

Travel and Procurement: The Convergence

October 2007



Executive Summary

It comes as no surprise that spend on the Travel and Entertainment (T&E) category is significant. With the globalization of business, virtual offices, and an overall rise in traveling employees, this category is increasingly becoming more complex. Given the rising strategic role that procurement is playing within enterprises, it is no surprise that they want a say in the management of this category and to have the opportunity to apply their expertise buying goods and services. This research study, conducted in September and October 2007, explores the strategies and performance capabilities of approximately 370 enterprises and how they purchase, contract, monitor, and manage T&E as a whole.

Best-in-Class Performance

Two key performance metrics were used to distinguish Best-in-Class enterprises from Industry Average and Laggard organizations: (1) the amount of T&E spend under management, and (2) compliance rates to corporate travel policies.

- On average, Best-in-Class enterprises have placed 87% of T&E spend under management and have an average compliance rate of 90% to corporate travel policies
- Sixty-two percent (62%) of Best-in-Class enterprises measure key performance indicators relating to T&E monthly or more frequently
- Seventy percent (70%) of the Best-in-Class use an expense management solution and 80% use an online booking tool

Competitive Maturity Assessment

Survey results show that firms enjoying Best-in-Class performance shared several common characteristics:

- The Best-in-Class achieved higher adoption rates with various technologies / services, including online booking adoption (70%) and corporate card adoption (85%)
- Seventy-two percent (72%) of Best-in-Class enterprises currently measure service-level agreement (SLA) performance

Required Actions

In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance enterprises must:

- Institute a certain level of collaboration between travel and procurement
- Initiate an Request for Proposal (RFP) process for appropriate categories within T&E or a combination of categories
- Establish Service Level Agreements (SLAs) with travel management companies, travel suppliers, and technology providers
- Improve T&E reporting and data analytics capabilities.

Send to a Friend 

Table of Contents

Executive Summary	2
Best-in-Class Performance	2
Competitive Maturity Assessment.....	2
Required Actions.....	2
Chapter One: Benchmarking the Best-in-Class.....	4
The Value of Collaboration.....	6
Maturity Class Framework.....	7
The Best-in-Class PACE Model.....	7
Source-to-Settle Cycle within T&E.....	7
Service Level Agreements.....	9
Chapter Two: Benchmarking Requirements for Success.....	12
Competitive Assessment.....	13
Technology / Service Usage and Adoption.....	14
Sustainable Travel.....	15
Chapter Three: Required Actions.....	17
Laggard Steps to Success.....	17
Industry Average Steps to Success.....	17
Best-in-Class Steps to Success.....	18
Appendix A: Research Methodology.....	19
Appendix B: Related Aberdeen Research.....	21

Figures

Figure 1: Involvement of Procurement in Travel Management.....	4
Figure 2: Organizational Structure of Travel and Procurement Functions.....	5
Figure 3: Procurement’s Impact on Travel Policies.....	6
Figure 4: Has Your Enterprise Saved Money By Applying Procurement Principles to Corporate Travel Spend?.....	6
Figure 5: Areas within T&E that are Sourced.....	8
Figure 6: Total Cost Management Framework.....	9
Figure 7: Service Level Agreements.....	10
Figure 8: Key Performance Metrics Being Measured.....	10
Figure 9: Percentage of Respondents Reporting the Following T&E Activities as Very Important to their Function.....	13
Figure 10: Current and Planned Usage of Technologies and Services.....	14
Figure 11: Technology / Service Adoption Rates.....	15
Figure 12: Does Your Enterprises Travel Policy Support Sustainable Travel?.....	15
Figure 13: Current Methods of Reducing Carbon Footprint.....	16

Tables

Table 1: Average Spend for Various T&E Categories.....	5
Table 2: Companies with Top Performance Earn Best-in-Class Status.....	7
Table 3: The Best-in-Class PACE Framework.....	7
Table 4: The Competitive Framework.....	13
Table 5: The PACE Framework Key.....	20
Table 6: The Competitive Framework Key.....	20
Table 7: Relationship Between PACE and Competitive Framework.....	20

Chapter One: Benchmarking the Best-in-Class

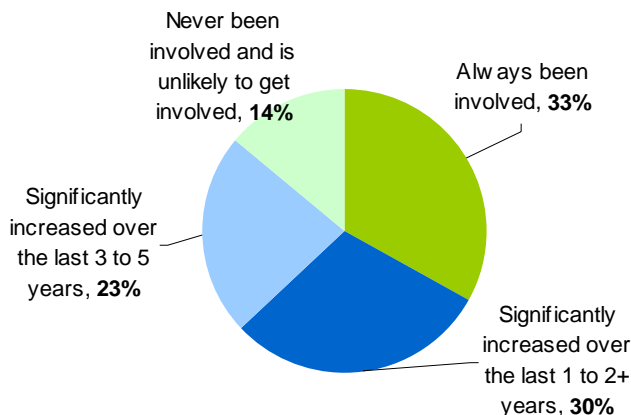
Business travel is often considered a vital part of any organization. It is thought to be a cost of doing business, however, not always as a category of spend that can be controlled and reduced. It comes as no surprise that spend on the Travel and Entertainment (T&E) category is on the rise, with the globalization of business, virtual offices and a overall rise in traveling employees, this category is becoming more and more complex.

