Strategic Meetings Management Programmes

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by
Gillian Upton

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INTRODUCTION

The growth of strategic meetings management programmes (SMMPs) over the last five years has been slow in the UK and been driven by larger-sized corporates with larger volumes of low touch events and more opportunity to accrue benefits.

The subject is certainly on the radar of most corporates but for many the talk does not translate into action. Strategic meetings management is seen as the last bastion of unmanaged travel, particularly if the corporate has already globalised transient spend. Corporates know that strategically managing M&E spend will help leverage suppliers and mitigate risk, something that is a crucial component of any SMMP.

The trend has been driven by the relatively new introduction of procurement professionals into the buying and management of Event Services. They firmly believe that strategic sourcing can bring cost savings, reduce spend and generate a full set of data.

The Chartered Institute of Purchasing & Supply (CIPS) reckons strategic sourcing can save anywhere between 10-29%, placing travel and incentives as a key category for procurement to manage. There are many statistics that reinforce the size of opportunity that SMMPs deliver but perhaps one – that some 40% of corporations cannot identify how much is spent on meetings – speaks volumes.

An integral part of the SMMP is the implementation of technology. No-one doubts that technology is an enabler, but unlike the US market, few companies in the UK have automated all elements of their events programme. This perfectly points up the stark difference between the two markets, namely that the US is more process driven and the UK more *high touch*.

Corporates starting out on this journey are choosing to automate the labour intensive elements of meetings management, namely delegate registration and, to a lesser degree, the RFP process/venue find.

The low adoption of RFP tools has been likened to the introduction of self booking tools (SBTs) into the transient side of the business ten years ago, when the efficacy of US imported tools was questioned and post sales support was lacking.

SBTs have been accepted for use for only point-to-point, simple journeys by air and industry observers believe eRFPs will only work for small simple meetings of say, 20 people wanting one meeting room.

The agency community has not welcomed their introduction and will work with the tools only when clients dictate. Concerns over double entry, clunky interfaces with their own system, cost and more fundamentally, undermining their business models, are at the heart of agency concerns.

Several homegrown eRFP solutions have been spawned, as well as hybrids from the specialist agencies that provide meetings management services such as venue find.

One market characteristic unites all markets, and that is the fragmented nature of the spend within an organisation, where multiple personnel all book meetings independently. It requires special attention to all stakeholders if any change management programme is to be successful.

OBJECTIVES OF AN SMMP

The objectives of a strategic meetings management programme are to first and foremost gain visibility of the meetings spend. Until companies have a handle on exact expenditure, a company has no idea what the savings opportunities are.

HBAA member Grass Roots cites an example of a client company booking 26 different venues for internal training events. They consolidated to one venue and saved £1m pa.

Finding total meetings expenditure is complicated by the fact that the spend is usually fragmented across an organisation and booked by multiple departments, such as HR, Marketing, PAs and secretaries, and not usually managed by one person. These departments often do not talk to each other and therefore the information is not centrally collected. There can often be a community of up to 20 people responsible for booking meetings.

It is no surprise that companies are usually way off in guesstimating M&E spend. So often a £3-4m estimated budget turns out to be £10m when items such as AV event costs are included. Very often HR and Training will account for around 50% of annual spend.

The characteristic of a highly fragmented spend is coupled with seldom any process or policy, no common standards policy, poorly tracked spend with diverse budget owners, lack of events experience and knowledge internally and a sense of 'ownership' by the bookers. In short, it is very different from transient business travel.

It's no wonder that procurement likes technology-driven SMMPs. They make the spend reportable and expense-able.

Other objectives of an SMMP are process automation, improved sourcing and procurement - usually by consolidating the supply chain – improved compliance and risk mitigation. See table below. The table shows the largest potential savings from sourcing and procurement at 4.8%- 8% but Iona Courtenay-Warren, Head of Meetings & Events at Hotelscene, reckons that's conservative and that big savings come in Year 2 of a SMMP and range between 19-22% typically, from consolidation of the number of suppliers.

Traveller safety is the big issue today so being able to run a report to find out where the event is, the contact details of the organiser, a list of delegates and so on is essential.

Continuity of reporting tool is another plus of using an external reporting tool, should the corporate switch agencies.

Typically today, one in seven companies in the UK do not have a policy in place for their transient spend so one has to assume that the equivalent statistic for SMMPs, which have only been around for the last five years, will be even less.

Cvent's Lisa English, Marketing Manager for Strategic Meetings Management, lists four main objectives for an SMMP:

1. visibility as to what meetings are taking place
2. risk mitigation
3. savings and leveraging spend
4. process .

Process Automation	3%-6.5%
Cost Sourcing & Procurement	4.8% - 8%
Cost Visibility & Control	2.4% - 5.5%
Cost Compliance & Risk	1.6% - 5%
Cost Meetings Effectiveness	0.5% - 5%
Revenue & Benefit T O T A L	12.3% - 30%

"It's savings off fixed costs, not variable costs, that clients are after, " says Grass Roots' David Taylor, referring to items such as headcount.

One law firm managed to lose two staff from its internal events team once it had automated the delegate registration process, for example.

In terms of process automation, BDRC reckons it takes on average 11 minutes to make a phone booking, whereas it could be done in three clicks on an eRFP tool.

THE KEY RFP PLAYERS

The major RFP players are two US software solution providers, StarCite and Cvent.

Both providers have made inroads in the US with large multinationals, with a similar user pattern in the UK with the likes of Shell, Pfizer and Deutsche Bank (StarCite) and P&G (Cvent) as early adopters.

