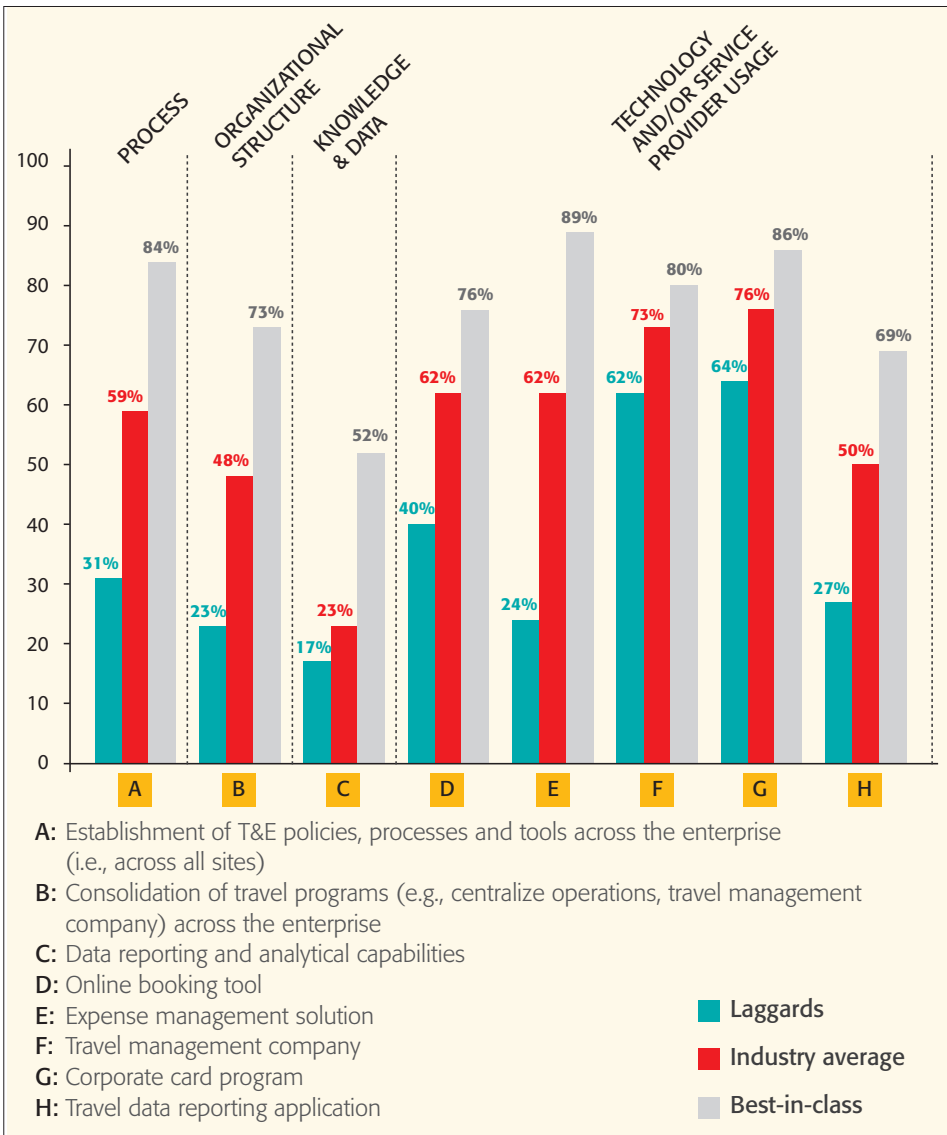


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 **SNAPSHOT**

Best-in-Class Performers in Travel and Entertainment



Source: Source: Aberdeen Group, 2007

Eighty-four percent of *best-in-class* companies have established company-wide policies, processes and tools for travel and entertainment, while 73 percent have consolidated their travel program globally, according to a survey published in June this year by the Aberdeen Group, a U.S.-based consultancy, and CWT. Only 52 percent of these top performers, however, have specific data reporting and analytical capabilities.

The study, which involved 435 companies of all sizes from North America, Europe and Asia Pacific, explored strategies concerning online booking, corporate card programs, expense management solutions and travel management companies.

Best-in-class companies were defined as those obtaining the top 20 percent aggregate scores, compared with *Industry Average* companies (middle 50 percent) and *Laggards* (bottom 30 percent).

Data reporting and analytical capabilities had the lowest scores of any of the items measured, which is surprising, given that more than 85 percent of all respondents said data was *essential* or *important* for tracking compliance and monitoring spend, 77 percent for supplier negotiations, and 78 percent for updating or improving travel policies.