As with any other area of corporate spend, the involvement of the procurement department is often seen as a just a cost saver. While this is certainly true, there are several areas where procurement can also add strategic value. Due to their multifaceted expertise in purchasing products and services, procurement can help to improve processes and to establish key metrics to monitor performance. Figure 1 details how involved procurement is within travel for enterprises in this survey.

Fast Facts

- ✓ 87% of Best in Class enterprises either have the travel department fall under procurement or work closely with them
- ✓ 58% of the Best-in-Class believe that procurement has helped to improve compliance to preferred vendors and 51% believe the same about compliance to policies

Figure 1: Involvement of Procurement in Travel Management

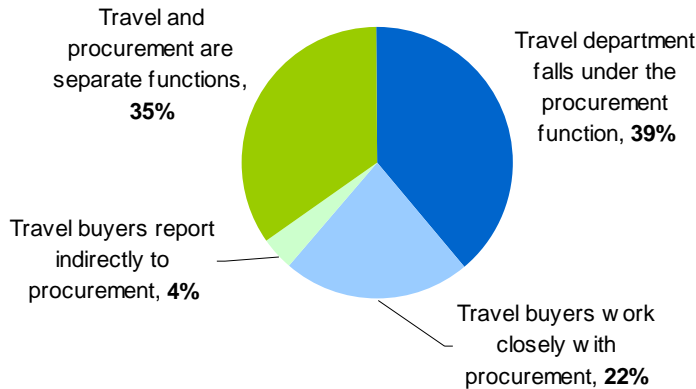


Source: Aberdeen Group, October 2007

According to Figure 1, the involvement of procurement in the T&E category is (and has been) on the rise, with 30% of enterprises stating that this collaboration has significantly increased in the last one to two years. Twenty-three percent (23%) of organizations in our survey have seen a significant increase in procurement's involvement over the last three to five years. What stands out is that only 14% report that procurement has never been involved in travel and is unlikely to do so.

Procurement has traditionally been viewed as only a cost cutter with a goal of turning travel into a commodity. However, procurement departments are becoming more strategic and aligned to employee and business needs. Figure 2 specifies various types of organizational structures that are in place.

Figure 2: Organizational Structure of Travel and Procurement Functions



Source: Aberdeen Group, October 2007

Nearly 40% of enterprises have travel departments that fall directly under the procurement function. However, when analyzing Best-in-Class enterprises, this percentage is closer to 60%. On the other hand, 36% reveal that procurement and travel management are separate functions altogether.

In order to provide a better idea of the 370+ enterprises involved in the survey, Table I shows a breakdown of the average and maximum amount of spend for various T&E categories. Categories that stand out for large enterprises are meetings and dining, where the average amount being spent is more than US\$4 million a year.

Table I: Average Spend for Various T&E Categories

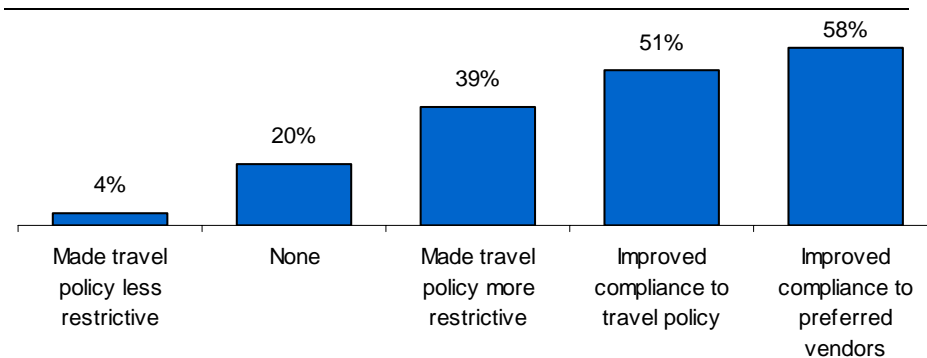
	Mid-Market (\$50MM to \$1BN)		Large (>\$1BN)	
	Average	Maximum	Average	Maximum
Hotels	\$821,463	\$8,000,000	\$8,382,911	\$68,000,000
Domestic air travel	\$1,037,478	\$10,000,000	\$10,170,547	\$80,000,000
International air travel	\$922,609	\$6,700,000	\$8,237,320	\$62,000,000
Rental cars	\$290,023	\$2,000,000	\$2,293,298	\$63,000,000
Chauffeured cars	\$42,706	\$700,000	\$471,252	\$10,000,000
Meetings	\$363,333	\$5,000,000	\$4,420,116	\$25,000,000
Rail	\$38,682	\$800,000	\$303,026	\$5,000,000
Entertainment (e.g., tickets)	\$92,515	\$1,000,000	\$2,080,813	\$25,000,000
Dining	\$315,556	\$5,000,000	\$5,376,503	\$30,000,000
Other	\$195,526	\$2,500,000	\$2,170,942	\$15,000,000

Source: Aberdeen Group, October 2007

The Value of Collaboration

Half of respondents reported that by collaborating with procurement for travel management, compliance to travel policies and procedures improved across the enterprise. Better yet, 58% of enterprises stated that this convergence has also improved compliance to preferred vendors, a key factor in negotiations and achieving discounts. This clearly proves that procurement’s involvement in the travel category affects more than just the bottom-line. However, 39% did feel that procurement has made their travel policy more restrictive (Figure 3).

