

Hotel e-folios: a Question of Time?

Why is e-folio data rarely used by travel managers? Is this likely to change?



Dawn Raasch
Global Product Director
CWT Corporate Card & Expense
Management



Mithu Mukherjee
Coordinator
CWT Hotel Solutions Group

Some ideas never catch on; others just take time. Hotel e-folios, or detailed, electronic hotel receipts, have been around for more than a decade now in the United States, but few travel managers appear to be exploiting the data. Will e-folios ever become mainstream in the travel program?

It's in the details ... and the processes

To the casual observer, an e-folio may seem nothing more than an electronic version of the itemized invoice hotels have been issuing for years at check-out. The e-folio breaks down the total amount of different expenses—room charge, food and drinks, telephone, Internet, laundry, parking, late cancellation fees, taxes and so on—in a format that takes hotels and their customers one step closer to the paperless office.

But what makes e-folios interesting for travelers and travel managers is the way this data can be exploited to make travelers' lives easier and the travel program more effective.

Companies can receive e-folios directly from hotels or, more commonly, via third parties who collect, sort and/or analyze the data. Typically, travel managers receive the data through reporting tools provided by corporate card issuers and travel management companies. The latter two often work with data aggregators such as TRX who “cleanse” the data. For example, they standardize the codes used by different properties for the same amenities or remove personal expense items that will not be expensed back to the company. Companies may also receive hotel folio data through expense management solution providers such as Concur or KDS, who pre-populate travelers' expense reports with the relevant information.

E-folios offer the following benefits:

- **Increased leverage in negotiations.** Detailed e-folio data enables companies to leverage spend on amenities, which typically account for 20-30 percent of total hotel costs. Armed with the right information, travel buyers can, for example, negotiate a discount on Internet access or free bottled water for their travelers.
- **Easier auditing of negotiated conditions.** An electronic breakdown of hotel expenses makes it easier for companies to verify that travelers are paying the correct negotiated rate for rooms and amenities.
- **Improved ability to track compliance with the travel policy.** Without e-folio data, travel managers who have opted for solutions such as *CWT Agency+Card Reporting* can already monitor compliance with their policy on preferred hotels and preferred booking channels, by comparing credit card data on hotel spend with data on bookings made through the travel management company. With e-folio content, companies can go one step further and track compliance regarding room categories and amenities. Hotel folio data can also help auditors identify expense reporting fraud in a less labor-intensive way.
- **Seamless, faster and more accurate expense processing.** When companies integrate e-folio data into their expense management tool, travelers' expense reports are pre-populated with the relevant details on their hotel spend. This not only eliminates the need for them to keep track of paper receipts but saves time and reduces errors.
- **E-folio data free of charge.** Even though they have to invest in the relevant technology to offer this service, hotels do not charge customers for e-folios.

Given these benefits, why do companies hesitate to use e-folios in their travel program? According to research conducted in 2008 by MasterCard and the Association of Corporate Travel Executives (ACTE)¹, only 22 out of 110 surveyed travel managers (20 percent) currently receive e-folio data.

¹ Key findings from the research were presented in October during the ACTE Global Education Conference in Rome in the session entitled "Best Practices in Hotel Data Management." Slides from the presentation and a white paper are available on www.acte.org/community/acteConnect.

This low adoption is explained by several challenges:

- **E-folios are not yet universally available.** Although many major hotel chains in North America have signed e-folio agreements with credit card companies, each property within those chains must invest in the necessary technology. Many have yet to do so, although participation in the system has increased over the past few years. As an indication, MasterCard says it obtains e-folio data from approximately 12,000 properties within seven chains, compared to 8,000 properties within five chains in 2005. Outside North America, few hotels offer e-folio content, however, and the technological costs remain a real barrier for independent properties in all regions. Furthermore, many companies consider e-folio coverage too limited to be useful as a travel management tool.
- **Data privacy issues need to be addressed.** E-folios are designed to provide a comprehensive view of each traveler's spend at a hotel. They do not necessarily distinguish between charges that will be expensed to the company and personal expenses paid for by the traveler, although this is technically possible. Some hotels, for example, can remove from the folio any charges paid directly by the traveler as opposed to those charged to the corporate card. Each party handling the data needs to ensure they comply with data privacy and security laws, which are particularly stringent in Europe.
- **Companies need the right resources to fully exploit e-folio data.** In the past, travel managers received a vast quantity of raw data directly from hotels and did not necessarily have the resources to analyze it. But travel buyers can now ask different suppliers to customize e-folio reports so they receive key information in a user-friendly format. Carlson Wagonlit Travel, for example, provides e-folio reports through its *CWT Agency+Card Reporting* service, which is offered as an enhancement to the *CWT Program Management Center*. Since this reporting is based on credit card and booking data, companies must mandate the use of a corporate card. In addition, travel managers need to ensure their expense management solution can integrate e-folio data so that travelers benefit from pre-populated expense reports.