The Aberdeen Group commented that companies are looking for more dynamic tools to translate complex data and metrics into simple visual messages, while having access to a more detailed level of data. ■

Please visit www.carlsonwagonlit.com if you would like a complimentary copy of the Aberdeen Group research report *Travel & Entertainment Technologies and Services: Overcoming Obstacles Through Data Insight*.

 SOUNDBITE

“ *This is not Star Trek technology. This is technology that is well within our reach. We are talking to Boeing and Airbus. We are working with manufacturers to get this aircraft delivered in 2015. We are currently spending £4 billion [approximately US\$8 billion] on aircraft—they are listening to us. [...] We don’t see biofuels as being the big step forward. This is the big step forward and it’s at our fingertips.*

Today’s aircraft are typically 70 percent cleaner and 75 percent quieter than their 1960s counterparts. Now we are planning the next generation that will help towards taking the plane out of the emissions equation. **”**

— easyJet chief executive officer Andy Harrison, commenting on the company’s “easyJet ecoJet,” an environmentally friendly, short-haul aircraft, a prototype of which was displayed at the Paris Air Show in June.



According to easyJet, by 2015 airplanes could produce 50 percent fewer carbon emissions and 75 percent less nitrogen oxide (NOx), another greenhouse gas. They would also be 25 percent quieter. These reductions would come from improved engine design and lighter airframes, as well as better air traffic control technology and design. A key feature would be the “open-rotor” engines (pictured above), lightweight carbon fiber fuselage and wings, and a wing designed for lower speed and shorter range than current aircraft.

At the same time, the European Commission set goals for airplane manufacturers to cut their carbon emissions by 40 percent, their NOx emissions by 60 percent and noise by 50 percent by 2015.

Both Airbus and Boeing are working on replacements for their A320 and 737 families of short-haul jets.



INDUSTRY NEWS HIGHLIGHTS

Regulation

■ In July, the European Commission expressed concern that U.S. plans to tighten laws on foreign ownership of airlines would undermine the “open skies” agreement signed in March this year. As of March 2008, U.S. and European carriers will be authorized to fly all transatlantic routes. U.S. carriers will also be able to compete on intra-European routes, although European carriers will not yet have the right to offer U.S. domestic flights. The European Commission has reserved the right to withdraw traffic rights if the United States does not open its domestic market to European airlines by 2010.

■ Several industry associations (including the Business Travel Coalition and International Airline Passengers Association) reported positive discussions with European officials on the **EU Code of Conduct for Computer Reservation Systems**, following a public consultation this spring. The associations appealed to the European Commission to maintain the core protections in current regulation, while removing GDS pricing rules and streamlining most of the Code. In July, however, the same and other groups expressed concern that the European Commission may no longer consider Air France, Lufthansa and Iberia

as “parent carriers” of Amadeus and will therefore remove rules intended to prevent abuse by the carriers and/or the GDS. A formal decision is expected later this year.

■ In June, European transport ministers announced that any airline operating flights to or within the European Union must participate in Europe’s **Emissions Trading Scheme**. The plan is based on one already in operation for other European industries that buy and sell credit to emit pre-defined amounts of carbon dioxide. The regulation would apply to European flights in 2011 and other international flights starting in 2012. Some European airlines welcomed the move, while several aviation associations claim that the scheme would cost airlines €45 billion (US\$ 59 billion) from 2011-2022 and that only a third of that could be passed on to customers. In addition, the United States attacked the plan as a violation of international aviation accords.



■ Also in June, the European Commission said airlines participating in code-sharing schemes would no longer be exempt from

competition rules when setting fares between the European Union and other nations. Instead of airlines enjoying anti-trust immunity when meeting to discuss fares, a computerized “Flex Fares” system will be used to calculate “fair value.”

■ The European Commission is also “considering” an electronic **traveler authorization scheme** that would require U.S. citizens coming to Europe to give notice of their travel plans at least 48 hours before departure. This is in response to a recent U.S. counter-terrorism bill that makes it necessary for travelers from the 26 countries in the **Visa Waiver Program**, including Britain, France, Germany and most other western European nations, to complete a questionnaire alerting authorities of their plans to visit the United States at least two days before their departure.

■ The U.S. Department of Transportation invited applications for new passenger **air service between the United States and China**. This follows an “open skies” deal negotiated in May to double the number of daily passenger flights between the two countries by 2012.

■ In July, the Belgian government relaxed “**Limosa**” regulations to ease

the burden on business travel. Advance registration before traveling to Belgium will no longer be required for professionals attending a scientific congress. Attendees of closed-circle meetings will also be exempt, providing that their participation does not exceed 60 days a year or more than 20 days per meeting.

■ In July, the European Parliament voted in favor of **new regulation** that will force airlines to compensate customers in the event of service failure, display tax-inclusive fares and give equal access to fares across Europe. To come into effect, these rules must be ratified by the European Council in October.