Figure 3: Procurement’s Impact on Travel Policies



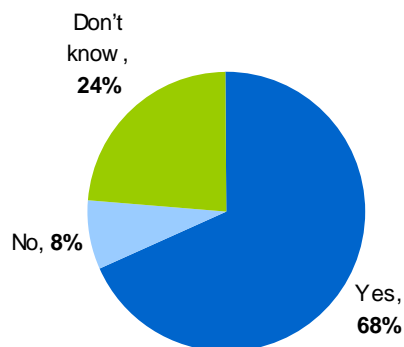
“The procurement group really helped to introduce competition in the supplier base, but also brought more discipline to contract process.”

- Director, Large Financial Services Company

Source: Aberdeen Group, October 2007

A major goal for enterprises is to reduce corporate spend on T&E while improving or maintaining convenience for the traveler. Figure 4 shows the results of a simple question: whether or not enterprises are saving money by applying procurement principles to corporate travel spend.

Figure 4: Has Your Enterprise Saved Money By Applying Procurement Principles to Corporate Travel Spend?



Source: Aberdeen Group, October 2007

Maturity Class Framework

Aberdeen used two key performance criteria to distinguish Best-in-Class enterprises from Industry Average and Laggard organizations: (1) the amount of T&E spend under management, and (2) compliance rates to corporate travel policies (Table 2).

Table 2: Companies with Top Performance Earn Best-in-Class Status

Definition of Maturity Class	Mean Class Performance
Best-in-Class: Top 20% of aggregate performance scorers	<ul style="list-style-type: none"> 87% of T&E spend under management and an average compliance rate of 90% to corporate travel policies
Industry Average: Middle 50% of aggregate performance scorers	<ul style="list-style-type: none"> 62% of T&E spend under management and an average compliance rate of 72% to corporate travel policies
Laggard: Bottom 30% of aggregate performance scorers	<ul style="list-style-type: none"> 27% of T&E spend under management and an average compliance rate of 61% to corporate travel policies

Source: Aberdeen Group, October 2007

The Best-in-Class PACE Model

Improving the procurement and ongoing management of the T&E category requires a combination of strategic actions, organizational capabilities, and enabling technology (Table 3).

Table 3: The Best-in-Class PACE Framework

Pressures	Actions	Capabilities	Enablers
<ul style="list-style-type: none"> Pressure to reduce corporate spend on travel 	<ul style="list-style-type: none"> Improve collaboration between travel and procurement Improve supplier management 	<ul style="list-style-type: none"> Access to consolidated data (e.g., expense mgmt, TMC, etc) Perform reporting and analysis on various travel categories Monitor and measure travel performance metrics 	<ul style="list-style-type: none"> Online booking Reporting and analytics tool Expense management Corporate card program Approval workflow and documentation

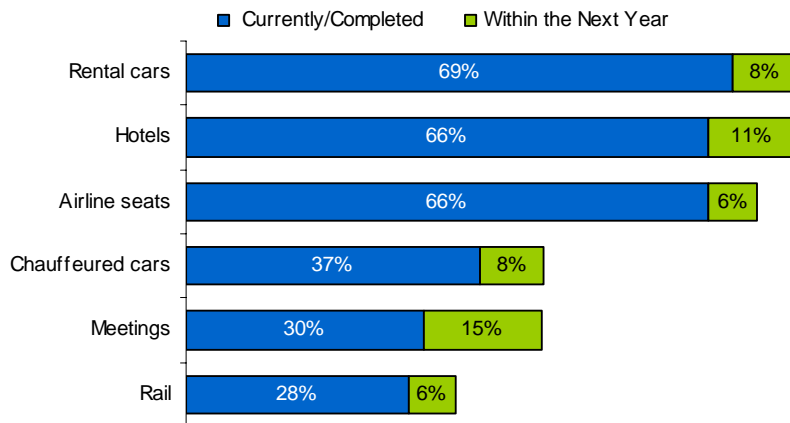
Source: Aberdeen Group, October 2007

Source-to-Settle Cycle within T&E

Figure 5 shows the percentage of respondents that have sourced various categories within T&E. The chart also shows percentages that have or are

planning to source certain technologies or services (for example, online booking tools).

Figure 5: Areas within T&E that are Sourced



Note: For each bar, the remainder of the 100% selected “not sourced.”