Example of e-folio data in the CWT Program Management Center
via CWT Agency+Card Reporting

"ABC COMPANY" - "RPTG CD"

Hotel e.Folio Summary

"01-Jan-2004" To "31-Jan-2004" (Period typ
Date Range: "01-Jan-2004" To "31-Jan-2004"

LEVERAGE ADDITIONAL EXPENDITURES

Efolio Top Hotels	Efolio Hotel Trans	Efolio Total Room Nts	Breakfast	Business Center	Internet	Late Cancel
Totals	506	905	27,330	35,890	28,133	16,031
The Bentley	54	75	5,467	5,432	3,456	1,256
Radisson Chicago	28	80	382	3,321	3,567	650
Omni Chicago	45	68	2,000	2,133	3,577	898
Renaissance New York	30	75	1,342	2,345	0	1,099
Hilton Atlanta Buckhead	66	80	789	2,599	1,387	788
Courtyard Memphis	57	78	1,584	2,400	2,509	770
Marriott Minneapolis	45	82	54	432	0	785
Intercontinental Dallas	40	75	923	1,599	2,499	995
Doubletree Oakland	35	70	678	998	2,188	779
The Westin LA	28	58	902	2,300	2,195	889
All Others	78	164	13,209	12,331	6,755	7,122

Carlson
Wagonlit
Travel

"GTDREPORTID"
"12-Feb-2004" "11:30:12"
Currency in "USD"

Laundry	Miscellaneous	No show	Recreation	Restaurant	Room Service	Telecom	Total Efolio
10,723	9,857	37,687	5,214	78,675	42,258	29,026	813,736
567	778	2,987	312	7,254	2,987	2,887	65,558
454	545	3,322	225	5,665	2,335	1,778	61,804
555	898	4,332	0	6,099	2,597	1,025	60,762
675	966	3,289	599	6,399	2,009	3,007	59,081
899	887	2,899	0	4,998	1,901	1,007	59,210
499	990	2,199	550	3,998	1,998	2,000	58,708
67	675	1,278	0	7,599	5,321	2,341	55,902
775	889	1,998	0	5,155	2,177	2,007	52,440
430	775	2,199	879	4,187	2,388	1,498	52,176
677	456	2,186	450	4,198	2,422	1,599	51,772
5,125	1,998	10,998	2,199	23,123	16,123	9,877	236,323
						Total:	813,736

A chicken and egg story?

In recent years, industry experts have referred to hotel e-folios as a chicken and egg story, meaning that corporate customers will not use the data until enough hotels offer it, and hotels will not invest in the necessary technology until enough customers demand it.

There are signs, however, **the situation is evolving**. At the recent ACTE Global Education Conference in Rome, the majority of buyers attending a session on hotel data management said they would be interested in using e-folio data. This matched the findings of the MasterCard/ACTE survey mentioned earlier, in which 80 percent of travel managers worldwide who were not already using e-folio data said they intended to use it "in the near future."

At the same session, several travel managers expressed frustration that more properties were not offering e-folio data. One expert even questioned whether hoteliers want to share information on ancillary spend when it helps travel managers negotiate harder.

Those same buyers said they would **continue lobbying hotels to provide e-folio data**, steering volume toward participating hotels as leverage. In the meantime, one client testified to the benefits of e-folio content even if only 35-40 percent of her preferred hotels currently offer it. Separately, several CWT clients have reported **significant savings in administrative costs alone**. One global company estimated its annual savings at US\$600,000, thanks to employees spending 50,000 fewer hours on expense reports. Another identified US\$1 million in potential savings from integrating e-folio into its expense and auditing processes.

E-folios may finally gather sufficient momentum to enter into the managed travel program. Companies are keen to reap the benefits of e-folio content. Hotels must now invest in the technology that will make that happen. ■