Cvent is a sophisticated online event management tool suitable for multi-day events that includes event registration functionality and seamless integration with a company website. It also offers multi-language translation and transaction in multi currencies. It carries a substantial set-up fee.

StarCite grew from a registration technology company for the sporting events and its main objective is process efficiency and visibility of conference spend. Early adopters were pharma and financial companies as they are required to report their spend and attendees by law. The company entered the UK market eight years ago.

Industry observers say StarCite is more suitable for the larger conventions of 150 delegates and above although the company says its system is modular and scalable and satisfies any size of scale of event and/or corporate.

The tools do a number of things well, particularly for a corporate that doesn't engage an agent. If they push all meetings through the tool, corporates can capture MI they wouldn't otherwise get, excellent reporting and management of soft approval.

The perception of some buyers is that StarCite and Cvent are too big to take on, "yet they can switch off the bits they don't need" explains Hotelscene's Courtenay-Warren.

StarCite has recently added iPhone and iPad capability and a Meetings Locator, which allows meeting planners to ballpark price by destination.

Both providers have approached the UK market differently to their home market. Explains Cvent's English: "The personal relationships in the European marketplace are so different to the US, so we've taken a softer approach, a phased approach and it's changed our expectation.”

Content of both software providers is one thorny issue as they focus on the major hotel chains and offer less coverage of independent hotels and the more unusual venues more prevalent across the UK and continental Europe. This may be a disadvantage to SMEs.

"With Cvent, there's very little content in the provinces," highlights Conference Care's Andrew Deakin. "ABC has better content than Cvent."

StarCite's Iwamoto says: "Boutique hotels or unusual venues traditionally don't participate as they don’t have the resource to participate."

Another criticism is the 'clunky interface'. "Cvent and StarCite are incredibly difficult to navigate through and understand what they're asking for. It can take a long time and you're basically making their whole proposal for them", says Sharon Joseph of The Belfry Hotel.

Some agencies feel they are having to pick up the pieces for the shortcomings of the systems. Said one agent, who preferred to remain anonymous: “Some corporates pay for a system and they’re damn sure they’re going to make it work. You can’t be seen to be negative. It’s thrust upon us but there is very little benefit.”

One praiseworthy comment came from BSIs Quintrell, who said Cvent is "very active in terms of forums and engaging their customer base."

ALTERNATIVES

There are two main homespun alternatives to the big US players, ABC Connections and Venue Directory.

ABC Connection has provided its Request for Meetings solution exclusively to agents over the last decade. “ABC doesn’t deal with corporates directly because that would make us an agent. Our role is to support large, medium and smaller agents in dealing with major corporate accounts as well as providing a solution for dealing with SME’s requirements cost effectively” says ABC chairman Martin Coleman.

ABC provides agents with a global enterprise solution with the scope and flexibility to be tailored to match the agency processes and specific needs of their clients. “Our portals allows agents to wrap the technology around their own business processes instead of having to change those processes to suit, thereby making those processes more efficient” says Coleman.

However, ABC’s Martin Coleman believes that agents have recognised that speed is not the sole criteria for an RFP tool to be truly effective for their clients.

“RFP’s are not just about speed. The Request for Meetings process has become more complex because companies’ duty of care responsibilities towards their employees is now uppermost in their venue selection criteria. It is the quality of both the general venue and specific Health & Safety and disabled traveller related information available through RFP tools that really counts. And because most hotels have warehoused this information with ABC, we are able to combine quality of data with the speed of response that agents now demand” says Coleman.

“Any RFP is a two-way negotiation” says ABC’s Martin Coleman. “Our tool makes the process much easier with a built-in negotiation process as well as an instant messenger solution; the entire process takes place online ensuring that the agent receives highly competitive rates for their clients.”

“We are now seeing a step-change in the meetings RFP process” says ABC’s Martin Coleman. “Effectively the process is falling into two distinct functionalities:

1. Strategic: annual negotiation for contracted meeting rates
2. Tactical: Request for Meetings for individual events

The strategic RFP is following its transient counterpart with annual agreement for day delegate rates and 24 hour delegate rates being contracted with venues that have appropriate facilities.

Agents are starting to drive tactical RFPs via bespoke client-facing portals which aids compliance and provides a very cost-effective solution to both the agent and its corporate clients” concludes Coleman.

"A number of the HBAA community have been taking content from them for a number of years so there is a familiarity and trust there," said BSIs Jim Quintrell.

"Venue Directory and ABC Connections are simpler tools and more generic," says The Belfry's Sharon Joseph.

Venue Directory is a web-based online RFP tool with a comprehensive database of meetings venues, many of which include virtual show rounds now available on smart phones, but 60% is UK based. It’s a tool for agents and the venues are charged for this 'free service'. The tool that will generate a proposal and venues like it as it has one of the simplest RFPs to complete. The company sends out an automatic reminder to venues to respond after one hour, and a phone call after two hours in a bid to drive the RFP forward.

It has 20,000 registered users. Venue Directory is best utilised by smaller corporates without an agent.

The company claims it takes between two and 15 minutes to fill in the request form online, answering questions that are bespoke to the client that will be sent to some 27,000 meetings and events venues by names of individuals.

“Five years ago getting hotels to fill in RFP forms was a real struggle,” says Venue Directory’s MD Michael Begley. “In 2008 the average was three hours, in 2012 it’s under two and hoteliers like De Vere Venues are excellent, at 30 minutes on average.

"Rather than pick up the phone to 12 venues, agents can spend ten minutes filling in the RFP and send it to 12 venues then wait for the responses to come in," says Begley.

