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Tech companies rethink travel budgets, meeting options

By Bridget Botelho

With the word “recession” floating around, tech companies that are looking for ways to reduce spending have tightened their travel budgets by cutting back on air travel, enforcing stricter travel allowances and substituting trips with web and video conferencing.

“It is a challenging economic time, and companies are looking at cost containment efforts across the board. They can’t stop traveling entirely, so they are looking at ways to travel efficiently, to generate sales and revenue by traveling wisely,” said Caleb Tiller, a spokesperson for the National Business Travel Association (NBTA). “Companies like those in the technology industry have clients all over the world. In these cases they are looking at ways to keep travel costs as low as possible.”

According to a recent corporate travel spending survey by the Association of Corporate Travel Executives (ACTE), 33 percent of the 131 companies surveyed indicated they would be spending less on travel next year and 31 percent said they would be spending the same — but those spending the same amount would ultimately be traveling less as the cost of travel has climbed significantly.

Of the companies surveyed, 31 percent said they are cutting back on travel straight across the board, 39 percent are cutting back on internal meetings, and 16 percent are reducing international travel.

Businesses are mandating pre-approvals for all discretionary travel and are considering or have already implemented coach-class travel for Europe. They are also telling employees to forgo limos and use smaller ‘black cars’ instead, and asking same-sex employees to double up on a room whenever possible, said Susan Gurley, executive director at the ACTE.

One example of a company that is cutting back is South Portland, Maine-based Fairchild Semiconductor International Inc. The global technology company plans to cut back on travel until the U.S. economy improves. “We expect to see travel decreasing in 2009, especially the first half of the year, until we see what the economic conditions begin to look like,” said Patti Olson, a spokesperson for Fairchild. “Travel to customers and suppliers will not be impacted, but we are looking closely at conferences and employees traveling between sites.”

Fairchild Semiconductor has been looking into various technologies beyond their existing video conference capabilities to further reduce travel expenses, Olson said.

Many companies are starting to rely on travel alternatives like web conferencing and teleconferences, which could substantially reduce what a company spends on internal meetings, Gurley said, noting that Procter and Gamble Co. has shaved 15 percent off its travel budget using travel alternatives.

As web conferencing moves into the mainstream, more companies will use it as a substitute for expensive travel, said John Ambrose, senior vice president at New Hampshire-based **SkillsSoft** Corp. However, Ambrose noted the irony in one event. “I participated in a conference in the U.K.

recently dealing with the topic of virtual technologies in business and learning. Almost every speaker lamented the cost, hassle and eco-impact of business travel, and yet, 90 percent of the attendees participated in person, only 10 percent virtually.”

North Andover, Mass.-based Bay State Documentation, which provides documentation services for technology companies, has been using teleconference and web conference technology to supplement travel since the company started three years ago, so the increased cost of travel hasn't affected them much, said Arun Jain, president of the company.

Bay State Documentation, which also has a location in India, frequently holds its sales meetings via the web, and may increase web and teleconferencing for client meetings as well.

“We are a small company that has always been careful with travel spending. With travel costs being higher, we might not attend smaller trade shows and we will use more web and teleconferencing,” Jain said. “Sometimes it has less to do with the travel expense and more to do with convenience. I had a 10 a.m. meeting with a client today that I usually meet with face to face, but the agenda was light, so we decided to web conference instead.”

But revenue-producing travel — trips used to procure new clients and strengthen business relationships — is an important and necessary element of business, according to executives.

About 36 percent of companies expect to spend more on business travel next year, the ACTE survey found.

One example of a company boosting its travel plans is Boston- and Buenos Aires-based Core Security Technologies, which provides security testing software. It expects to increase travel to customer locations during these tough economic times due to higher demand for its products, according to Kim Legelis, vice president of marketing.

With major banking institutions collapsing and others merging, consumers are contacting their banks and checking their accounts more frequently, Legelis said. “The bad guys” see this type of chaos as an opportunity to hack into systems and increase phishing scams, she said.

“We make our travel decisions based on market opportunity, and the economic market opportunity is actually growing, and that involves more customer visits,” Legelis said. “We will be prudent with our travel, as we always have been ... (but) we increase 30 percent each year, and we will continue to visit customers when they need us.”

View a list of the Top 20 Busiest Tech Meeting Hotels in the area.

Bridget Botelho is a freelance writer in North Providence, R.I.