

INSIDE:

TOP 25

*MOST INFLUENTIAL BUSINESS TRAVEL
EXECUTIVES OF 2013* Page 22



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January 20, 2014


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WITH HIGHEST DISTINCTION

From left, Jonathan Tisch, Danny Hood, Joe Vittoria and Randy Smith are inducted into The Business Travel Hall of Fame.

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Delta Envisions Corporate Bundles, Wants To Make 'Experience' Easy To Buy

BY JAY BOEHMER

DELTA AIR LINES chief revenue officer Glen Hauenstein last month during an investor presentation envisioned a world "where in five or six years, if you are a corporate customer and you buy the corporate package, you could get Wi-Fi, you could get a better seat, you could get a free meal."

And with that, Delta became the latest carrier, already including American Airlines, to imagine a future of negotiated corporate bundles.

If that's part of Delta's sales vision within six years, what's in store in the meantime?

Hauenstein told investors that Delta in 2014 will focus on making the products the carrier already sells easier to buy and shifting to selling an "experience" versus just a "ticket."

"Ultimately, what we need to do is streamline our products and make the purchase easy with Delta," he said.

Take Economy Comfort, Delta's upgraded coach product, which includes extra legroom, as a prime example. Hauenstein acknowledged that despite \$300 million in annual revenue from that product alone, "it's not easy to buy."

"If you want to go into the market and buy it, you can't buy it through most GDSs, which account for a significant portion of our sales," Hauenstein said. (Delta does sell Economy Comfort via Travelport, though sales have been "a bit clunky," according to Travelport CEO Gordon Wilson.) "You can't buy it at checkout on our web—you have to purchase the ticket first. You can't buy it by itinerary, and when I say itinerary I mean if you're going from Portland, Maine, to Portland, Ore., and you're connecting in one of our hubs, you have to buy it leg by leg by leg. You have to buy it post-transaction, so you have to close your sale out and then go back in and manage your account."

Correction

In the Dec. 16, 2013, issue of *BTN*, the name of South African Airways was listed incorrectly.



Delta's Glen Hauenstein

In 2014 "and beyond," Delta expects to ease such transactions by "bringing them into the GDSs, putting them into

the purchase path" and by establishing "the ability to buy it by O&D as opposed to by segment," said Hauenstein. "If we just doubled the sales of that product alone, we would have [an additional] \$300 million, of which about 90 percent flows to the bottom line."

Indeed, Delta in slides from the investor presentation indicated that it is targeting \$500 million to \$600 million "in new product sales over the next three years," which presumably would include further sales of Economy Comfort.

"These are the things we're really trying to figure out: Not only what do customers want to buy, but how do we bring it to market and how do we make it easier to buy," said Hauenstein.

Delta's ultimate goal? "In the future, it will be about buying an experience as much as it has been in the past about buying a ticket," said Hauenstein.

United Airlines also has looked toward a more experiential selling focus. "In the past the only thing you bought from an airline was a ticket, and it led to that awful feeling that you paid \$700 and the person next to you spent \$79, and you received exactly the same value proposition," Hauenstein said. "The whole infrastructure of aviation was really geared to sell a ticket, not an experience. We've been working very, very hard behind the scenes to differentiate the actual experience and then price to that experience."

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Survey: Most U.K. Travel Buyers Project Higher 2014 Spending

Seventy-six percent of predominantly U.K.-based travel buyers indicated they have more money to spend on business travel in 2014 than last year, according to an early December survey conducted for London's **Business Travel Show**, scheduled for next month. That is up from 72 percent in the prior year's equivalent survey and 67 percent two years ago. In this year's survey, 49 percent of the 183 respondents said they anticipate booking more trips this year as compared to 2013, while 34 percent indicated trip numbers would remain unchanged, 9 percent predicted fewer and the remainder did not know. The implication is that many buyers this year anticipate a higher cost per trip. Buyers also identified the **International Air Transport Association's** New Distribution Capability as the top issue facing them and the corporate travel industry this year, followed by "Travel Management 2.0," data, sustainability and meetings management.

