

# innovate

## INTRODUCTION

### THE BTN GROUP INNOVATE 2016 THINK TANK SESSIONS

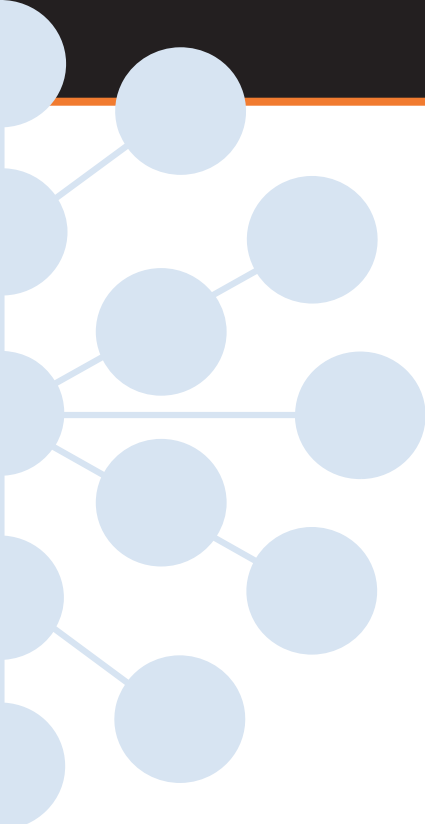
In its third year, the Innovate Conference for the Advancement of Business Travel offered business travel executives the opportunity to articulate priorities and recommendations about five of the biggest challenges facing corporate travel buyers and suppliers:

- Corporate Travel Policy & The Sharing Economy
- The Business Case for End-to-End Travel Management Solutions
- Behind the Curtain of Revenue Management
- Sharing & Protecting Managed Travel Data
- Defining the Value of the Traveler Experience

In focus now:

#### **THE BUSINESS CASE FOR END- TO-END TRAVEL SOLUTIONS**

The BTN Group worked first with its advisory board and then with a dedicated steering committee to identify the focus topics for 2016. *Business Travel News* editors then recruited leading business travel buyers to form task force groups to identify specific concerns and posit new ideas for moving the practice, tools and objectives of business travel management into the future. Think tank sessions held during the BTN Group Innovate 2016 Conference validated concerns and fleshed out innovation concepts. This white paper consolidates the information and ideas shared in the Innovate Think Tank session focused on end-to-end managed travel technology solutions.



# THE BUSINESS CASE FOR END-TO-END TRAVEL MANAGEMENT SOLUTIONS

**End-to-end travel management solutions used to be considered along a linear progression. Times have changed. A comprehensive, connected solution now requires a network of technologies and a more creative approach. With no turn-key product available, travel managers need to consider their program priorities and demonstrate the value of connecting the dots.**

By Amanda Metcalf

Thirty years ago, when the concept of end-to-end corporate managed travel programs arose, the idea seemed simple: to link booking, payment and expense. Some called it door to door. The goal seemed close at hand back then, but industry advancements seem only to be pushing the ideal farther out of reach: Data sources are diversifying, suppliers are

multiplying and consumer tools are tempting travelers to book outside preferred channels.

The once linear shape of the end-to-end ideal is evolving. "Calling it end to end assumes that it does actually stop," said Partnership Travel Consulting CEO Andy Menkes. Sometimes, he said, it's a merry-go-round.

## TASK FORCE

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### Original Definition

Booking → Payment → Expense

### One New Way of Looking at It

Budget → Booking → Payment → Expense → Budget

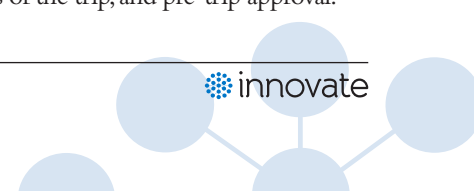
## THE EVOLVING DEFINITION OF END TO END

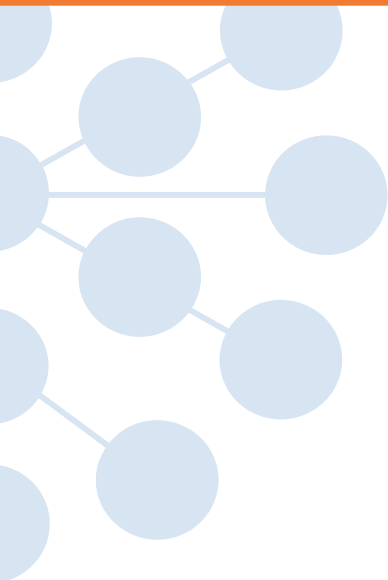
Does end to end mean comprehensive?