Airlines

■ The International Civil Aviation Organization (ICAO) reported that the airlines in its 190 member states collectively made a **net profit** of US\$2.71 billion in 2006, a turnaround on the estimated US\$4.13 billion losses in 2005. The organization attributed this growth largely to improved capacity management and airlines' flexibility in the face of higher fuel prices.

■ Meanwhile, the International Air Transport Association (IATA) **upgraded forecasts** for airline industry profits to just over US\$5 billion in 2007 and US\$9.6 billion in 2008.

■ IATA has postponed the deadline for 100 percent **e-ticketing** by five months to May 31, 2008. After this date, paper tickets will no longer be processed through its Billing and Settlement Plan, and non-compliant airlines are likely to drop out of the system.

■ The Center for Asia Pacific Aviation (CAPA) forecast that **low-cost carriers** will double their market share within five years to represent 25 percent of total seats in the region.

■ European and U.S. officials agreed to work together on reducing **aircraft noise and pollution** through joint research and compatible air traffic control systems. Jacques Barrot, European transport commissioner, and Marion Blakey, head of the Federal Aviation Administration, announced the agreement at the Paris Air Show in June.

■ The European Commission also approved a €1.6 billion (US\$2.2 billion) **"Clean Sky"** public-private program to develop green technologies for aviation. The research, due to begin next year, will receive €800 million (US\$1.1 billion) in EU subsidies.

■ Airbus received approval from the European Aviation Safety Agency for its **"OnAir" onboard mobile phone system**, the first of its kind in Europe. Air France-KLM, British Midland Airways, Ryanair and TAP Air Portugal were among the carriers who

signed up to test the technology on their flights. In another announcement, Airbus committed to halving its planes' carbon emissions by 2020.

Hotels

■ Growth in **extended stay accommodations** is nine times higher than for hotels overall, according to the Highland Group, a U.S.-based consultancy. If current trends continue, the supply of extended stay rooms could rise by more than 7 percent in 2007, the highest increase since 2001.

■ Meanwhile, the world's top 200 hotel groups have posted a **record turnover** of €230 billion (US\$317 billion), with 2.7 percent year-on-year growth—the highest ever recorded. According to Paris-based MGK Consulting, global revenue per available room (revPAR) increased by 9.4 percent in 2006, mainly driven by a 7.9 percent rise in rates.

Rail

■ In July, seven European high-speed rail operators launched **Railteam**, a new alliance aiming to provide seamless international rail travel through its members' points of sale. A specific Railteam online booking system will go live in 2009.



Global Distribution Systems

■ Amadeus and Galileo announced Web-based rail reservation tools.

Amadeus's RailAgent enables travel agents outside Europe to book high-speed and scenic train travel throughout Europe, as well as in Australia, Canada, India, New Zealand and the United States. Worldspan's Go Rail integrates American,

European and Japanese rail services.

■ **Amadeus** also signed a distribution agreement with British Airways at the end of May, two months after the carrier reached similar deals with other global distribution systems. Travel agents in the U.K. and Ireland will be able to access the full range of BA fares in return for an opt-in fee paid to Amadeus (£0.50 or £1 [US\$0.50 or US\$1] per

segment, depending on booking class).

■ **Galileo** signed a new full content agreement with Spanish carrier Iberia at the end of June. The GDS also announced it has no plans for integration if its parent company's acquisition of Worldspan is approved. Worldspan customers will, therefore, not have to migrate to the Galileo system. ■



NEWS FROM CWT

CWT Gains Majority Control of Indian Joint Venture

In July, Carlson Wagonlit Travel announced that it had acquired an additional 26 percent stake in its Indian joint venture from AFL Private Ltd. CWT now has majority control of the joint venture with a 76 percent ownership stake. AFL Private Ltd. will continue to be the remaining shareholder. This transaction underscores the growing commitment CWT has to India's corporate travel market and the importance of its operations in India, which serve a growing global client base, as well as a vast portfolio of leading Indian companies. Today, CWT is the market leader in India with 12 offices across 10 cities and more than 800 employees.

CWT Launches Ground Transportation Optimization Practice

Also in July, Carlson Wagonlit Travel announced the addition of ground

transportation to its repertoire of program optimization services. Ground transportation, which includes rental car, black car/limousine and rail, is often an under-addressed area of spend. It can account for as much as 10 percent of an organization's overall travel program costs in the United States and even more in areas of Europe and Asia Pacific, where rail is a significant mode of transportation. In addition, prices have steadily risen over the past several years and are forecasted to increase by 2-3 percent in 2007. These factors make ground transportation an increasingly important focus for corporations, who can leverage CWT expertise to evaluate existing spend, contracts, and practices; conduct negotiations; and drive significant savings.