Source: Aberdeen Group, October 2007

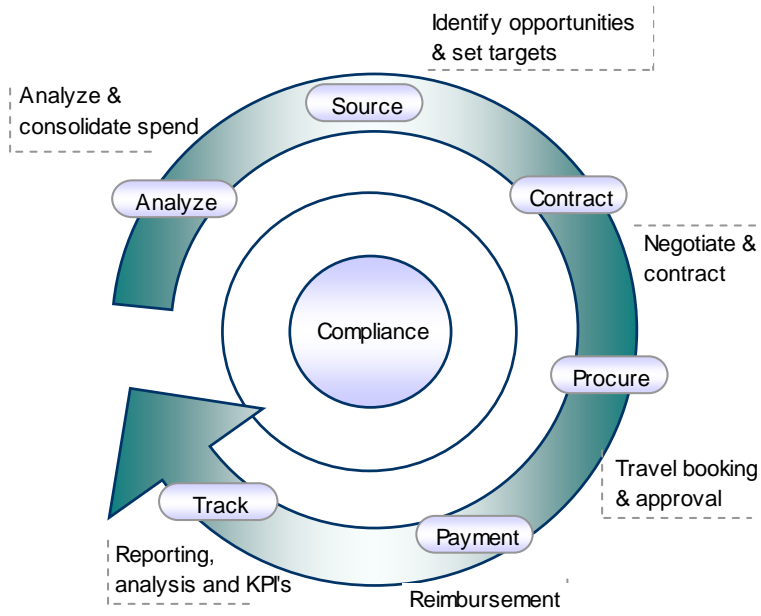
Procurement’s involvement is reaching a pinnacle: more than half of all enterprises are currently sourcing the main areas of travel spend through the procurement department including rental cars (69%), hotels (66%), and airline travel (66%). This demonstrates that more enterprises are turning to their internal procurement and sourcing operations for insight into the purchasing of travel and travel services. With all of this focus on procurement, a single question remains: have enterprises seen added value in the convergence of travel and procurement?

In an effort to apply the basic “Source-to-Settle” or “Procure-to-Pay” process on the T&E category, Aberdeen developed a Total Cost Management Framework. The framework (Figure 6) consists of:

1. **Analysis** of T&E spend data and helps to consolidate spending among certain categories
2. The next step is conduct a **sourcing** event for the categories that were identified (e.g., sourcing a car rental provider with details of enterprise-wide spending on this category)
3. After a particular category is sourced and one or more suppliers are selected, the next phase involves **contract negotiations** on specific terms and conditions
4. Once the contracts are in place, the process of approving and booking travel (using an online tool or agency) is essentially the **procurement** part of the process
5. The **payment** portion of the cycle is in fact the reimbursement of T&E expense to employees

6. Lastly, but not least, comes the **tracking** and monitoring of key performance metrics. For example, compliance to policy, preferred vendor usage, savings, etc.

Figure 6: Total Cost Management Framework

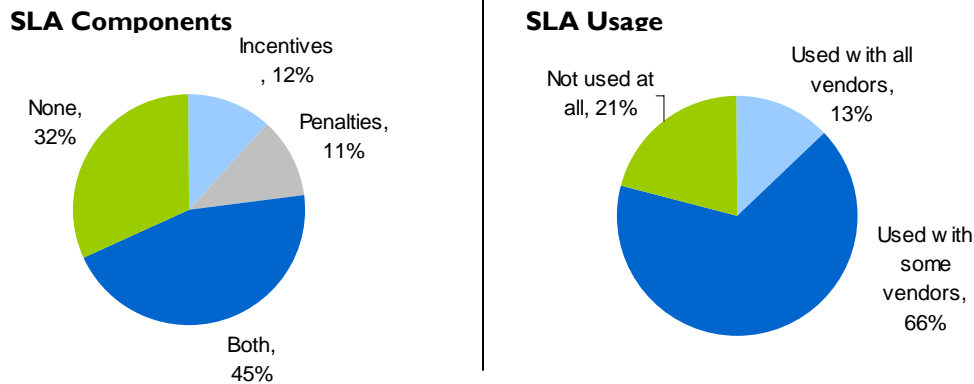


Source: Aberdeen Group, October 2007

Service Level Agreements

Travel and procurement managers increasingly rely on service-level agreements (SLAs) to monitor and manage relationships with travel management companies, technology providers, and other suppliers. Applying SLAs to travel enables enterprises to better define the performance and service levels that they expect from suppliers. By monitoring these service levels they are entitled to receive financial incentives and / or penalties based on the agreement. Figure 7 provides some insight into how enterprises are using SLAs.

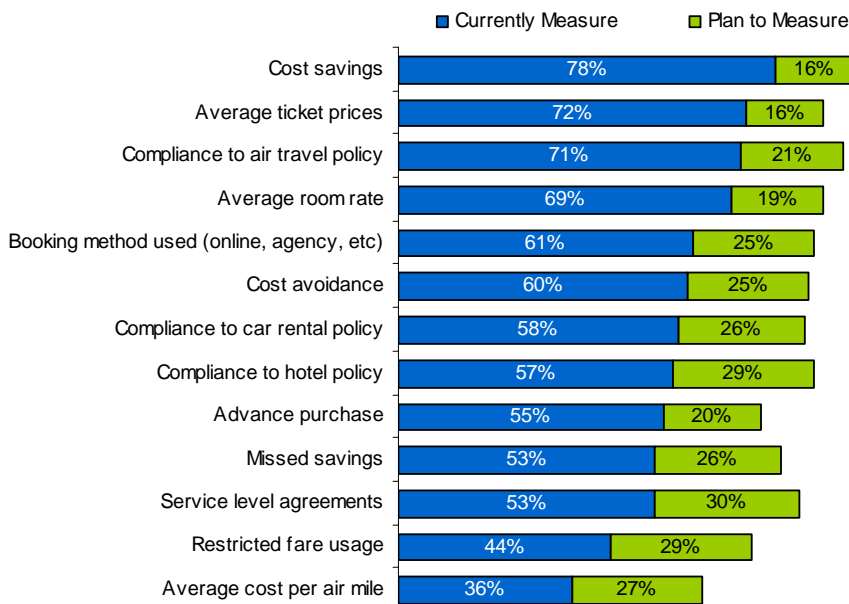
Figure 7: Service Level Agreements



Source: Aberdeen Group, October 2007

Continuing the theme of measurement and metrics, this survey gathered data on the various metrics that enterprises use to monitor the performance of their travel programs. For example, cost savings is clearly a key performance indicator (KPI), along with average ticket prices and compliance to air travel policies. Regarding KPIs that are not currently being measured, 30% reported plans to measure SLAs and 25% reported similar plans to measure cost avoidance¹.