Integrated? Seamless? The question results in a hung jury, but the philosophy that underpins it all is that travel managers want various elements of their travel programs to be connected. That could mean technologies that can transmit data to other technologies or that can communicate back and forth, enterprise resource planning systems, software-as-a-service providers that can connect parts of the travel program or fill gaps, better data feeds from suppliers (or just plain better data from them) or any other initiative that connects the dots.

Some different ways travel managers are starting to think about end to end:

**Everything but the kitchen sink.** Again, remember the old definition of end to end, which slots booking as the front end, payment in the middle and expense as the back end. Then, consider all the things one group of travel managers and other industry pros who spoke with BTN wanted to add to the front end: budgeting, procurement, policy, identifying the need for a trip, the traveler's research for airfare, hotels and other aspects of the trip, and pre-trip approval.





In the middle, they included not just payment but also duty of care, the traveler experience and nonbooking expenses. Added to expense reporting on the back end were the travel program's reporting (for the program's own use and for the rest of the company), ROI analysis and auditing. They also noted the ongoing feedback loops that perpetually inform the travel program, such as monitoring of policy compliance and booking-channel compliance and managing supplier and travel management company relationships. In a true end-to-end model, these travel pros seemed to be saying, everything—and they mean everything—is connected.

#### **Traveler profiles—the very first data point.**

Many others to whom BTN talked said a top-of-the-line end-to-end program would begin with up-to-date traveler profiles that then feed into the booking process. One form that could take is links between the HR department's employee data and the booking and expense processes, which suggests that HR data belongs not at the beginning of a linear end-to-end model but in the center of a circular model, feeding into multiple travel program components. Other travel managers think they could get closer to true end to end by instead freeing themselves from their companies' flawed HR data feeds, whether those feeds are out of date or do not follow the same standards as other systems in the travel program. Inconsistent use of a middle initial, for example, is enough to derail employee records as

they travel between and among systems.

**Better booking options & data in the first place.** Some travel pros think improved supplier data in the booking tool, such as hotel rates, would advance their end-to-end goals. Others hope to bring on third-party data aggregators to improve hotel attachment.

**The traveler experience's effect on the travel program.** Then there are those who want a new name for end to end. Menkes suggested “experience to expense,” considering that the booking and travel experiences influence traveler compliance with preferred booking channels, not to mention booking behavior for future trips.

**The idea that the trip begins long before booking.** One travel manager suggested the name “Planning to Payment,” or P2P. The idea here is to incorporate the business justification for a trip, as well as hotel attachment, crisis management and other factors.

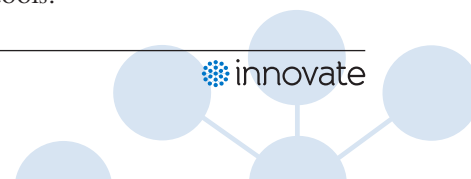
**The traveler's definition of “entire trip”.** A similar model views end to end from the traveler's perspective, starting with the trigger or business reason to plan a trip and moving through every pre-trip, on-trip and post-trip component you can think of, including reimbursement. That last one is a major part of the journey in the traveler's eyes.

