

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

In focus now:

CORPORATE TRAVEL POLICY & THE SHARING ECONOMY

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 that could 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 information and ideas shared in Innovate Conference think tank session focused on the sharing economy.



CORPORATE TRAVEL POLICY & THE SHARING ECONOMY

By Michael B. Baker

The sharing economy has become a fact of life for managed travel. Ignoring it doesn't make the issues go away. Moreover, strategic policies and precise use cases may benefit the program.

When sharing economy providers arrived on the scene, the corporate travel industry response seemed to be “sharing is scaring” amid fears of increased liability and eroding business with traditional suppliers.

Much of that initial fear has ebbed, and the sharing economy has become a more inevitable aspect of corporate travel. Still, many buyers take an eyes-off approach in terms of policy, tacitly allowing travelers to use sharing economy suppliers but not directly addressing the challenges the

sharing economy brings to the travel management table.

That approach might sate travelers, but it closes off chances to maximize potential savings, address liability issues and capitalize on offerings like the detailed reporting that sharing economy suppliers can provide. As such, buyers should consider adapting their travel policies to address issues related to sharing economy and ensure travelers are using these providers in a way that benefits both themselves and the company.

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COMMUNICATION

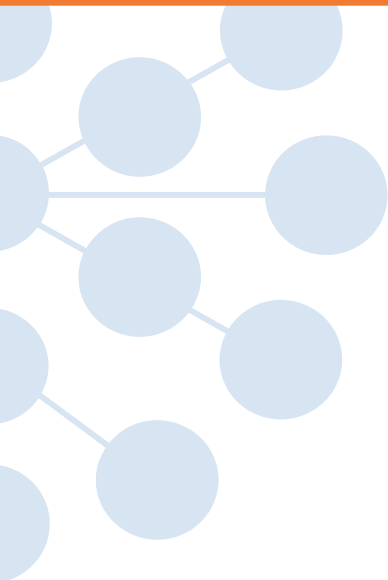
There are few departments within a company that will not be touched by a sharing economy policy. Therefore, communication prior to developing the policy should be wide-reaching.

Clearly, travel managers should talk to travelers to gauge their own expectations and behaviors related to using sharing economy suppliers. On the ride-hailing side, to what extent are travelers already using these services, and in what use cases? Executives might have different attitudes towards them than the larger traveling population, for example. With shared lodging, workforce demographics could be a key to wheth-

er travelers have any interest in services such as Airbnb. Millennial travelers might be more keen on sharing a collaborative space while older travelers used to hotels prefer their privacy, but be wary of over-generalizing.

These conversations also should include travel arrangers and meetings departments—anyone who might ultimately be an end-user of the services. Smaller companies might be able to accomplish this via one-on-one interviews with a random selection of travelers.

Larger companies might consider putting



together a survey to determine how frequently travelers are using these services as well as their expectations from them, perhaps supplemented by in-depth interviews.

The communication strategy does not stop there, however. Depending on a company's structure, any of the following groups might need to be brought into the conversation:

Legal/insurance. Discuss any potential issues related to liability and determine what sort of coverage you have in case of an incident—and what sort of coverage you should expect a supplier to provide. “We definitely wanted to find out whether legal had an issue with us bringing it

in, allowing it,” one buyer said. “Speaking with legal should be the first thing.”

Risk management. For some companies, this is a department separate from legal and should be included in the liability discussions.

Accounts payable. They can provide the data around what a company already is spending with sharing economy vendors.

Other departments travel managers likely will want to bring into the conversation include human resources and IT/tech, as well as third parties including their travel management company and data aggregators.

EVALUATING RISK TOLERANCE

One of the goals of the communication process should be to determine a company's risk tolerance: how the company feels about the level of responsibility it has for its travelers and how much control it wishes to exert over it.

Doing this requires a step back from looking at individual sharing economy suppliers and taking a look at what sort of policy best fits a company. For example, what is the existing policy toward hotels? If no preferred hotels are available, for example, are there currently limitations as to where a traveler can stay?

Do non-preferred bookings require approval for safety concerns, or is it simply a matter of being able to capture data to determine where a traveler is staying?

Similarly, does a company already have a policy toward what sort of transportation travelers are required to use for trips from an airport to home or a meeting? Have employees in the past, for instance, been banned from getting a ride from a friend?

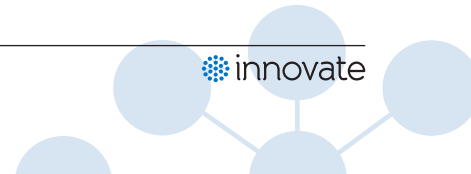
In some cases, these might be situations companies simply have not evaluated before or set policy around. Does the advent of sharing economy suppliers warrant a new evaluation?