Figure 8: Key Performance Metrics Being Measured



Source: Aberdeen Group, October 2007

¹ Cost avoidance is an action taken in the present designed to decrease costs in the future

Aberdeen Insights – Untouched Spend?

The dollar amounts in Table 1 (page 5) explain how T&E spend is broken down into different sub-categories. In most cases enterprises focus on the top three: air, hotel, and car rental. Although these are the top categories of T&E spend, there is on average 30% to 35% that is outside of these three sub-categories, which represent a significant cost. This includes things such as meetings, dining, rail and entertainment. Although not easy, The extent to which enterprises can place controls on the purchasing of such categories, the more compliance and spend visibility they will be able to attain.

Chapter Two: Benchmarking Requirements for Success

The category of business travel is often met with many challenges that are not limited to typical procurement issues such as cost savings. Compliance to travel policies and procedures is a growing concern among enterprises. The sourcing and negotiating side of procuring travel and travel services is meaningless without clear visibility into the measurement of internal travel processes, compliance to travel policies, and performance metrics.

Case Study – Financial Services Enterprise

A financial services organization spends more than \$100 million on T&E in the United States alone. The company has very complex travel needs with many employees traveling worldwide; however, all travel is still booked and processed in a manual fashion.

According to the head of Purchasing and Sourcing, “Although, we have agreements with hotels in every major city, we have very low compliance on the hotel side; if we had an online system we could monitor compliance much better.”

He goes on to add, “The average hotel discount is close to 20%, however, if we don’t have the tools to steer travelers towards a certain airline or hotel, we cannot enforce the contracts. The penalty for this is that we don’t receive the same savings for the following year and we source hotels every two years through an RFP.”

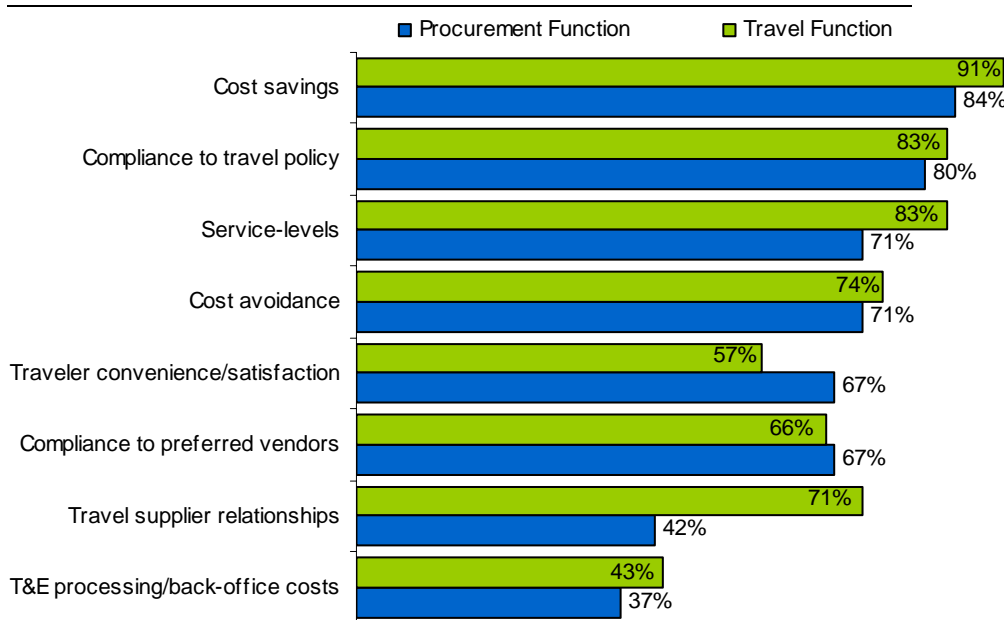
Since overhauling their T&E program the company has been able to reduce T&E processing costs by 30%, mainly due to the reduction in T&E volume.

Fast Facts

- √ The Best-in-Class achieved higher adoption rates across all technologies and services
- √ 62% of Best-in-Class enterprises measure KPIs monthly or more frequently

Travel and procurement departments may be more closely aligned in terms of their goals than previously thought. Figure 9 shows the percentage of respondents that report certain T&E activities to be very important. The figure also differentiates between travel and procurement respondents. Interestingly, a higher percentage of travel respondents find cost savings, compliance, service levels, and supplier relationships very important. This data shows that the two functions are more or less aligned in their objectives.

Figure 9: Percentage of Respondents Reporting the Following T&E Activities as Very Important to their Function



Note: Fifty-one percent of respondents were from the procurement function and only 15% from travel.
Source: Aberdeen Group, October 2007

Competitive Assessment

The aggregated performance of surveyed companies determined whether they ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: process, organization, knowledge, technology, and performance management.

