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After Buying Spree, Omnia Partners Is Among GPOs Focusing On Corporate Travel

By David Jonas • February 4, 2019

Last year Altour joined Direct Travel as a travel management service provider within the portfolio of group purchasing organization Omnia Partners. In October, Christopherson Business Travel contracted with the Inter-University Council Purchasing Group of Ohio. These TMCs see consortia as a way to get their feet in the door among networks of dozens or hundreds of small and midsized organizations.

Group buying lets members pool volumes to create leverage with suppliers. They share resources and best practices. GPOs haven't delved as deeply into travel as they have other categories, but there has been some activity over the years. Various consortia of private and especially public entities have worked with travel agencies and, more commonly, car rental firms.

Omnia in 2017 emerged from National IPA, an education and public sector purchasing cooperative. It since acquired midmarket manufacturing buying group Prime Advantage,

Corporate United and its roster of members including 20 percent of the *Fortune* 1000, and U.S. Communities, a purchasing alliance of 55,000 government, education and non-profit entities.

Omnia now claims more than \$13 billion in purchasing volume across dozens of indirect spending categories. It intends to make travel a bigger part of its portfolio. A new corporate card deal with Amex took effect at the beginning of this year.

"Government and corporate practices and procedures are different but we can still extract leverage and bring corporate contracts into the government space and vice versa," said Robert Mietus, managing director of Omnia's central region. For example, an Office Depot contract with Corporate United was worth about \$170 million. Now, across the Omnia universe, it tops \$1 billion.

Such big numbers — and no-cost participation — draw the attention of procurement folks. There is a learning curve, though. Buyers may not

understand how GPOs work. They may not want the trouble of determining which GPO works best for their organization. They may not be comfortable with requirements to use contracts in multiple spending categories. They may assume GPOs can't beat their own negotiated deals.

The value proposition isn't only in securing the best prices. Omnia vets suppliers in its portfolio to match them with members. It helps work out contract details, watches performance and manages supplier relationships.

"Lots of those we work with are strapped for resources and time," Mietus said.

"We have moved to more of a consultative model. It is hard to become a customer of choice with any TMC that can provide value, unless it is a boutique agency where you are the largest customer. How do you become a customer of choice? That's where group purchasing helps."

No Longer Racing To Zero

Suppliers pay to take part in a GPO, often a percentage of the activity

generated by members. For low-margin businesses, that could be a tough sell. According to officials, Omnia charges suppliers an "administrative" fee; they provided no specifics.

"Travel is a pretty general term and I don't believe all sub-categories are suitable for GPOs," said Barb Sexton, Omnia's southwest regional director. "But, for example, with rental car we can definitely grow volume and provide value to suppliers and members. It's the same for travel management. We provide members speed to savings or speed to contracting because we already negotiated with supplier partners to have these deals in place. Expediting that is probably the key value in travel."

In 2016, Direct Travel contracted with Corporate United. Lisa Buckner, president of Direct's central region, said Direct was one of 14 companies to bid on the business.

She said she was skeptical at first, afraid many viewed GPOs as all about cut-rate pricing rather than relationships. She recognized the challenges in educating potential customers.

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Barb Sexton, Omnia Partners southwest regional director



Corporate United's headquarters were in Cleveland, a big Direct market. "It made sense to go in and educate their salespeople," Buckner said. "They really liked the travel piece because it is more sexy than office products. I went in with a heavy emphasis on service and long-term goals. It is not so much about the fees [charged to customers]. It's not like we underbid against what the general TMC world is doing."

Buckner said the GPO had become a "big" lead generator. Direct picked up 30 new accounts. About 40 percent were new to managing travel. When Omnia bought Prime Advantage, Direct gained access to many more SMEs. That is in Direct's "wheelhouse," according to Buckner.

Corporate United also contracted with Travel Leaders Group's Altour for meetings, events and private jet services. As Omnia grew through acquisition, the single-source model for travel no longer sufficed. Members wanted choice, based on differing needs related to geography and technology. Last year, Altour added its TMC services to the portfolio.

As with Direct Travel, Altour's "sweet spot" is in the private sector's midmarket, said Altour SVP Doug Payne.