"These systems [StarCite and Cvent] inherently make the process impersonal. StarCite and Cvent are global and more impersonal whereas Venue Directory is a little more personal as it's domestic although maintaining that will be difficult as they grow, says The Belfry's Ian Cross.

Other solutions include Gratis, Meeting Broker, e touches, Event Check-In and Demo Media.

Excel spreadsheets, phone calls and emails - the original manual process - is still in widespread use. Detractors say data is not easily transferable and lacking in historical data, but this system often works well for a small meetings programme.

The big push has been for agents to develop their own systems in-house, such as Arcania Metron, ZAPP and My Stay, that is if they haven't jumped on the bandwagon with StarCite or Cvent. Some in-house systems are form-based portals that require manual intervention once an enquiry is received.

Hotelscene developed My Stay as a transient self booking tool. It takes the feed from the GDS and Hotelscene's own database. It's a form that sits on a client portal and can incorporate an authorisation process. The form is emailed back to the agency, is then autoloaded into Hotelscene's booking system and is then worked on. Venues have to respond within 24 hours as part of the agency's standard SLA.

Zibrant's Chris Parnham warns, "We either come out and attack RFP tools or jump on board and work with them and implement them with our tools. We've invested to protect our market share from these global RFP providers. You've got to challenge the technology threat."

Ultimately, there will be an end-to-end solution for bookings that will go from the enquiry submitted, to the rate, availability, booking, and a confirmation back to the customer. "That's the holy grail," says BSIs Quintrell. BSI is planning to launch an end-to-end system this year.

THE COST IMPLICATIONS

The RFP tool providers operate a number of different cost models based on their clients' needs. The most common model is that the corporate client purchases their own licence for the technology for their use.

Agencies also purchase a licence to use on behalf of their clients. Hotels do not pay to be listed but the sting comes if they wish to purchase upgraded listings to display more content on their profile page.

Agencies also incur a cost when dealing with the number of booking amendments and the number of times they have to touch a booking.

Neither of the main RFP tool providers – ie StarCite and Cvent – was prepared to divulge start-up costs.

"The requirement is a budget and a headcount," says Kevin Iwamoto, GLP Vice President Enterprise Strategy at StarCite. "A budget, that's the major challenge. If the company is only using the registration module then that's a low entry point; if its the approval process, website functionality it's another charge so the pricing varies."

The model is an annual licence fee based on number of users, plus ongoing transaction costs which depend on the volumes the corporate can push through. "The transaction fee is volume led and it's offset by the savings you make," explains buyer Richard Eades.

Cvent stresses that its software is a modular system and customers need only pay for the modules they want. In addition, customers can download for free Cvent's RFP tool.

Zibrant's Parnham refers to the cost being "Hundreds of thousands of pounds of investment. It's a six-figure sum if a buyer is covering a multi centre territory, plus the transaction fees."

Venue Directory charges the venue an annual flat fee and it is marketed to corporates as a free service. That annual fee is reportedly a five-figure sum.

One anonymous agent put the cost in perspective: "If hotels want 3D images, promotional offers and some reporting there's an annual fee of £700. Think of Principal Hayley with 28 hotels and that's £20,000pa, just for one hotel group. At £20,000 a pop there's only so many tools you can afford to work with."

De Vere Venues, for example, pays Venue Directory an annual fee per property but the company's Ian Jones says, "it's a smart system that links into Delphi via Meeting Broker. Delphi is the booking tool that 80% of the UKs meeting room inventory is managed on." They have recently dropped another tool because they couldn't demonstrate ROI.

A REALITY CHECK

The reality is somewhat different to the optimum way SMMPs and eRFP tools can be employed, in many cases.

StarCite's Iwamoto sums it up when he says: "It's not about the technology, it's mostly about change management."

And there's the rub. Hotelscene's Iona-Courtenay-Warren points to a "disconnect between procurement who want to control meetings spend and the meetings bookers who don't want to do anything to upset their choices of hotels they make."

The table below neatly encapsulates all the pieces of the puzzle that have to be in place in order to make the entire SMMP work.

For the agency community, however, the SMMP poses other problems. “If you’re the PA to the Chairman of ICI and organising the company’s AGM, do you leave it to interpretation by computer or start to build up a relationship with a person? You can’t negotiate with a computer,” says Guy Mason of Brief to Event.

“For an annual event with a budget of £200,000, contact with the venue supplier is essential,” he says. “For larger events it’s too important not to get the relationship right. My business is about providing lots of cotton wool; we make that PA the most important person in the world, but if you’re a a big TMC and booking a room for ten it’s about numbers and driving efficiencies.”

Buyer Richard Eades, past chairman of the HBAA and now a global procurement manager in the oil and gas industry, is six months into a global SMMP so speaks from experience when he says: "eRFP tools are a facilitator, not a solution. Remember that you're buying an application off the shelf and it won't work exactly as you want it to work.”

"Which tool to use will depend on the scope and scale of your business; the home-grown tools are only for the UK." He cautions that nobody uses any new technology to its full potential of 100%; "it's more like 50-60% but that's human behaviour. People have got to change their mindset."

Serco dipped a toe in the water with an SMMP exclusively for any meeting worth over £1,000 booked through Venue Directory. Bookings under £1,000 could be booked direct but data uncovered that these least costly meetings accounted for 25% of spend so they have now been incorporated into the SMMP.

Process-driven IBM has taken on all components of the RFP tool (see case study on page 14) but Deloittes, with its high-touch events portfolio, has eschewed technology and relies on Excel spreadsheets. Turn to page 16 for a case study on Linklaters, a company with a similar events profile. One wonders, however, about productivity issues when the spreadsheets need to be collated or a report is required at short notice.