Table 4: The Competitive Framework

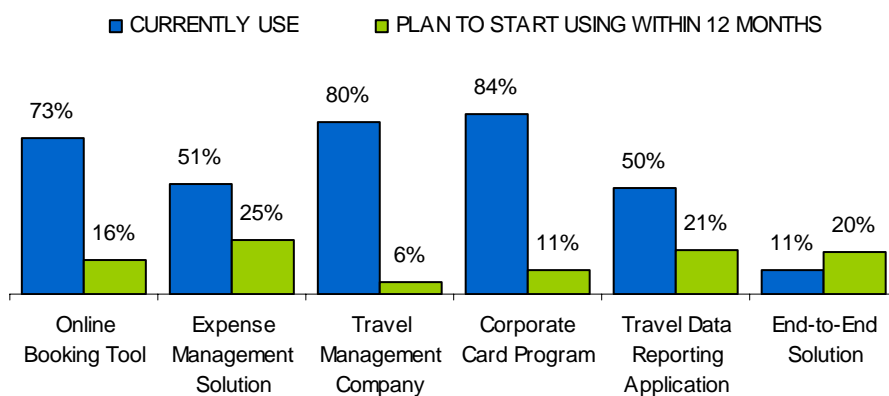
	Laggards	Average	Best-in-Class
Process	Percent of total T&E spend purchased via corporate card		
	48%	63.2%	74.6%
Organizational Structure	Entire travel department falls under the procurement function		
	22%	40%	59%
Knowledge and Data	Travel and procurement are completely separate functions		
	54%	33%	14%
Technology and / or Service Usage	Travel data reporting application		
	42%	52%	69%
	Online booking tool		
	60%	69%	80%
	Expense management solution		
	40%	49%	70%
Travel management company			
67%	81%	89%	
Corporate card program			
79%	84%	90%	

	Laggards	Average	Best-in-Class
Performance Metrics	Average savings on various T&E categories		
	7.5%	11%	15.2%
	KPIs measured monthly or more frequently		
	28%	39%	62%

Technology / Service Usage and Adoption

Enterprises looking to curb travel costs and increase compliance must turn to technology for performance success. Figure 10 shows the extent to which the survey respondents are currently utilizing or planning to utilize certain technologies or services.

Figure 10: Current and Planned Usage of Technologies and Services



Source: Aberdeen Group, October 2007

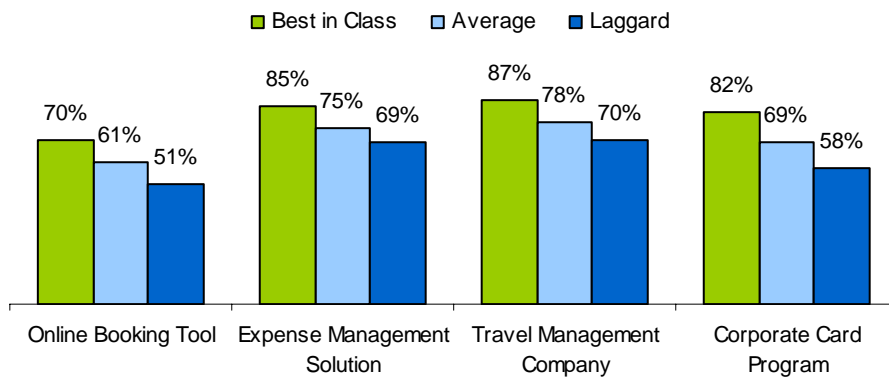
This particular survey pool seems to be a fairly sophisticated group in terms of their use of various technologies and services. Seventy-three percent (73%) report that they are currently using an online booking tool, which may be from their travel management company or a third-party provider. In terms of plans to implement technology, the most significant interest is reported in expense management solutions, with 25% planning to use such a solution over the next year. Travel data reporting applications and end-to-end solutions (a single solution that includes online booking and expense management) have similar interest.

One of the major challenges of implementing a technology or service is the adoption rate; this is a key metric to achieving superior results. Of all the solutions in Figure 11, online booking tools, on average, seem to be lagging in their adoption (approximately 60%). In all cases, however, Best-in-Class enterprises are outperforming their counterparts.

“Although we have agreements with hotels in every major city, we have very low compliance on the hotel side...if we don’t have the tools to steer travelers towards a certain airline or hotel, we cannot enforce the contracts.”

- Sourcing and Procurement Director, Large Investment Firm

Figure 11: Adoption Rates

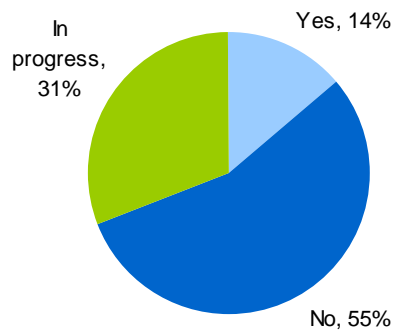


Source: Aberdeen Group, October 2007

Sustainable Travel

The cost of corporate travel includes more than just the amount paid for an air ticket or a limousine; these trips also have an impact on the environment. Figure 12 shows the percentage of enterprises' travel policies that support sustainable travel.

Figure 12: Does Your Enterprise's Travel Policy Support Sustainable Travel?

