

Achieving More Through Corporate Trade

An Interview with Elizabeth A. Topazio,
President and Chief Legal Officer, Active Travel

EDITORS' NOTE Elizabeth Topazio is President and Chief Legal Officer of Active Travel. She has more than 25 years of experience structuring corporate trading transactions with travel suppliers (hotels, airlines, rental car companies, and cruise lines) and corporate travel purchasers so that each may achieve additional value through corporate trading. Prior to joining Active in 1994, Liz Topazio was an M&A associate at Orloff, Lowenbach in New Jersey from 1992 to 1994, and at Dechert LLP in Pennsylvania from 1988 to 1992. She's a member of the New Jersey, New York and Pennsylvania bars and graduated from Villanova University Law School in 1988 with a J.D., cum laude, and Georgetown University, Edmund A. Walsh School of Foreign Service with a B.S.F.S., magna cum laude. She participates in a variety of charitable endeavors and is on the Advisory Board for Animal Alliance of New Jersey.



Elizabeth A. Topazio

COMPANY BRIEF Active International (activeinternational.com), the global leader in corporate trade, consults with Fortune 1000 companies on ways to leverage their enterprise assets, typically excess consumer packaged goods, real estate, and capital equipment, to purchase pre-budgeted expenses like media, retail marketing, events and hospitality, freight and logistics, and LED lighting and displays. Founded in 1984, Active International is based in New York, has over \$2 billion in gross trading volume and has offices in 14 countries.

Will you discuss Active Travel's services and solutions?

Active Travel is the travel and hospitality division of Active International, a global leader in corporate trade. It is comprised of a team of experienced corporate traders who are also travel professionals, committed to delivering additional value to both travel suppliers and purchasers through corporate trading. Active Travel is not a travel agency. Rather it maintains a unique closed travel distribution channel of clients (travel suppliers and purchasers) who have entered into corporate trading transactions with it. With respect to hotels, this means it only makes available for booking by its corporate clients and their agents those hotel properties

owned and/or managed by its hotelier clients (owners, REITs, management companies, asset managers, etc.).

How do you define the value that Active Travel provides for its clients?

Active Travel customizes corporate trading transactions to deliver the additional value desired by each client. Statistics show most corporate clients booking hotel stays are looking to realize cash savings, while at the same time, hotelier clients are looking to maximize revenues and increase market share. While these benefits may seem in conflict, through corporate trading Active Travel can deliver the additional value desired by each of them. For instance, many corporate clients hold trade credits issued by Active International, while many hotelier clients have received a commitment from Active Travel to make cash bookings in their hotel properties. When Active Travel accepts a client's trade credits (in lieu of cash) as partial payment for bookings at hotel properties owned or managed by its hotelier clients, and then Active Travel pays the hotel properties 100 percent in cash for such bookings, it delivers the value desired by each.

How do clients make bookings?

For group stays (meetings and/or events), since hoteliers are looking for new market share, Active Travel only books "new" group business (of course Active can book repeat stays for any corporate client initially cleared as new business). Clients and/or their agents select hotel properties (owned or managed by hotelier clients) from Active's Travel Portfolio. Once selected, and prior to sending any requests for proposals ("RFPs") to any selected hotel property, Active Travel pre-clears the proposed group with each selected hotel property to determine if the booking would constitute "new" business to it. Clearance usually takes no more than a business day. Once cleared, the client or its agent can send its RFP directly to the hotel property (including via Cvent or a national account manager), or Active Travel can also forward. Active Travel will also make introductions, if and as needed. Additionally, since Active Travel charges no commissions or fees for its services (and there is never any obligation to book any hotel property), any booking commissions customarily paid by hotel properties will continue to be paid to our client's agents. In rare instances, corporate trading transactions with the hotelier client

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In addition to shifting new market share and maximizing revenues into their hotel properties, as discussed above, all transient bookings made by Active Travel’s reservation center are booked on a non-commissionable basis, delivering lower booking acquisition costs and higher revenues.

may provide for non-commissionable rates. In such cases, Active Travel will advise the client/agent in advance so they can take this into consideration when evaluating whether to book. Of course, clients continue to earn any brand loyalty points when booking at hotel properties in accordance with each loyalty program’s rules. Transient stays are booked by Active Travel’s onsite reservation center.