Leading the ground transportation team is transport industry veteran Dave Kilduff, who joined

CWT in April as managing director of the new practice. He reports to Nick Vournakis, vice president, CWT Solutions Group – Americas.

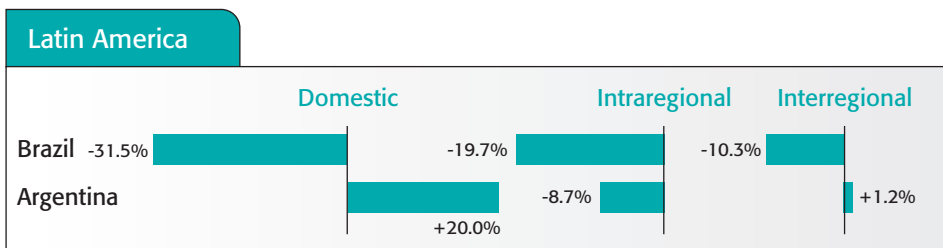
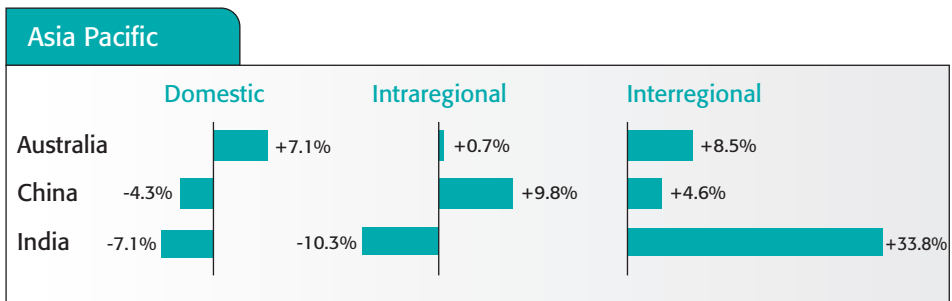
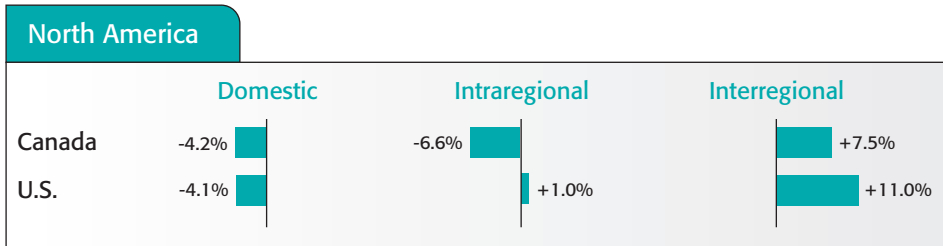
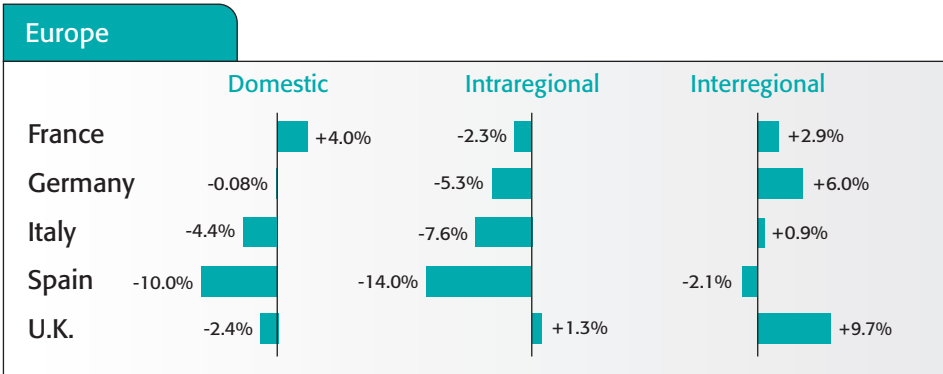
CWT Celebrates 10 Years

In June, Carlson Wagonlit Travel celebrated its 10th anniversary as a global company specialized in business travel management. Created in 1997 from the merger of Carlson Travel and Wagonlit Travel, the company has become an industry leader, present in all major markets and serving organizations of all kinds, from small and medium-size companies to Fortune 100 Global corporations and government institutions. Since 1997, the company has increased its footprint on all continents and its volume of business has grown from US\$8.74 billion to US\$20.5 billion in 2006. CWT now has close to 22,000 employees worldwide. ■

 INDICATORS

Evolution of average air ticket prices

Q2 2007 compared with Q2 2006.
Based on transaction data from CWT clients (%).



Source: CWT Travel Management Institute