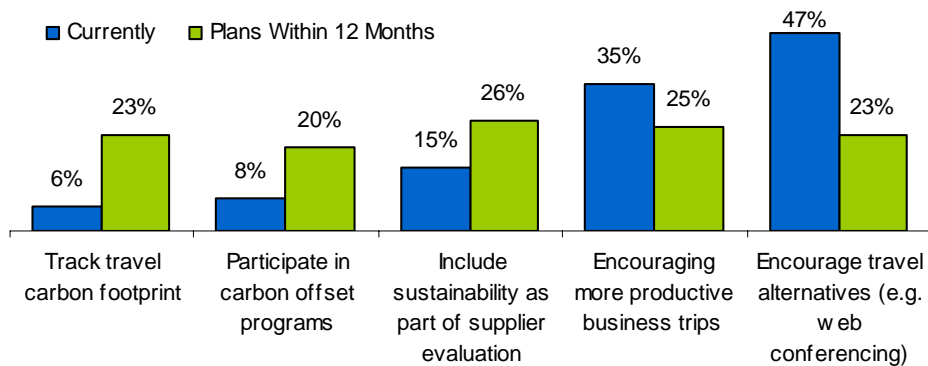


Source: Aberdeen Group, October 2007

Even though a majority of responding enterprises do not support sustainable travel policies, a significant percentage are exploring doing so. What are the ways that enterprises support sustainable travel? Figure 13 illustrates usage of certain methods to help reduce an enterprises carbon footprint as caused by business travel.

Currently, the most popular method (47%) seems to be encouraging travel alternatives such as web conferencing. However, 35% are also currently encouraging more productive business trips. This, for example, could be one longer trip as opposed to three short trips. Over the next year, 26% reported plans to include sustainability as part of their supplier evaluation.

Figure 13: Current Methods of Reducing Carbon Footprint



Source: Aberdeen Group, October 2007

Case Study – Intel Corporation

The Intel Corporation is a company that spends approximately \$400 million on T&E annually across all of its locations globally. Interestingly, the organization that manages T&E spend is called "Global Workforce Mobility" and it falls under human resources. The Mobility group is responsible for various activities, such as relocation, immigration, T&E, etc. T&E is further sub-divided into T&E card management, expense management and travel agency management.

According to Tracie Blake, Global Business Analyst, HR Global Workforce Mobility, "We have always worked very closely with procurement, in fact, until recently they used to own travel." She adds, "Our group decides on the travel program strategy and procurement executes on the sourcing and contracting aspect with our involvement." The procurement group goes through their own process based on the needs identified by the mobility group. For example, sourcing, supplier selection, and service-level agreements (SLAs) fall under procurement with the Mobility group's input. Each SLA is monitored based on various metrics and every supplier has a scorecard based on these metrics, which is reviewed regularly to ensure adequate performance levels.

Intel's corporate card program has been very successful for air travel, where there is 97% adoption, however, hotel and car rental corporate card usage rates are closer to 45%. As Blake sees it, "There are benefits to increasing the usage of the corporate cards, as it improves control and visibility into spending, but it is also a way to find people in times of emergency." The company is able to collect large amounts of data from their corporate cards, expense management tools (which are mandated) and travel agencies. However, data aggregation and analysis is currently performed in a largely manual fashion, using Excel. "We are looking for ways to consolidate all our data in order to improve reporting capabilities and make it easier to view," said Blake.

Chapter Three: Required Actions

Whether a company is trying to improve its performance in this category from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

Laggard Steps to Success

- **Institute a certain level of collaboration between travel and procurement.** Eighty-seven percent (87%) of Best-in-Class enterprises either have the travel department report to procurement or encourage close collaboration between the two.
- **Seriously consider the use of technology to enable more efficient processes and controls.** For example, online booking tools (used by 82% of the Best-in-Class) or expense management solutions (used by 70% of the Best-in-Class) can help not only reduce processing and transaction costs, but also improve compliance and visibility.
- **Establish key performance metrics.** A primary benefit procurement can bring is the know-how to establish a set of KPIs that will allow for close monitoring of various facets within a travel program. Best-in-Class enterprises are currently 38% more likely to measure a set of KPIs. Equally important is developing strategies to improve the metrics.

Industry Average Steps to Success

- **Initiate an RFP process for appropriate categories within T&E, or a combination of categories, depending on supplier capabilities.** During this process it is important to note that cost is not the only deciding factor, and service levels should be a priority as well. Also critical to an RFP is the ability to provide potential suppliers with enough data about your enterprise's travel program, for example: city-pairs and fare class utilization.
- **Establish SLAs where appropriate, with travel management companies, travel suppliers and / or technology providers.** Determine the components necessary for the enterprise to continuously improve the performance of its travel programs. Seventy-two percent (72%) of Best-in-Class enterprises currently measure SLA performance, compared to 51% of all other enterprises.
- **Improve T&E reporting and data analytics capabilities.** Capturing T&E data and having the ability to analyze it is a key enabler to improving and understanding your enterprises T&E program. For example, more advanced enterprises use tools that allow them to analyze actual air spend per city pair, carrier, segment, or other supplier. Also, the ability to perform what-if scenarios with ease is a major step forward.