However, the likes of Deloitte and Linklaters are not alone as many corporates manage event registration on spreadsheets and printed lists.

Other corporates mix and match, by requesting the first tranche of information online, then switch to picking up the phone to the venues that have shown availability.

The Belfry says that only 4-5% of its enquiries come via online. "Clients may go online to look, but then they pick up the phone," says The Belfry's Joseph. "Sixty per cent of our business comes in via emails but they all ask for a call back to talk it over."

So what are corporates getting that a traditional agent can't deliver? Martin Coleman, Chairman of ABC Connections, sums it up in five points:

* A technology-based solution that reduces internal processing costs
* An efficient tool that reduces internal time and cost
* A tool with which to monitor and benchmark agency KPIs
* Greater consistency of response time, quality and depth
* Ability to incorporate payment processes

THE CHALLENGES

One events professional with over 20 years' experience doesn't "see enough value in what [RFP tools] offer. It's a tool so it still needs people to use it in the right way. They can work well but the industry doesn't seem to be accepting this change as only 1% of business is coming through those channels. It doesn't seem to be gaining legs." Picking up the phone is his preferred method.

He believes RFP tools have a role with high volume, low spend "churn business that is low touch. Your cookie cutter events of say, 20 people and a £2,000 spend, and then you can interface with a computer. Computers do things in a two-dimensional way but as soon as you need 3D then people work best."

This buyer says that as soon as there is a large spend and complexity of meeting then there is no substitute for an events professional who can really add value.
"They'll know that there's no daylight in the room, that there's no space adjacent for the coffee breaks, enough space for a back projector or registration desk; an expert will ask these questions. A computer can convey that information in a report but I'm not convinced the data is really robust."

He is also not convinced that, currently, the RFP tools out there are as cutting edge as they should be. "The thing that puts people off is how complicated they are but that will improve as the interface becomes more seamless. None of them are there yet, they're still a bit clunky."

The industry is hoping for consolidation and a few good tools that work, in the long term.

If the technology isn't there yet, then nor is the after sales service. Mark Jelley, Deputy Chair of HOSPA, the association for hospitality finance, revenue and IT professionals, believes "software providers generally don't educate".

The smaller agencies have eschewed technology for the most part while the larger agencies have sought efficiencies of scale by automating the labour-intensive parts of their business so staff can concentrate on white glove service. That may mean buying proprietary technology solutions or developing systems in-house.

SMMPs and eRFP tools pose a real threat to smaller agencies. Says Guy Mason of Brief to Event: "The danger is that as a smaller company we do ourselves out of the market." Meetings are seen to being commodotised by the likes of StarCite and Cvent. "They eliminate human contact and while it's good for the business model of the TMC's, it's not for us as a smaller agency," believes Mason.

Smaller agencies such as Brief to Event are concerned about losing the close relationship they have with the end user and about losing the quality of service.

Chris Parnham of Zibrant doesn't "rate RFP tools at all". He says: "You can't take the personal aspect out of the process at all. Meetings are about the experience as well as the price and you get a much better solution if you get a person contacting the venue. Venues value a personal contact. Result in. Result out."

However, he highlights a conflict between venues and agents and what buyers want and believes there needs to be "a halfway house solution" to harness those two together.

He believes that 30% of global spend – the long-schedule training, local meetings and so on - could be commodotised and booked via an RFP tool. "But the likes of annual retreats is something else," he warns.

Larger agencies realise that yields and transactional values are quite low on their low-touch repeat business and that there are efficiencies to be made by utilising technology here.

The other challenges are that an eRFP tool encourages more shopping and, as a result, venues are not enjoying high conversion rates. "The majority of opportunity comes as a result of our sales or marketing activity," says De Vere Venues' Ian Jones.

Nicola Chapman, Director of Sales for Agents at Hilton Worldwide, agrees. "Conversion is small so the opportunity has to get re-qualified," she says. "The RFP info is incredibly vague so you have to pick up the phone a lot of the time and ask questions like, 'Are the dates fixed?' "

Jim Quintrell of BSI concurs: "RFP tools, in the wrong hands, can lead to unqualified requests that don't convert into confirmed business. If the phone is ringing and it's an agent and the inbox is flashing and it's StarCite, which do you respond to? There still seems to be a lower priority placed on responding to an eRFP request."

Hilton's Chapman agrees that the highest return comes from a call or email or direct booker.

Ian Leat, Director GSA Network Europe & GSO Spain at Marriott Hotels International Ltd, also agrees. He says: "It's so easy to click a button so for one enquiry a booker can look at 50 hotels so there is a potential of low conversion for us. Also duplication of effort sometimes so we always look to place the enquiry to the most relevant location, as we don't want to flood the hotel with the same enquiry. It's also labour intensive to answer the RFPs."

The plea from hotels is for the RFP tools to be used properly and to run webinars and seminars for bookers in order to achieve that next step.

Buyer Richard Eades disputes the low conversion rate claim. "Over 90% of enquiries we put into our tool end up being a converted piece of business. We need a minimum of three bids so the venue is already on a 33% opportunity."

StarCite's Iwamoto explains that the shopping behaviour reflects novelty with the tool and it changes with time. "As bookers mature and adapt they behave more rationally and only send bids to three or six venues rather than 12," he says.