Delta To 'Refresh' Aircraft Interiors

Delta Air Lines will spend \$770 million through 2016 to "refresh the interiors" of several mainline aircraft types, including **Boeing** 757-200, Boeing 737-800, **Airbus** A319 and Airbus A320 aircraft, the carrier announced this month. The refresh includes plans to "provide power at every seat, add new slim-line seats with adjustable headrests, updated lavatories" and other enhancements. Delta also will install in-seat video, satellite TV and larger overhead bins on 56 Boeing 757-200, 43 Boeing 737-800 and 57 Airbus 319 aircraft.

Amtrak To Require 24-Hours Notice For Cancellation Refunds

Amtrak on March 1 will require passengers to cancel tickets at least 24 hours prior to departure to be eligible for refunds. Amtrak on its website indicated that an unspecified "refund fee will apply" when canceling Value tickets while Saver tickets are not refundable. According to the updated policy, "If the reservation is not canceled prior to the scheduled departure, the entire amount paid for the reservation will be forfeited (Value and Saver fare tickets)."

Amadeus To Acquire Newmarket International

Amadeus agreed to acquire hotel IT firm **Newmarket International**, "which serves around 22,000 unique properties in 154 countries" and "operates in the group and event management segment of the hotel industry," according to Amadeus. The deal, valued at \$500 million, is expected to close in the first quarter of 2014. Newmarket would operate "as a standalone business within Amadeus' Global Hotel Group," which sells technology to the hotel industry. Amadeus Global Hotels Group head Jeff Edwards said he sees the opportunity for Newmarket's MeetingBroker product, which has "bookable meetings space for 16,000 hotels," to eventually be made available to Amadeus global distribution subscribers.

AA, US Airways Set 'First Phase' Of Code Sharing

American Airlines and **US Airways** announced the "first phase" of code sharing will take effect for flights from Jan. 23. It will include hub-to-hub routes, East Coast shuttle flights and "select" international services. The airlines expect to "extend the codeshare to include all flights within the combined network in the coming weeks," according to the merger partners.

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“There is no question TSA is adequately funded to fulfill its commitment to the security of the traveling public. This is strictly a revenue raiser to close a budget deal and it should not be done on the backs of airlines and their customers who are already paying much more than their fair share.”

—Airlines for America president and CEO **Nicholas Calio**, objecting to the U.S. Bipartisan Budget Act of 2013. Signed into law last month, the act in July will hike the aviation security fee, which in part funds the Transportation Security Administration, to \$5.60 per one-way trip from the current \$2.50 per segment (now capped at \$5 each way).

“We believe the value [the Certificate in Meeting Management program] has established will translate well within the travel industry and as a standalone trademark.”

—Meeting Professionals International president and CEO **Paul Van Deventer**, in a statement announcing an “evolved” CMM designation, developed with the Global Business Travel Association



“Delta will not allow cellular calls or Internet-based voice communications onboard Delta or Delta Connection flights. ... A clear majority of customers who responded to a 2012 survey said they felt the ability to make voice calls onboard would detract from—not enhance—their experience.”

—Delta Air Lines CEO **Richard Anderson** in a December memo to employees following a U.S. Federal Communications Commission vote to end its ban on inflight calls

“Recent developments show that a pause in globalization has caused a slowdown in trade growth, which has been persisting since early 2011. If the trend continues, it could limit the growth of business-related air travel in the future.”

—The **International Air Transport Association**, announcing a 5.6 percent year-over-year increase in October international premium traffic

Interview: Prism Founder Whitesage



An inaugural member of The BTN Group’s Business Travel Hall of Fame, Prism Group founder **Michael Whitesage** long has been at the forefront of travel information and data management. The nine-time member of *BTN*’s annual list of the most influential executives in the business travel industry recently spoke with David Meyer as part of *BTN*’s Vision: 2020 project about the future of data, airlines and contracts. An edited transcript follows.

