



Federal Acquisition Service

CPP 48 Hour Auto Cancellation Agency Meeting

Center for Travel Management
August, 15, 2012

Agenda

- Basic Overview of FY13 Contract
- Value Proposition
- Stakeholder Participation
- Stakeholder Meetings
- Why?
- What is the rule?
- Timing of Cancellation
- Myths
- Mitigation
- Communication to Travelers

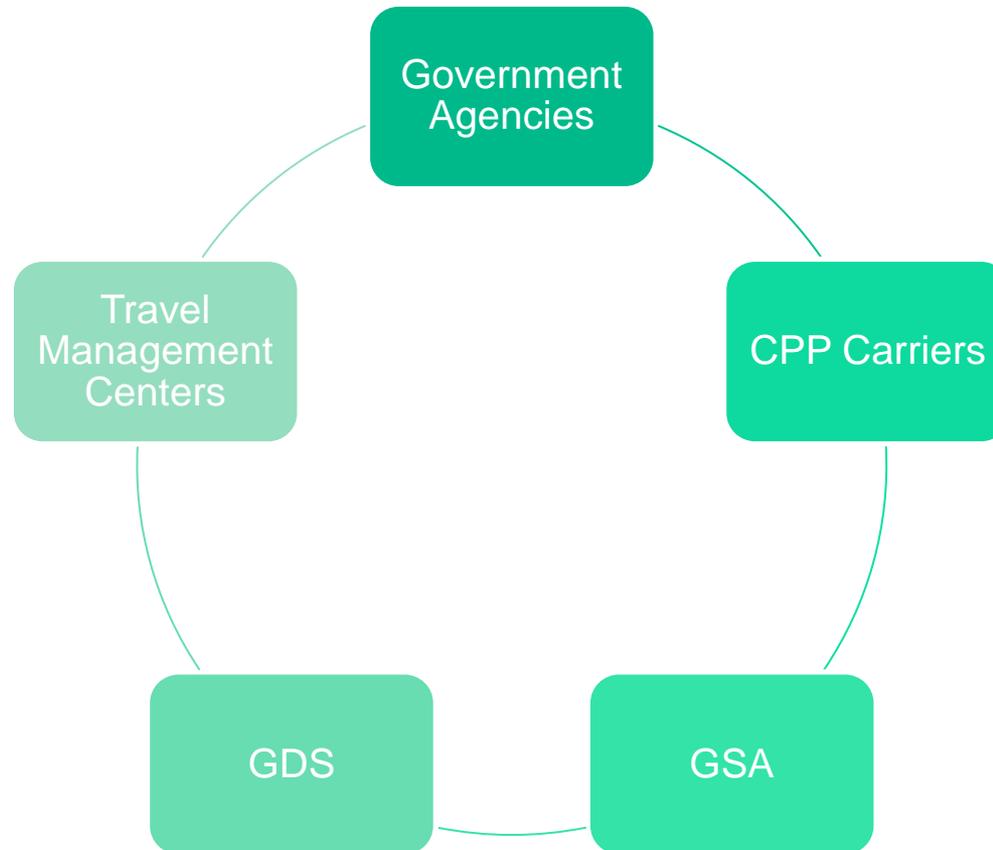
Basic Overview of FY13 Contract

Number of Carriers	11
Total Number of Awards	5,084
% of Nonstop awarded where offered	86%
Percentage Savings Off Market Fare (Weighted by YCA/_CA 75/25 and by PAX)	73.16%
Total Dollar Value of Contract	\$2.18B
Total Dollar Savings	\$5.96B
Average One-Way Segment Price	\$309.06 \$242.37 Dom \$851.49 Int'l

Benefits of Program

- Tickets are **STILL** fully refundable
- Last seat availability
- Fixed Prices
- No blackout periods
- Dual fares

Success requires participation from all stakeholders



Value Proposition

Customer Agencies

- Improved ticketing policies that are more aligned with commercial best practices
- Advance reservations allow increased usage of _CA fares
- Increased carrier participation
- Increased number of travel reservations issued prior to departure.

Stakeholder Meetings

Airlines

- Airlines voiced concerns year ago
- Multiple Meetings with Airlines since April on implementation

Agencies

- Met with most BRM agencies to discuss requirement changes and policy updates to mitigate impact
- SGTP
- Executive Governance Council
- Vendor User Groups

TMCs

- Held two workshops via Web-Ex
- SGTP in April and September

ETS Vendors

- One-on-one meetings to discuss configurability and implementation

Why the 48 hour auto cancellation rule?

- Airlines representing 80% of awards in FY2011 reported \$190 million in spoilage
- If no change made, risk for increased prices
- Rule ensures that more reservations are approved prior to departure
- Normal cancellation process is followed instead of depending on the airline

Review of current ticketing policies demonstrated that most agencies ticketed 3 business days prior to departure

Cause for Concern

- Agencies must manage change to ensure travelers do not depend on requirement to cancel instead of cancelling through normal, approved channels
- Practice may result in increased TMC costs

What is the 48 hour auto cancellation rule?