Venues are also concerned about the length of time clients request that venues hold the space. "There may be 12 venues all holding space, with no qualification as to why," says The Belfry's Joseph. Had the venue directly inputted the request they would have asked the questions, 'What matters to your event?', 'What other venues are you holding?', 'Are they city centre?', etc etc from which the venue can decide whether to put it on hold or not. "

Add The Belfry's Cross: "This is when the feel and the experience of event booking comes into play."

The automated RFP "breaks the relationship between the venue and the agency, adds Joseph.

Another challenge is implementation and post sales where all technology providers "fall down" says buyer Richard Eades. "Webex is their solution to everything rather than adapting and changing the product. They sell the product but fail to take the consultative position. They wait for the customer to find out what they actually need."

Venue Directory's Begley raises the issue that corporates don't believe they'll get the best rate on an RFP tool but it has no foundation, he says. "We encourage venues to update website prices and any arguments over price differentials disappear as it's all in writing, whereas with a telephone call it's, 'He said this price." '

There appears to be no issue over data ownership. The RFP tool providers may be the custodians but the corporate unequivocally owns the data.

WINNERS AND LOSERS

The winners
The winners are clearly the corporate buyers. They are able to achieve visibility of spend, improve MI, leverage spend with suppliers and save money and mitigate risk in terms of standardised contracts and delegate tracking and, if they implement the programme correctly, better compliance. It's a win-win for them.

Moreover, by using an external tool, buyers achieve continuity of systems if they choose to change agencies. They can shop around more, undertake 20 proposals in 24 hours if they so wish, and are able to compare apples with apples as every venue will have received the same spec.

Says buyer Richard Eades: "I tell hotel groups how many RFPs they've received, how long it took them to respond and if they declined to bid. I've never had that information before. It can strengthen my hand around the negotiating table but we're looking at a strategic partnership so we highlight that and figure out how we can get more business into them."

The losers
The losers are the agencies and the venues themselves.

Agents see the external eRFP tools as a threat to their business. It incurs extra work on double entry, despite the providers saying the tools ease productivity time. They have to undertake more work at an earlier stage of the RFP in order to qualify and bespoke it.

This example from Conference Care's Andrew Deakin typifies the issue: "The requirement is supposed to come in electronically on the system but in reality it comes through by phone and then we fill in the online form. We then look for space, availability and rates on our own tool. The reason we don't use Cvent is the content is not there, particularly in the provinces. Clients are aware of the way we're working."

Moreover, agents are gradually losing client contact, which is one of their USPs. "It takes the value away from the buying proposition," points up Zibrant's Parnham. "Buyers miss the personal contact with the agent."

Agents may also suffer if they tie themselves to one RFP tool. Says Conference Care's Andrew Deakin: "When pitching to a client we lose a USP when we say that we're using Cvent, for example."

Hotels and venue suppliers lose out because their conversion rate is low as the RFP tool encourages buyers to do more 'shopping', to the extent that some venues prioritise enquiries received by email or phone and not those received from an automated tool.

The RFP tools can be beneficial if venues pay to engage with the promotional packages to enhance their listing but this is overshadowed by the hidden cost of the time it takes to fill in the RFP and convert to bookings.

Hotels and venue suppliers also have to make tough decisions as to which sales channel/s to pay for, as they can't afford all of them. "They are a massive cost to hoteliers," says De Vere Venues' Ian Jones. The hotel group recently handed its notice in to one major supplier as they were unable to show any ROI on the £25,000pa cost.

Ultimately venues will have to swallow these not insignificant costs that being part of these systems incurs and it is fair to speculate that these costs will be passed back to the end user, the agency and ultimately the corporate.

Adds Marriott's Leat: "You can't pay for every single online channel so it comes down to how much business is coming through and what the conversion rates are."

Hilton's Chapman adds: "We can't sustain them all as it just adds cost to the business."

ABC Connection's Martin Coleman claims there is an upside for agents, from increased business as a result of using RFP tools. He claims: "Agents who have implemented client-specific portals have seen growth of 20-30% from existing customers as leakage is reduced."

Finally, it is worth reiteratting that the SMMT model has the potential to move the activity of venue find within an agency to the corporate user resulting in an agency fulfilling only a limited role in events logistics. Venue find is the beginning of strategic meetings management and holds a fundamental part of the service an agency offers. The corporate, whoever they are, operate events as part of their business rather than their business being events. The expertise of the venue find task sits with the agency, bringing additional value to the client such as analysis of spend, negotiation of preferred venue programmes, mitigation of cancellations to name a few.

Mandating the use of SMMT to complete venue find within a corporate organization will have significant challenges. A "clunky" tool would create administrative burden in an already busy and stressful environment, leading to leakage to other solutions. Ultimately the corporate loses the visibility of spend and the data becomes unusable as an inaccurate account of spend.

The benefits of the agency managing the spend and venue find process, means that the spend is recorded, maintained and analyzed ensuring that the corporate is managing both the agency and its meeting spend.

CASE STUDY 1: IBM

IBM represents an established global SMMP with successes achieved and clear learnings during the programme.

Paul Wakelin is a strategic sourcing specialist with Global Procurement, IBM UK, and keen to roll out a global solution, Wakelin began with the 'low-hanging fruit' of the smaller meetings with less than 150 delegates.

The objectives were clear, that an intuitive global tool would automatically reduce processing time and capture data for procurement and clients. Specifically it would:

- streamline sourcing and procurement
- centralise budgeting and planning
- introduce a meetings approval process
- strengthen the company's meetings policy
- simplify attendee management
- streamline payment
- provide comprehensive data.

IBM did not undertake a formal RFP but compared several providers' product offerings and contracted with StarCite in October 2007.

