



SunTrust Cuts Costs, Gains Simplicity with Advito’s Hotel Program Solutions

SunTrust Bank, a large regional financial institution in the United States, came to Advito with three goals: to reduce the number of preferred hotels, to contain costs and to make the entire process of negotiating hotel rates simpler and more straightforward.

Travel fits under procurement at the Atlanta-based bank, which has assets of \$178.2 billion and operates more than 1,650 branches and an extensive ATM network throughout the high-growth Southeastern and Mid-Atlantic states. SunTrust also serves select markets outside its regional footprint. The bank offers standard retail and commercial services such as credit, deposit and investment services. Its subsidiaries offer mortgage, wealth and investment management, insurance, investment banking and brokerage services. SunTrust travelers rack up 65,000 room nights a year, mostly in about 20 U.S. cities.

The Challenge

Procurement Group Vice President Bryan Schmitt oversaw business and infrastructure services, including travel, and his aim was to standardize and simplify SunTrust’s hotel program, while also keeping costs in check. The bank wanted to reduce its preferred hotels to one or two per city for most frequently traveled destinations, and to three or four hotels in a handful of larger cities, like Atlanta. The plan was to solicit proposals from hotels already popular with SunTrust travelers (which would help boost compliance) and then seek additional bids from a few other properties with similar amenities.

Schmitt wanted existing preferred hotels to keep rates flat between 2011 and 2012, a period when most accommodation rates increased. He also wanted any new hotel joining SunTrust’s preferred list to offer rates below the market average, as determined by BCD Travel data.



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Bryan Schmitt
Group Vice President, Business @
Infrastructure Services, Procurement
SunTrust Bank



At a Glance

The Client

Leading U.S. financial institution with about 29,000 employees and primary operations in the high-growth Southeastern and Mid-Atlantic states.

The Challenge

Reduce the number of preferred hotels, contain costs and simplify the hotel-negotiating process.

The Approach

Clearly define priorities, use comprehensive data and Advito’s exclusive tools to determine best providers and conduct streamlined negotiations to achieve goals.

Results in Brief

- Significant cost avoidance
- ROI exceeding 300 percent
- Time-saving simplification of hotel negotiations
- Achieved desired reduction in number of preferred hotels

In addition, Schmitt — whose travel responsibilities were new and only a portion of his job — wanted the whole process to be uncomplicated. No drawn out RFP process. No extended back-and-forth negotiations. As much as possible, he wanted buying accommodation to sync with strategies he used for other kinds of procurement.

Data was key to SunTrust's strategy and Advito's proven ability to glean insights from travel data made BCD Travel's consulting division the right option for SunTrust, Schmitt said. "The decision for going with Advito was based on their capabilities, their experience in the marketplace and the industry knowledge they brought to the table," he said. "Also, the way they manage and share data made it an easy choice for me."

The Approach

SunTrust and Advito went into action in August 2011 with a wish list. The bank defined its priorities on price, location, same-day cancellation, parking, breakfast, Internet access and other amenities. Using BCD Travel's Market Index and other key data sources, Advito plugged those must-haves into its Hotel Program Manager tool. Advito then analyzed the resulting data and scored each property under consideration, delivering a comprehensive, easy-to-read report formatted with graphical displays that outlined alternatives and solutions and helped speed up the decision-making process.

"The upfront data-crunching, as well as the amount of historical data and benchmarking data available, was impressive," Schmitt said. Based on the information Advito provided, SunTrust immediately eliminated the lowest-scoring hotels, which meant the bank was closer to its goal of having fewer preferred properties from the very start. The hotels that made the cut were solicited for proposals. From there, the Advito team went into action, essentially conducting the hotel negotiation process on SunTrust's behalf.

SunTrust's strategy was unusual in that the company was not solely focused on a decrease in hotel costs, year over year. The bank also wanted each property to be evaluated on a total-cost model that included all amenities and lowest rates available. That meant fine-tuning many individual RFPs. Here, again, Advito's Hotel Program Manager tool and industry experience were invaluable. The detailed scoring process meant Advito representatives could drill down into the offerings to target costs or specific amenities, thereby bringing each RFP more in line with SunTrust's requirements.

Advito's deep understanding of the bank's needs and the hotels' offerings also helped SunTrust meet its goal of abbreviated negotiations. For most properties, the deal was done in the first round, and no negotiations lasted more than three rounds.



Results

SunTrust experienced the high-yield, low-maintenance process Schmitt desired. By mid-December, the bank completed its hotel agreements for 2012. Because of the rates Advito helped negotiate, those deals generated better-than-expected annual cost avoidance. By the end of 2012, SunTrust expects its investment in Advito services to yield a rate of return exceeding 300 percent.

What's more, Advito's three-step rate audit reassured Schmitt that travelers' hotel bills will reflect the negotiated rates. On the first round of the audit, Advito found 96 percent of the negotiated rates had been loaded; now the rate is 100 percent.

And Schmitt was able to limit his time commitment to the hotel-buying process to just a few hours a week. That fact alone was "a huge time saver and a real value-add," he said. "While being very much involved in the process and the decision-making, I didn't have to worry about the minutiae of identifying and validating hotels, talking to them and confirming rates.

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