Fast Facts

- √ 72% of Best-in-Class currently measure SLA performance
- √ 82% of Best-in-Class use an online booking tool and 70% use an expense management solution

Best-in-Class Steps to Success

- **Consolidate enterprise-wide travel data.** With various sources of T&E data, all with differing levels of completeness, consolidation provides a more holistic and accurate overview of T&E spending and patterns. It is equally for enterprises to be able to present this data in an easily consumable format with the ability to dig deeper if needed i.e., business intelligence capabilities (BI). Dashboards, for example, offer visual and easily understandable intelligence.
- **Focus on maintaining control over categories already under management but also target additional areas of T&E spend.** For example, placing some degree of control over how employees spend on dining, airport parking, customer entertainment, etc.

Send to a Friend 

Appendix A: Research Methodology

Between September and October 2007, Aberdeen Group examined enterprise spend on Travel and Entertainment (T&E), including the experiences and intentions of 370 enterprises in a diverse set of industries across the globe.

Responding executives completed an online survey that included questions designed to determine the following:

- The organizational structure and collaboration between travel and procurement
- The effectiveness of existing tools and technology
- Current and planned use of tools, technologies, and strategies for managing this category of spend

Aberdeen supplemented this online survey effort with telephone interviews with select survey respondents, gathering additional information on strategies, challenges, and results.

The study aimed to identify emerging best practices for managing T&E spend and thus provide a framework by which readers can assess their own management capabilities.

Responding enterprises included the following:

- **Job title/function:** The research sample included respondents with the following job titles: manager (40%), director (26%), vice president (7%), staff (8%), C-level executive (8%), and others. Job functions included procurement (51%), travel (15%), logistics / supply chain (12%), finance (5%), IT (5%), and other areas.
- **Industry:** The research sample included respondents industries such as financial services (19%), consumer packaged goods (CPG) (14%), life sciences / pharmaceuticals (12%), high-technology / software (13%), and others across 24 industries.
- **Geography:** The majority of respondents (70%) were from North America. Remaining respondents were from the Europe (18%), Asia-Pacific (10%), and the rest of world at 2%
- **Company size:** Sixty-two percent (62%) of respondents were from large enterprises (annual revenues above US\$1 billion); 30% were from midsize enterprises (annual revenues between \$50 million and \$1 billion); and 8% of respondents were from small businesses (annual revenues of \$50 million or less).

Solution providers recognized as sponsors of this report were solicited after the fact and had no substantive influence on the direction of the *Travel and Procurement: The Convergence* report. Their sponsorship has made it possible

for Aberdeen Group to make these findings available to readers at no charge.

Table 5: The PACE Framework Key

Overview

Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows:

Pressures — external forces that impact an organization’s market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive)

Actions — the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product/service strategy, target markets, financial strategy, go-to-market, and sales strategy)

Capabilities — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products/services, ecosystem partners, financing)

Enablers — the key functionality of technology solutions required to support the organization’s enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)

Source: Aberdeen Group, October 2007

Table 6: The Competitive Framework Key

Overview

The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance

Best-in-Class (20%) — Practices that are the best currently being employed and significantly superior to the Industry Average, and result in the top industry performance.

Industry Average (50%) — Practices that represent the average or norm, and result in average industry performance.

Laggards (30%) — Practices that are significantly behind the average of the industry, and result in below average performance

In the following categories:

Process — What is the scope of process standardization? What is the efficiency and effectiveness of this process?

Organization — How is your company currently organized to manage and optimize this particular process?

Knowledge — What visibility do you have into key data and intelligence required to manage this process?

Technology — What level of automation have you used to support this process? How is this automation integrated and aligned?

Performance — What do you measure? How frequently? What’s your actual performance?

Source: Aberdeen Group, October 2007

Table 7: Relationship Between PACE and Competitive Framework

PACE and Competitive Framework How They Interact

Aberdeen research indicates that companies that identify the most impactful pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute.

Source: Aberdeen Group, October 2007

Appendix B: Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report includes:

- [T&E Technologies and Services](#) (May 2007)
- [Expense Management Automation](#) (February 2007)
- [Marketing Materials and Services Spend](#) (October 2006)
- [The CPO's Strategic Agenda: Managing Performance, Reporting to the CFO](#) (February 2007)

Information on these and any other Aberdeen publications can be found at www.Aberdeen.com.

Authors: Vishal Patel, Senior Research Analyst, vishal.patel@aberdeen.com
Christopher J. Dwyer, Research Associate, chris.dwyer@aberdeen.com

Aberdeen is a leading provider of fact-based research and market intelligence that delivers demonstrable results. Having benchmarked more than 30,000 companies in the past two years, Aberdeen is uniquely positioned to educate users to action: driving market awareness, creating demand, enabling sales, and delivering meaningful return-on-investment analysis. As the trusted advisor to the global technology markets, corporations turn to Aberdeen for insights that drive decisions. Aberdeen plays a key role of putting content in context for the global direct and targeted marketing company. Aberdeen's analytical and independent view of the "customer optimization" process of Harte-Hanks (Information – Opportunity – Insight – Engagement – Interaction) extends the client value and accentuates the strategic role Harte-Hanks brings to the market. For additional information, visit Aberdeen <http://www.berdeen.com> or call (617) 723-7890, or to learn more about Harte-Hanks, call (800) 456-9748 or go to <http://www.harte-hanks.com>