The company took on StarCite's Spend Management module, which includes the Meeting Request Form, Meetings Calendar, RFP/Sourcing module, Meeting Estimator, Budget module and StarCite's Business Intelligence platform.

Implementation began with discovery, workflow planning, configurations to business process and piloting the technology. Specifically, IBM wanted to use StarCite as a meeting request portal with a single sign-on so StarCite customised the technology.

This modification, during pilot mode, allowed IBM employees to access the StarCite system with their IBM log-in while maintaining user security.

Over 200 event agency employees, who source across the globe for IBM, were trained. StarCite coordinated and participated in employee training among IBM's meeting management users, outlining new IBM processes and sample roll-out communications.

Wakelin says, "It [StarCite] transformed IBM's strategy and approach to meetings and events.'

The implementation achieved on multiple levels.

* It provided a centralised framework to manage the meetings & events (M&E) process
- captured key data for analysis into M&E spend
- enhanced visibility of the M&E spend offering opportunities to drive and develop key supplier relationships
- delivered process efficiencies and cost savings through IBM agreements.

"We now have greater compliance that drives client savings, supplier visibility and opportunities, we've improved data collection and been able to define a global process and reporting mechanisms," says Wakelin.

The following are what Wakelin sees as the key benefits of SMM Technology:

- Standardised, automated process to identify and source requests globally
- Visibility into company wide request activity – when, where, what, who and how much
- Capability to leverage meeting volumes and associated spend to a preferred consolidated supply base
- Capability to highlight preferred suppliers for improved utilisation
- Consistent RFP formats and reports on spend and savings
- Convenient access to thousands of suppliers globally
- A solution familiar to and welcomed by suppliers globally
- Improved efficiency and productivity for clients and for procurement

In mid-2008, IBM and StarCite launched the full global deployment, starting with the US, then the UK, then EMEA, APAC and now, this year China Latin America.

In-house training continues and the solution is now being extended to larger IBM meetings, which are managed by event agencies. IBM is training these agencies through live, instructor-led, web-based training backed by StarCite.

Custom video guides are available to internal IBM users and sourcing functions "to drive education of the process and reduce resource to facilitate this," explains Wakelin.

Looking back over the four-year journey, Wakelin says he has learned valuable lessons. "Effectively communicating the value of the process with all parties is critical,“ he says. “Also, meeting management agencies and suppliers, chasing vendors who don’t respond, and driving all responses in fact, that’s the biggest challenge.”

“Of equal importance is educating and training all stakeholders and before all of that, obtaining stakeholder buy-in rather than bulldozing ahead. You’ve got to collaborate.”

“Nobody likes change as people are worried about how it’s going to affect them but once they get it a lot of the road blocks disappear.”

The IBM “almost’ automated process constitutes four elements: the meeting request, the RFP sourcing, the online response and finally collating, comparing and contrasting the responses for availability on an Excel spreadsheet.

The request is made on an online, web-based form with the date of the event and the spec for the meeting. The booker then clicks submit and it proceeds into the StarCite system, which creates an RFP and sends it to a list of chosen venues (in IBMs case that’s some 85,000 vendors).

To expedite the response, IBM has set up a list of regional hotel managers who can decide which of their properties the request would best suit and who will drive a response from that chosen property. Finally, users can download an availability and pricing report on an Excel spreadsheet, which has a separate tab of those properties that declined to provide information.

IBMs Wakelin stresses how important it is to interpret the data and advise what’s happening. “Don’t just send a spreadsheet by email with an FYI message,” he warns.

CASE STUDY 2: LINKLATERS

Global law firm Linklaters started out on its SMMP journey more recently and mixes manual and automated processes, partly due to the much smaller volumes it deals with and also due to the fact that the company's events are more bespoke and high-end.

“Our spend and our volumes through hotel groups is not significant enough to warrant full automation,” says Sharyn Scott, Global Head of Events at Linklaters. “For us full automation is not relevant.” The company is more events rather than procurement driven.

"There are only so many five-star hotels in Paris that we will be talking to, for example, so a manual process is better" says Scott. "It does become more manual as you're negotiating on an individual basis rather than for five events in the same hotel chain.

"I think tools are great if you're doing massive volume and are procurement led. Otherwise, the systems are too prescriptive as you need to change the look and feel of events year on year."

With a team of only nine running over 200 events a year - including 20 overseas - there is little spare resource for what are labour-intensive projects. The team is a cost centre in its own right so cost is key.

The type of events range from conferences on strategy and team building to client entertaining, product-based events, exclusive drinks receptions and exhibitions. The client events are really bespoke in terms of budget.

The company has always outsourced the venue find element and has a long-term agreement with agency Zibrant, who supplies three choices of venue for every overseas event.

Zibrant also manages the MI and produces reports based on what Linklaters have purchased, spent and saved. Savings compares first offer to the price when the deal was struck. "It's too easy to show savings against rack rate," explains Scott. "It's not real."

Zibrant's contract incorporates an SLA based around such items as pre-negotiated site inspections, cancellation terms and free room for the event organiser.

"What Zibrant do is propose, negotiate contract terms based on our criteria and then hand over to us. All our resources here are to project manage; the time-consuming bit it going out to the initial nine different venues."
Always looking to streamline process, Scott looked at strategic meetings management tools with a view to better managing the registration process and chose Demo Media in September 2011.

"I find it user friendly, a system that sits outside our internal IT and available at a reasonable cost."

Cost was a major consideration, so too how the technology would interact with Linklater's internal systems and work seamlessly with Linklater's firewalls.

"Demo Media works incredibly well and the man hours saved is high, at least 50% reduction in managing the delegate lists." It has streamlined the process and is a far more efficient way to handle the delegate registration process.

