reduction or elimination of transaction fees, lower ticket prices, and the automated policy control mechanism.

However, a significant cost reduction may not be realized immediately because as mentioned before, success is relative to the enforceability of the County travel policy. While the economy is boosting some corporate usage of online tools, putting an online self-booking system in place does not automatically bring savings to a company. Travelers have to actually use it if, it is to be a financially beneficial alternative. The data on adoption rates are mixed. One source, (Business Travel News, July 16, 2001), reports U.S. based booking vendors are reporting average online adoption rates of 5 to 18 percent, while American Express recorded a 500 percent increase in online bookings in 2001 over the previous year. Additionally, the Department of Transportation reports a usage rate of booking vendors of about five percent. Clearly for this alternative to be successful, managers need to make sure that once in place, this system is used.

Recommendations

All alternatives suggested are viable under certain circumstances, and can all be solicited in a competitive environment. However, of the four alternatives presented here, it is our recommendation to implement the use of an online self-booking tool with travel management support (Alternative #4). We must emphasize the importance of proper implementation because this approach requires many business process modifications and will affect the current paradigm of many County travelers. As was pointed out, for this approach to be successful, a significant number of travelers will need to adopt this alternative, keeping in mind that not all individuals are comfortable navigating their way through the Internet.

In addition, the County must ensure that the online self-booking tool is customized to include County travel policy requirements and that those requirements are rigidly enforced. Centralizing the enforcement authority for travel management in either the Department of Procurement Management or the Office of Management and Budget will ensure compliance and effective use of the tools and the process.

To effectively use an online self-booking tool system, travelers will also need access to credit cards, either at the individual or departmental level. With our volume of travel, the County should negotiate and enter into competitive agreements with "preferred carriers." This will allow us the benefit of discounted rates and we would be under no obligation to use them if lower fares were available with another carrier.

It is our recommendation that a Request for Proposal (RFP) be developed to solicit proposals from the various travel management companies to implement a self-booking tool system for the County's travel management program.

Miami Herald 3/17/03

Companies often waste money, time booking travel

MIKE SEEMUTH

While many large companies still use traditional travel agencies, small and midsize companies have departed them in droves to book trips online. The idea is to avoid paying agency fees by having employees play travel agent.

Is that small-business travel strategy really sound? "Sometimes," said Sylvia Berman, the owner of a Hollywood agency called Post Haste Travel. "There are fabulous bargains out there, if you've got the time to look for them."

BERMAN

But some companies waste both time and money by allowing their employees to "hunt and hunt and hunt" for the lowest possible Web fares, Berman said, echoing other travel professionals. Traditional travel agencies make heavy use of computerized reservation systems like that of Sabre Holdings Corp., which was launched as a unit of AMR Corp., the corporate parent of American Airlines, and was spun off as an independent company in 1996.

But Sabre, Apollo, Galileo and other computerized reservation systems comprise a more costly distribution channel for airline ticket sales than websites do, [illegible] because the legacy technology underlying these systems was developed before the emergence of travel sites on the Internet in the 1990s.

As a result, airlines now post many of their lowest fares on their own websites and those of online travel agencies like Expedia.com, Travelocity.com and Orbitz.com, which represent multiple airlines, hotel chains and rental-car companies.

Encouraging employees to surf the Web for the best possible deals is especially appealing to some cost-conscious companies these days, given the uneven economy and a widespread notion that the best air fares are available on websites.

It's clearly cheaper to book online. Expedia charges customers $5 per airline ticket for business travel, for example, and airlines generally charge no fee to book flights on their websites. By contrast, most traditional travel agencies charge fees of $25 to $50 per airline ticket, said Richard Copeland, president of the American Society of Travel Agents, a trade group based in Alexandria, Va.

But when companies consider all the direct and indirect costs involved, using employees to do the work of travel agents can be more expensive, Copeland said. That is especially true at companies where key employees "sit day and night searching the Web for low fares," he said. "It's a waste of time."

It can be a waste of money, too. Even when companies assign online-booking tasks to their lower-level clerical workers, the payoff can be questionable.

Consider the findings of Topaz International Ltd., a Portland, Ore.-based firm that monitors prices paid nationwide for airline tickets. In the fourth quarter of 2002, Topaz found that fares for airline flights booked by travel agencies for corporate clients cost $135 less on average than fares for comparable flights booked on airline websites and those of Expedia, Travelocity and Orbitz. The average offline fare was $451 versus $586 online. And the price gap has widened: The excess of Web fares over agency fares was larger in last year's fourth quarter than in the first, second and third quarters, Topaz reports.

One reason for that disparity is the powerful fare-searching capability of larger travel agencies, which tap into myriad websites rather than rely on one or two. In widespread use among agencies are sophisticated software systems that scan multiple websites and book flights faster than the average Internet surfer can navigate a single site.

Last year, for example, Coral Gables agency TraveLeaders deployed new technology called RealityFares, a system that rapidly searches the sites of Orbitz, Travelocity, Expedia and all major U.S. airlines as well as smaller carriers like JetBlue. From the moment a fare search is initiated, the technology allows many customers of TraveLeaders to book flights in less than five minutes.

Traditional agencies also can cut the paperwork burden of business clients, and give them more control over their travel spending, by sending them consolidated statements detailing employee travel activity and the related costs.

Lili Tzikas, vice president of programs and marketing for the Florida Business Travel Association's Gold Coast Chapter, said companies can lose control of travel costs by relying on websites. "If employees go on Travelocity or Expedia, the companies can't see what they're doing," she said.

TICKET-CHANGE PENALTIES SUSPENDED

Following the lead of British Airways, several major U.S. airlines including Continental, Delta and US Airways last week adopted flexible travel policies that make changes in flight reservations less costly for war-wary travelers.

US Airways' flexible "Peace of Mind" travel policy will allow customers to make changes to previously booked travel itineraries, without incurring standard change fees, in the event of U.S. military action and/or the declaration of a "code red" security alert by the Homeland Security Department.

The airlines' leniency is limited to certain time periods and destinations, too. Continental and Delta tickets for trans-Atlantic flights purchased between March 5 and March 31 may be changed without penalty anytime prior to May 31 for travel until Dec. 31. Other deadlines apply as well. To avoid fees for altering reservations with Continental, for example, customers must make their itinerary changes no later than three days before the originally scheduled departure date.

E-mail South Florida Business Travel tips to Mike Seemuth at humidity@aol.com.