

Takeover based on hopes corporate travel will grow

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Kerrie Sinclair

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A BRISBANE-based travel agency is staging a big expansion on its expectation demand for corporate jetsetting will not stall.

Corporate Travel Management plans to take over Sydney-based Travelogic via an all-share merger.

This will give CTM about a 78 per cent stake and Travelogic 22 per cent in holding vehicle Corporate Travel Holdings.

CTM says the merger, to be completed on July 1, creates the largest privately owned business travel agency in Australasia, with combined annual revenue of \$370 million, against CTM's roughly \$230 million.

It gives CTM greater presence in Sydney and Perth and adds 80 staff for a total workforce of about 300.

CTM managing director Jamie Pherous said the merged entity would be positioned to "go to the next level" in a possible future public listing.

However its immediate focus was lifting the heat on heavyweight rivals such as Brisbane-based Flight Centre, Britain-based Hogg Robinson and US groups MSN Travel and American Express.

A crucial gain for CTM is Travelogic's board presence on global data network GlobalStar which Mr Pherous said brought the "very powerful" capacity to consolidate global air fare data and potentially to undercut fares bought in Australia.

"The large corporates think they have to use the global travel agencies and we've been working to break that over time and this gives us more scope to be a true alternative," Mr Pherous said.

"This is a big ground shift."

The combined CTM and Travelogic brands would have as clients 14 of the top 100 companies listed on the Australian Stock Exchange.

CTM sees demand for corporate jetsetting flying high despite the squeeze on budgets from a slowing economy and high borrowing and energy costs, as well as the looming fare impact from pricing in pollution costs through an emissions trading scheme.

Mr Pherous said use of videoconferencing was rising as businesses sought greater energy efficiency.

However he said there was a view that face-to-face contact and signals provided only by body language remained key in sensitive negotiations.

As businesses did trim costs, he saw CTM having an advantage over larger "call-centre mentality" rivals by its approach.

"I realised business travel lacked the accounting approach, the diagnostic tools, to reducing travel expenditure," he said.



EXPANDING ... Corporate Travel Management managing director Jamie Pherous. Picture: Drew Fitzgibbon.