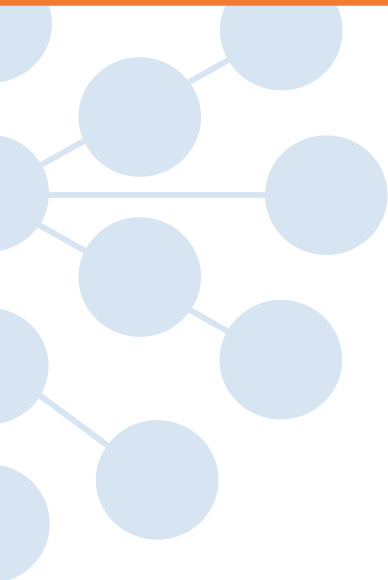
## INCHING TOWARD END TO END

Considering there's no one modern definition of end to end, no travel manager has assembled a perfectly connected, end-to-end program, and no supplier has manufactured the one magic tool, either. Think of end to end, then, as a school of thought, a philosophy, rather than as a single, ultimate goal. Travel managers can take incremental steps in the spirit of end to end, connecting aspects of their programs and improving them along the way, even if they never find the holy grail.

So what would you like to tackle? Want to:

- Switch your booking tool provider to a supplier that also includes an expense tool?
- Build a proprietary expense system that can connect to HR and finance?
- Team with HR to build a more robust employee database that stays up to date and communicates with booking and expense tools?





- Gain IT resources to build a system or work with a third party?
  - Bring on a data aggregator that can combat hotel leakage and improve your visibility into travel spend?
  - Implement a tool like Yapta to see which hotels are honoring your program's negotiated last-room availability terms?
  - Build a mobile app to bring travelers and their bookings back into the travel program?
  - Implement training to bring travelers back in?
  - Connect a traveler tracking tool to booking or trip itinerary tools and/or your corporate card?
  - Consolidate your card program to one provider in order to simplify booking and expense reconciliation?
  - Switch to a TMC that provides cleaner data?
  - Bring meetings into the sourcing, payment and duty-of-care programs?
- Don't stop there. Whatever will better connect elements of your program is fair game.

## CONVINCING THE C-SUITE, ESPECIALLY THE CFO

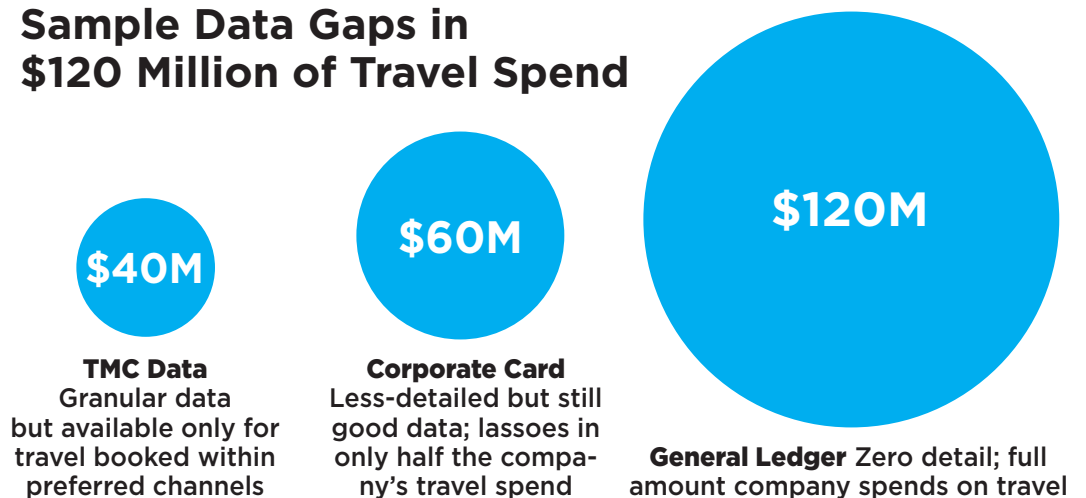
All this work framing the end-to-end solutions that will work for your program will help sell your ideas to your boss, an important stop on the ladder to the C-Suite. "If you can't make the case to your boss first, you'll never get that meeting upstairs," said Menkes.

Once upstairs, though, toss all that aside. Many travel managers cite the C-suite's lack of familiarity with the managed travel industry's problems and lexicon as obstacles to

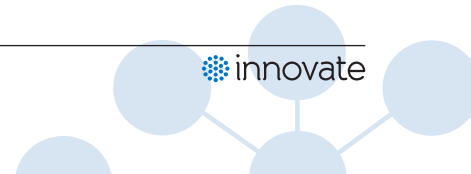
communicating with executives. Here's the hard-to-hear news: That's your problem, not theirs. Many travel managers spoke to BTN of the need to educate the C-suite. Nope. You've got to frame your proposals within the C-suite's perspective—and make your pitches using their vocabulary.