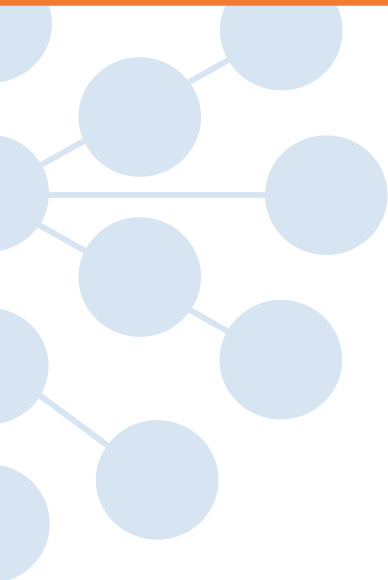
“Companies are all over the map when it comes to how to deal with these sorts of questions,” one buyer said. “Once you get beyond all this and simply understand a company's tolerance for risk, you can fit [the sharing economy] into an acceptable risk model.”

GLOBAL CONSIDERATIONS

Travel managers looking at implementing a sharing economy policy on a global scale

have additional considerations, many of which will involve having conversations





with team members around the world.

For one, they should find out about local perceptions. Uber is well-known in the United States, for example, but how familiar are travelers in other global regions with the service? Is it even available in the region?

Laws regarding liability and regulations also will vary from country to country, so buyers should seek to understand how to address policy from that angle. Safety and security is an additional consideration, and this goes beyond travel to high-risk destinations. It can be as simple as predicting potential language issues and whether a traveler will be able to communicate with a ride-hailing app driver.

Buyers also should seek to understand local customs in different global regions and ensure that policies do not offend those customs. In some instances, they might even present a use case for sharing economy vendors.

One buyer, for example, said Airbnb has proven to be an effective tool for groups of travelers visiting the United States from India. Many of them have never left their home country before, so throwing them all into individual rooms in a big box hotel in a major city can be overwhelming, she said. Using Airbnb to house them all in a private building together proved to be a more comfortable solution, according to the buyer.

SETTING PARAMETERS

Once buyers gather information from their companies, they can better determine whether sharing economy suppliers sufficiently meet the minimum standards for their programs.

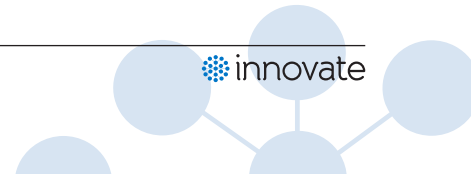
In some cases, these decisions can be made at face value. Several buyers, for example, said they have decided not to permit Airbnb bookings in their program solely due to duty-of-care considerations. One said the decision was based on the ability to protect travelers in times of emergency.

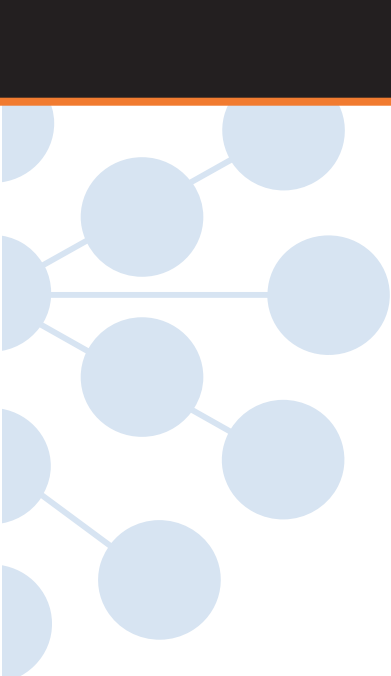
“At hotels, there are security teams and maintenance teams and a protocol to address that,” the buyer said. “At somebody’s house, you call 911 and are on your own.” Others might require some hammering out with suppliers. Several buyers talked of lengthy negotiations with ride-sharing suppliers to work out either supplemental insurance or data privacy guarantees in order to meet their standards. Buyers might want to limit travelers to certain classes of service in ride-sharing or

permit only business-traveler-ready accommodations in room-sharing—in other words, only private rooms with certain amenities and security provisions, which suppliers can help them enact.

How buyers deal with suppliers that do not meet minimum standards will depend on company culture. Those with less rigid policies might communicate to travelers who use unsatisfactory suppliers the reasons why they should not. Stricter companies might escalate that to nonreimbursement.

Either way, it’s crucial that travel policy spell out parameters as to why certain suppliers are forbidden rather than issue a list. For one, travelers will better understand the reasoning and will be more likely to be compliant. More importantly, the supplier landscape can change rapidly, so having clear parameters will better let buyers and, to some extent, travelers evaluate nascent suppliers not addressed in the policy.





Self-policing, meanwhile, remains a key element to sharing economy suppliers, with those offering service living and dying by user ratings. Uber and Lyft, for example, train or remove drivers who fall below certain rating levels and are set up to take immediate action should certain words—“drunk,” for example—appear in a review.

Buyers generally agreed, however, that a policy

requiring ride-sharing users to book drivers only above certain star ratings was not helpful. Not only is it somewhat redundant with the suppliers’ own policies, but it would be difficult to enforce, considering most bookings are last-minute and users are unlikely to skip the first driver offered. The lodging side, in which bookings are made weeks or months in advance, offers more opportunity to set parameters around user ratings, however.

ACCEPTED OR PREFERRED?