Are the rates competitive?

To maintain the integrity of the process and assure clients they are getting competitive rates, Active Travel never negotiates with hotel properties on behalf of clients. With respect to group bookings, clients and/or their agents negotiate all rates, terms, and concessions (and makes site inspections) directly with each hotel property as they normally would. Additionally, because under the corporate trading transactions hotel properties are being paid 100 percent in cash and gaining new market share, they are very competitive and motivated to win the business. For transient stays, the applicable rate is the lowest prevailing rate available from the hotel property to the general public at the time of the reservation request.

If the hotel is getting 100 percent cash, how does the client use trade credits?

For most of its group clients, Active Travel implements trade credit usage after they stay and pay the hotel property by redeeming for cash the agreed upon amount of trade credit usage. This allows the client and its agent to negotiate and enter into a group contract with the hotel property that does not reference trade credit usage. Concurrently upon a client entering

into a group contract, Active Travel enters into an event authorization with them that sets forth the costs eligible for trade credit usage, i.e., room rate costs, and the percentage amount of such costs that Active Travel will accept in trade credits (in lieu of cash), i.e., 25 percent of room rate costs payable in trade credits, with balance paid in cash.

Upon the client (or hotel property) providing Active Travel evidence of payment for the group stay, the agreed upon trade credit usage is implemented by paying the client a lump sum cash payment (and reducing their trade credit balance) by the agreed upon trade credit usage amount.

While this is the method preferred by most clients, Active Travel also can customize the process to be “payment agent” and accept a cash and trade credit payment directly from the client. From there, Active Travel will pay the hotel property 100 percent in cash in accordance with the group contract. With respect to transient bookings, they are booked with Active Travel’s onsite reservation center which allows for the use of trade credits at time of booking, while paying the hotel property 100 percent in cash. The guest will be provided with a confirmation indicating that room rate, taxes and resort fee, if applicable, have been prepaid in advance by Active Travel. Upon check in, the guest will have to provide a valid credit card only to cover any incidental charges.

What costs are payable in trade credits?

Each corporate trading transaction with hospitality clients is unique. In all cases, however, room rate costs are partially payable to

Active Travel via trade credits. Depending on the corporate trading transaction with the hotelier client, trade credits may also be used to pay Active Travel for group banquet food and beverage, meeting rental costs, daily resort fees and other costs. Clients always know up front (and in the event authorization) when a selected hotel property from Active’s Travel Portfolio includes costs, other than room rate costs, partially payable to Active Travel with trade credits.

How can clients that don’t own trade credits participate?

Active Travel can deliver the same amount of value to clients that may not own trade credits. In fact, Active Travel has many clients that enter into corporate trading transactions that do not include the issuance or use of trade credits.

What additional value do hotelier clients receive?

In addition to shifting new market share and maximizing revenues into their hotel properties, as discussed above, all transient bookings made by Active Travel’s reservation center are booked on a non-commissionable basis, delivering lower booking acquisition costs and higher revenues. Additionally, Active Travel’s experienced travel team acts as a no cost extension of each hotel property’s sales department to market and promote their property to Active Travel’s clients as a new closed distribution channel. Of course, the hotel property also gets the trading benefit promised in the underlying corporate trading transaction as discussed above.

Ultimately, corporate trading is a win-win business for everyone involved. ●



“I plan quite a few events for my company and work with Active on a regular basis. I very much enjoy working with Active as they are extremely prompt in responding to my requests, they have stellar customer service and having the ability to negotiate directly with the hotels, I know that I am receiving the best value on behalf of my organization. They are always helpful in making my events seamless.”

-Breanna Clemens, Digital Trends