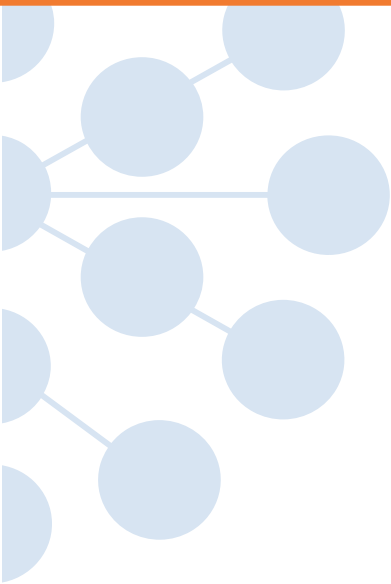
Take the CFO, the biggest target whenever you're proposing to spend company money. The CFO's vocabulary favors words like

### Sample Data Gaps in \$120 Million of Travel Spend



Closing these data gaps could mean as much as double the card rebate; better leverage in supplier negotiations, thanks to more refined spend data; closer company control of spending; vastly improved auditing capability; and stronger traveler tracking.





“audit,” “ROI” and “basis points.” To sell to the CFO, you must answer three questions, Menkes said: How much is it going to cost? Why do we have to spend the money? And what’s the value in this project? “If you can’t answer those three questions,” he said, “it’s going to be a very short meeting.”

Menkes offers a simple sample chart for any solution that will bring in more data, bridge gaps in data or improve reporting [see bottom of page 4]. Travel managers can adapt it for their own presentations.

Using the example, a company’s TMC or TMCs may capture only \$40 million of the company’s \$120 million total annual travel spend. That’s a shame, considering TMC data is the most granular, incorporating detailed information on ticket prices, room rates, suppliers, length of trip and so on.

Not to worry: Corporate card data captures \$60 million of the total travel spend. Unfortunately, that overlaps the spend already captured in the TMC data, and for the parts that don’t overlap, card data offers a little less detail. Card data is, however, a good source for meetings spend.

Then there’s the general ledger. The sample company’s \$120 million in travel spend reflected in the general ledger is what the CFO sees, but that’s it. There’s zero detail about how, where, why and by whom that money was spent. In this example, TMCs and corporate card data provide a window into about half the sample company’s travel spend. The point to emphasize to the CFO, though, is that the company is in the dark about the other half.

Next step: Quantify the opportunities. Let’s say the travel manager of our sample company wants to bring on a data aggregator that can pull in off-channel bookings. Menkes recommends starting with risk management; it may not affect the company’s bottom line directly,

but it’s a hot topic among companies trying to prove both their respect for employees and their social responsibility. If only 40 percent of hotel bookings go through preferred channels—global distribution system, online booking tool or TMC—Menkes said, the company would not be able to locate six of every 10 travelers in the event of a terrorist attack, weather event, airline strike or any number of other trip disruptions. Any end-to-end solution, in fact, that provides data on the whereabouts of some or all of those six travelers, as well as how to reach them, is invaluable.

Returning to the CFO’s domain of dollars and cents, our sample company could as much as double its corporate card rebate by finding out what travelers are paying for with cash and personal cards and then encouraging them to put more of those charges on their corporate cards. A travel manager also could improve the travel program’s leverage with suppliers if it could shine a light on that \$60 million of spend that’s hiding in the shadows. “I can tell Loews Hotels I thought I had \$16 million in hotel spend but I really have \$42 million,” Menkes offered as an example.

Additionally, if the travel program gains more visibility into its spend, the company can implement better controls and refine and improve its processes. Better spend visibility also means more and detailed audit opportunities, music to a finance pro’s ears.

Ultimately, any end-to-end move that can fill data gaps is where to sell the CFO, Menkes said, because the company needs to get its hands on that data so it can make sound business decisions.

And when the CFO asks about ROI, Menkes noted that even savings of just 150 basis points would yield \$1.8 million for our sample company, enough to pay for “the tool and a private jet for you to celebrate your success.”



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