Just because travelers are using sharing economy suppliers—and just because it might be acceptable for travelers to use sharing economy suppliers—does not mean they should be included in a program as a preferred supplier.

Working with sharing economy suppliers can provide benefits such as data reporting and boosted security protections, but while buyers might be able to negotiate rebate programs with suppliers, they will not be able to negotiate set pricing. That makes savings harder to forecast. “We all like Starbucks, but we don’t put it in our travel policy,” a buyer said. “Procurement is looking for that savings.”

From a pure savings perspective, the sharing economy often is the cheaper option, but not always. Consumer Reports this summer reported that considering minimum fares and surge pricing, taxis usually end up being the cheaper option in larger cities for shorter trips, even

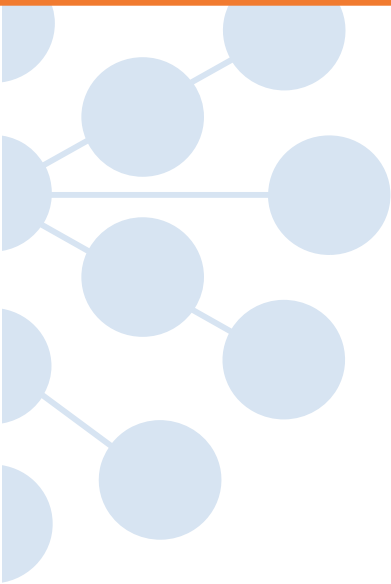
when taking tips into consideration. While an Airbnb property could be cheaper than a hotel, that difference won’t necessarily make up for the deep discounts some buyers might be able to negotiate with hotels. That doesn’t take into account such intangibles as lost productivity from a novice ride-hailing driver who is unable to navigate in a city or spotty WiFi at a home rental with no onsite tech support available.

Using policy language that identifies suppliers as preferred also incurs more liability for companies should something go wrong with that supplier, so it’s even more essential to have all safety and insurance issues locked up in negotiations prior to using that language. Several buyers said they are adopting language in policies that encourage use of sharing economy suppliers in situations where they offer savings over traditional suppliers but leave it to the traveler’s discretion to determine that and stop short of defining them as “preferred.”

MANAGING DATA

When it comes to data, the sharing economy presents an opportunity for travel managers to get a grasp on an area that, to this point, has been largely unmanaged.

Of course, first and foremost, travel managers want data that lets them evaluate supplier performance. From ride-sharing suppliers, this might include the types of vehicles used, how



often drivers cancelled on users, peak-demand pricing paid or wait time. Many suppliers have developed dashboards to let travel managers monitor their costs and traveler movement.

Even that, however, is more than buyers currently get from taxi services, so allowing ride-sharing services into a program is not necessarily contingent on that. “The reason we’re looking at doing ridesharing is not so much about capturing data,” one buyer said. “We don’t have a big program, so we don’t need to know whether you’re going from Point A to Point B. We’re doing it because taxis are a huge place where we see potential fraud.”

Although taxi acceptance of credit cards has become more common, drivers often pressure riders to pay cash instead of credit because of the cost they incur, especially on short rides. Receipts often come in the form of blank cards on which travelers can fill out

any amount they wish. Ride-sharing, meanwhile, will always take place on a card.

This also requires vigilance to ensure travelers are not slipping in personal trips to be expensed, and suppliers are addressing the issue. Uber, for example, allows travelers to create separate business and personal profiles and recently introduced an automatic auditing system that can flag rides charged on a business profile that appear to be leisure rides, based on such factors as destination or time of the ride. Again, that’s an extra layer of protection for buyers, as travelers currently could just as easily expense a leisure taxi ride without detection.

On the lodging side, the most critical data comes before the trip, so travel managers are able to know where their travelers are staying. Airbnb, for example, provides data to International SOS if companies require it. Similarly, Uber for Business has partnered with International SOS to track rides for shared clients.

LOOKING TO THE FUTURE

As the sharing economy evolves, traditional vendors are finding ways to embrace certain aspects of it. Some of the large chauffeured service providers have bonded together to create an on-demand service similar to the Uber and Lyft platform. New suppliers, such as iCars, also have popped up to target the corporate market, making promises of better duty-of-care provisions. In lodging, corporate housing supplier Bridgestreet has partnered with Airbnb to place some of its apartments on the platform, and Accor acquired home rental company Onefinestay. Ride-sharing suppliers, meanwhile, are exploring ways to offer rides booked ahead of time rather than on-demand, putting them more directly in competition with chauffeured suppliers.

Knocking the early established giants of the sharing economy off their pedestals will not be easy, but tech users can be fickle when it comes to the shiny new toy. Just ask MySpace or Vine.

The sharing economy model, meanwhile, is bound to find other ways to work its way into the travel program. There already are apps through which people can let others drive their personal cars or share bicycles, and no doubt some billion-dollar idea is still waiting to be established.

Fortunately, having the right framework rather than kneejerk reactions to emerging sharing economy technology can provide the same path to decide whether to allow, embrace or ban it.



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