Travel booked 72 or more hours prior to departure

- Cancelled 48 hours prior to departure

Travel booked between 72 and 48 hours prior to departure

- AA, B6, CL, UA require ticketing 6 hours prior to departure
- F9, US require ticketing within 24 hours of booking
- AS will cancel 48 hours before departure
- HA will not impose a time limit

Travel booked within 48 hours of departure

- AA, AS, B6, F9, US, DL, UA require ticketing 6 hours prior to departure
- HA will not impose a ticketing time limit

WN , SY, and VX are not reflected on this chart. WN has decided not to participate in the 48 hour auto cancellation, and SY has 4 awards and decided not to comment. VX has not clarified their position.

Timing of Cancellation

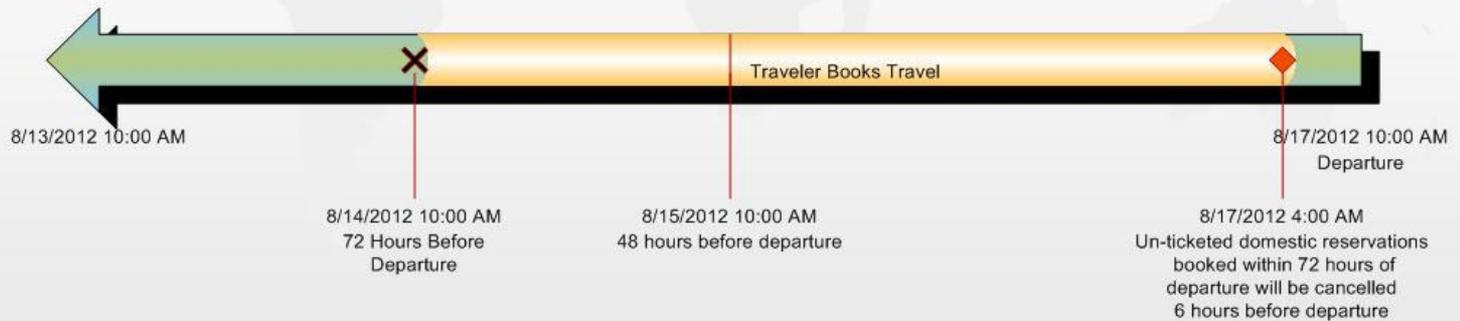
- Departure Date and Time: Friday, August 20 at 12:00pm EST.
- GSA suggests cancellation on:
 - Wednesday, August 18 at 12:00pm EST
 - In the event that the airline cancels all reservations at the same time on a daily basis, Reservation should NOT be cancelled anytime prior to 48 hours of departure.

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Travel Booked 72 Hours or more before departure



Travel Booked Within 72 Hours of Departure



Myths

- *“Reservations made less than 48 hours before departure may require immediate payments.”*
 - GSA is seeking to clarify articles in Gov Exec and Fed Times
- Applies to international reservations
- Requires immediate ticketing within 48 hours of departure
- DG fares will not be subject to the same rule

Agency Mitigation Strategies

- Implement policy to approve reservations at least three business days prior to departure
- Create practices to review open authorizations reports on a regular basis
- Coordinate with your TMC to notify passengers via email in the event of cancellation
- Executive Travel

Communication to Travelers

- TMC procedures are contingent on size of company and complexity of mid-office systems
- TMCs are required by ETS and TSS contract to notify travelers of change. Fees include making and changing reservations
 - No fee assessed in the event of cancellation
- GSA is conferring with TMCs regarding the possibility to include notifications at:
 - Time of booking
 - 72 hour prior to departure
 - Upon cancellation

Notification at Time of Booking

- Goal of message:
 - Notify traveler the message is important
 - Message relates to his/her use of CPP fares
 - The requirement is new for FY13
 - Instructs traveler how to avoid the problem
 - Notes that cancellation is likely but not absolute

Sample Message at Time of Booking

- **Level of Effort:** Can be manually intensive for TMCs without mid office quality software and high volume of transactions
- **Special Notice:** Due to recent changes in the FY13 CPP contract, be advised that your booking is subject to cancellation by the airline if this reservation is not ticketed at least 48 hours prior to scheduled departure. Please ensure that your travel authorization is approved at least 72 hours prior to departure to enable ticketing and avoid possible cancellation.
- Encouraged for embedded and accommodated TMCs.
 - Agencies with accommodated TMCs must ensure inclusion of notice

Notification 72 Hours Prior to Departure

- **Level of Effort:** Can be manually intensive for TMCs without mid office quality software and high volume of transactions
- **Action Required:** We have not received your Authorization to Travel for the above referenced trip. Please make sure to obtain your travel authorization today to enable ticketing and avoid possible cancellation. Due to recent changes in the terms of CPP airline fares, be advised that your booking is subject to cancellation by the airline if this reservation is not ticketed at least 48 hours prior to scheduled departure. For all future travel, please ensure that your travel authorization is approved at least 72 hours prior to departure to enable ticketing and avoid possible cancellation.
- Encouraged for embedded and accommodated TMCs
 - Agencies with accommodated TMCs must ensure inclusion of notice

Next Steps

- Publish FAQ document for 48 hour requirement
- Confirm and disseminate airline profiles
- Create messaging for approving officials and travelers for marketing/change management

Discussion

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