Nonetheless, Scott and her team had to work intensively with Demo so that the systems would talk to each other.

Future plans include improving the reporting element, potentially through the use of a tool that fits in with Linklater's accounting system, "but we haven't found one yet" explains Scott.

THE LEARNINGS/OUTCOMES: BEST PRACTICE

"In reality there is not one system that fits all requirements," reckons David Taylor of agency Grass Roots. "StarCite views a meeting as a transaction but it's not as there are so many variables and these can't be delivered by a template set up for everyone.

"Buying a StarCite or Cvent is one thing, but it's how you use it and engage with it, that's the important part. The learnings of the last two years are that they are only part of the solution, they're only the beginning.

“Ask, ‘How big an audience it is? Is it only a transaction? Does it have to be joined up? It comes down to where you play and what you’re trying to achieve.”

Grass Roots’ client portfolio of lawyers, accountants and banks, demand butler service but Taylor concedes that most companies are moving towards automation.

“If it’s all about the service, then you probably don’t need the technology,” he says.

Best practice for corporates

* Do your homework; know what your objectives are
* Involve the IT department from the outset
* Take a collaborative approach and ensure the events team work alongside procurement
* Anticipate the fear of change by creating a robust communications strategy
* Obtain executive support; without it you will fail
* Work out how it's going to be funded
* Have in place a sophisticated SMMP first before rolling out an eRFP tool
* Engage with your agencies. If they have to do double entry work with them to overcome it as it might be a deal breaker
* Accept that it will take two to three years to get where you want and start the first year by tracking the events taking place before tackling sourcing and risk control in Year 2
* If you're an SME the inventory on an eRFP tool might not be rich enough
* Keep the eRFP brief broad and only narrow it down on the second send
* Use the eRFP tool only for the smaller bookings worth £2,500 - £5,000, provided some of the choices are taken away
* Improve the qualification of the initial enquiry on the eRFP tool
* Introduce a cap on the timeline of held space so venues don't have to hold space indefinitely

Best practice for agents

* Have patience with the venues until they get to grips with the eRFP tool
* Automate low-touch business so staff have time to focus on the high touch

Best practice for the venues

* Hotels should ensure that they put their best deals online
* Hotels should react to feedback on why they lost a tender
* Hotels should respond far more rapidly
* Hotels should have a dedicated person at the venue to ensure the tool is working

Best practice for the RFP providers

* RFP tool providers should offer a light version to trial in order to reduce cost
* The technology providers should take a more consultative approach to help the corporate during the implementation stage as the procurement team is usually left to sell the benefits to the stakeholders
* They should work toward a universal tool that can be adopted by venues and agencies alike
* They should run more webinars and seminars to teach bookers how to use the RFP tool properly.

In general

* For best results, there needs to be an evolving synergy between the RFP provider, agent and hotel or venue to create best practice

SUMMARY/THE FUTURE

In today's increasingly globalised marketplace, SMMPs will become an integral part of the global buyer's toolkit. As they look at a more strategic approach and analyse their spend, SMMPs are at the top of their list.

But it's still early days for eRFP tools; for example, while the number of Zibrant clients utilising SMMPs as a strategy is over 50%, that figure dwindles to less than 5% of clients making exclusive utilisation of an eRFP tool.

At De Vere Venues, less than 10% of its client base are using eRFP tools to procure their meetings and the company's Ian Jones believe they won't catch on until the number of venues offered to the individual is limited. "In most meetings programmes the choice is still so wide."

What is more, the technology isn't robust enough. Agencies point to issues over interfacing with their own systems and with client firewalls. As with any new technology, it needs honing.

"There's not one supplier in the market that fits in as a main player and ticks all the boxes," says De Vere Venues' Jones. "It's like the VHF and Betamax battle."

The use of SMMPs and eRFP tools with continue to penetrate the market, not least driven by younger people coming into the market who are more at ease with automation. "You cannot be naive about the fact that RFP tools are here to stay," says Ian Leat at Marriott Hotels International Ltd.

Already, The Belfry's Joseph reports that agencies are instructing them to email responses and not call.

How will eRFP tools develop? ABC Connection's Martin Coleman says new generation eRFP tools will provide "the faster, auditable collection of venue rate pricing complete with powerful benchmarking functionality, with web access and dashboard result summaries for total transparent tracking of rate submission and negotiation process, including time and date-stamped pricing to enable comparison with corporate hotel programmes."