"GPOs at first were all about the race to zero, having the lowest fees," Payne said. "It has changed. They are trying to find value. The value we see in working with a GPO is the relationships are already there. When there is a lead where the relationship is already built, we are way ahead of the game."

According to Payne, the TMC offers Omnia members a tiered structure. Pricing depends on air spend and whether and how the member implemented an online booking tool. Altour also offers members hotel sourcing support. Air sourcing is coming next.

Both Altour and Direct have dedicated salespeople, account managers and other support staff to handle Omnia members.

"We are not only accountable to our customer, but also have a responsibility to Omnia," Payne said. "We have an SLA with Omnia."



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Lisa Buckner, president of Direct Travel's central region

Christopherson Business Travel is another TMC that works with GPOs. In October it won a bid to provide services to the Inter-University Council of Ohio Purchasing Group. That entity has 37 members including public universities and community and technical colleges. There are another 52 affiliated private institutions.

"It's always better to be on the side of the table when your consolidating travel spend for your clients, to negotiate with their vendors, than when you're being pressed to lower your own prices," according to Christopherson Business Travel CEO Mike Cameron. "We appreciate the relationships with the GPOs that we work with and the discounts we offer are offset somewhat by the efficiencies from dealing with one buying group instead of many small buyers. The leverage gained through consolidated purchasing power works both ways and were happy to be on either side of the table."

Corporate Cards, Yes, But What Else?

The newest travel-related vendor in Omnia's portfolio is American Express. Mietus said the relationship covered T&E cards, purchasing cards and e-payable solutions. Members benefit from larger rebates than they would get themselves.

Airlines, though, remain a no-show in most purchasing cooperatives. They

represent the "opposite" of the common buyer/seller dynamic, said Mietus. "The buyer has to court the airline. The industry is not predisposed to the GPO model."

Payne said Altour had discussed GPO airline deals with American, Delta and United. They weren't interested. "GPO members are all over the place in terms of markets, size and the domestic versus international mix," he pointed out.

For lodging, Altour and Direct provide Omnia members access to their hotel programs. The GPO down the road might consider its own.

For car rental, Omnia has an agreement with Enterprise Holdings, which has been active in several GPOs. Consumer products company Edgewell, which first joined Corporate United to take advantage of office product deals, uses it.

"The car piece in particular was compelling," said Kelly Christner, Edgewell's head of global travel, fleet and meetings. "We get a lot more buying power from it. There is just no downside."

The upside is pricing that is about 20 percent below what the company could get on its own, Christner said. Edgewell also gets an Enterprise Holdings account rep and waivers for city surcharges in certain markets. "It's a preferred contract," she said. "I don't look at it any differently than if I had a straight contract with them."

Other travel-related suppliers include ground transportation platform SummitQwest and Weichert Corporate Housing. Omnia claims to save members 8 percent to 20 percent across the travel vertical.

SummitQwest first got involved in Corporate United after an introduction from a mutual client.

According to CEO Jeff LaFave, there are now two SummitQwest programs for Omnia members. One, positioned for those with significant ground transportation spending, provides custom solutions. These are akin to what SummitQwest provides to its typical direct clients and come with a higher level of attention.

The other is more of a "retail solution" at a lower price point, one in which Omnia takes the lead in the relationship.

LaFave said SummitQwest already picked up a few of the former while the latter gains momentum through word of mouth. SummitQwest shares a portion of revenue with Omnia. It's open to working with other GPOs.

"There is real appetite for the kind of solution," LaFave said. "In the ground space in particular there is real value, not just in the overall cost but also in accessing solutions and suppliers that members may not have had access to before."

Online booking and expense management systems one day could be in Omnia's portfolio. For now, "we want to ensure programs we do develop in travel can be accessible by any company," Mietus said, "so we have remained tech agnostic."

An expense management offering seems particularly relevant to pre-existing Prime Advantage SME members. Smaller companies are more likely than large ones to be new to modern expense management.

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Robert Mietus, Omnia Parters central region managing director



CoreTrust is another corporate GPO jumping into corporate travel. It claims more than 1,800 members, including private equity firms, with \$35 billion in purchasing volume. At the GBTA 2017 summer convention, CoreTrust VP James Hallock said members demanded travel services. In turn, he said, suppliers "should see share shift."

But not yet. CoreTrust is in the early stages of building out its travel vertical.