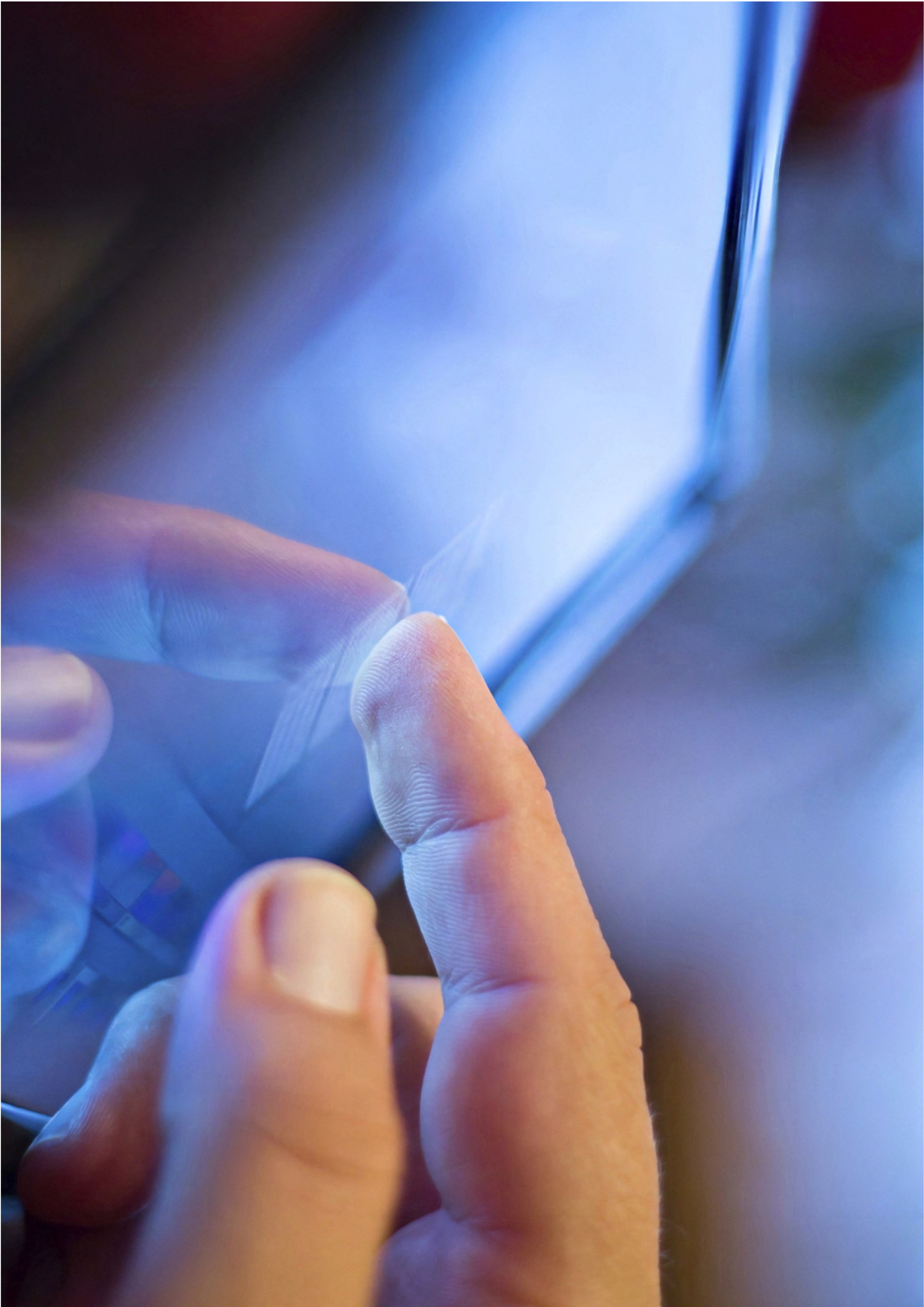
The general consensus is that, even then, eRFP tools will not take over all venue requests but will mimic what happened in the transient space and be used for all the simple, smaller meeting requests. Hilton's Chapman says: "There's definitely a place for them; their benefit lies in simple repeat events." The desire for personal contact and relationships on complicated meetings will prevail and bigger events will continue to be organised on the phone. Looking to the future, this is good news for agents, who need to retain and nurture the USP of personal relationships.

Says Marriott's Leat:"It's the holy grail to get everything automated but I question whether that will ever come as I struggle to think how that will happen without human contact."

StarCite's Iwamoto agrees: "The nature of the meetings business is person to person interaction. Technology facilitates the processes and lowers the cost for the different processes. It's not a magic bullet; it's the same as virtual technology, only some of your business will convert to it."

The way eRFP tools are marketed will also change. The likes of StarCite and Cvent outsource through a third party agency who contract with them but corporates want a direct relationship and in three or four years' time, they'll be going direct, in tandem with everything going mobile.

SMMPs and eRFP tools will ultimately change the entire landscape of meetings. As one (anonymous) buyer observed: "The role of the events person will become very mundane as all the fun will have been taken away."



ABOUT THE HBAA

The HBAA is an association of the UK's leading venue finding agencies whose buying power exceeds £2.3billion per annum. The premise of the association is to drive best practice in the procurement of accommodation and venues for conferences, training, meetings and events.

The HBAA was formed in 1997 and now consists of 86 agents and 191 venue members. The association has an annual buying power in excess of £2.3bn.

Member agents are specialists in making hotel accommodation, conference and event reservations as their core business.

Venue Members are comprised of the leading hotel chains, training centres and independent hotels and venues. In addition over 1,000 International hotels and conference centres have signed the HBAA International Charter, indicating that they adhere to the associations code. They are classed as charter signees.

The association is led by a committee of 22 industry leaders who oversee separate committees including: technology, partnerships, memberships, marketing & PR, events and education.

www.hbaa.org.uk

Acknowledgements

CIPS Guide to Event Services

GBTA

Further reading:

How is MICE purchased now (4.2.5); Enabling the online market place (HEDNA)
www.hedna.org/library/white_papers.cfm

ABOUT THE AUTHOR

Gillian Upton has been a journalist for over 30 years, latterly as an Editor. She is currently Editor of The Business Travel Magazine, the leading title for arrangers of bookers of travel and meetings.

During her career she has written for the business travel pages of the Financial Times, edited a monthly pan-European newsletter for the FT group called Business Travel Analyst and edited the business travel pages for the Evening Standard.

She started out in local newspapers before working on the Newsdesk of Caterer & Hotelkeeper magazine.

Today, aside from her editing role, she also runs Media Workshops, authors features for travel trade publications and edits customer magazines.