Business Travel News: How do you see the travel industry changing by 2020?

Michael Whitesage: We are in the midst of a profound information revolution that is still playing out. It is the most profound change since Gutenberg. We’re going to be a different society in 50 years because of it. A lot of what we are seeing right now are forerunners of that. The information platforms are still evolving.

I’ve identified three major trends that we’ll see. The first is big data. Advances in storage and processing power haven’t slowed down at all. By 2020, storage capacity will be very cheap, virtually free compared to what it is today. The processing power is going to be enormous and it’s going to change the way we perceive data in ways we don’t know yet.

The first phase is just to get reliable data that can be normalized so it can be used. Now we are in the phase when we have metadata, which is data on the data we have. We’re looking to use metadata today, and that has sparked the big data discussions. Big data provides stores and libraries of data that it knits together to create new ways to analyze things. What we’re seeing is the evolution to the third step, which really are learning systems, systems that learn how to learn. When we see that in the travel industry, we’ll see bots that continue to optimize. Contracting will get sharper and smarter. We’ll see that happening over the next seven to 10 years.

BTN: Will it be as empowering for the buyer as it is for the supplier?

Whitesage: No. I don’t see the same access to new robust systems on the buyer side as on the supplier side. Suppliers could get the edge. I don’t see the agencies doing it.

BTN: When will we get to the point that big data ties this metadata together?

Whitesage: I think we’ll start seeing it in pricing and contracting in about three years. The competitive environment may help buyers. The technology can be used to help the buyers and it can also help them make things more efficient on the other side.

BTN: Is the greatest impact on personalization and customization?

Whitesage: No. You can personalize or depersonalize data when you have large data sets. Yield management is an area where you can optimize the new data capabilities.

The second thing is the browser, and again that is profound. What we have now are search engines and homepages, but what we don’t have are robust applications on the browser. The applications we use when we go to work are still locked down in C++ [programming language] applications. Revolutionizing the browser will change the way we do work. It also will support applications like Excel and Word in a shared environment. That will enable us to adapt rapidly, so I can change a component of a program and it ripples across all users immediately without having to issue a software upgrade. We’re now truly multilingual, so I can operate in one language, provide a report in a different language or on a different type of device and create environments that are highly globalized and flexible.

On the airline side, it is all about networks. The carriers will continue to do business through formal and informal networks. The formal networks are the alliances and joint ventures that are bound by agreements and service standards. More interesting are the informal networks that are evolving, like Etihad, Virgin Australia and Airberlin. They can create these dynamic groups with different types of networks that can knit Europe to Asia. There will be more of those as the carriers find it more difficult to acquire and merge together these networks. They are going to be able to see things that they can’t see now. They are going to have more access to data and to offer more compelling contracts. It really is remarkable what we are moving into.

This is creating virtual airlines that can overcome regulatory hurdles and create networks that really are responsive. It’s like the new alliance that Qantas has with Emirates. It is changing the world. Qantas was partnered with British Airways for years. We are going to see these dynamic alliances come up much more quickly. The impact is that we have these virtual airlines and contracts are not exclusively about pricing, they’re about the network itself. The contracts on the buyer side are what creates that virtual airline.

BTN: Will buyers be able to track all ancillary fees in the next seven years?

Whitesage: Yes, once the airlines figure it out. The need and the opportunity are always there before the capability. I think all of that will be more explicit with greater data capability. It’s just going to take time to get those data truly available in some format. ☺



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HALL of FAME

2013



The induction of the latest class into the Business Travel Hall of Fame last month in New York featured plenty of jokes, witty stories and sometimes-raucous recollections of days gone by. But the new inductees brought a touching tone to the ceremony, pointing to personal relationships with their families, colleagues, customers and even competitors as the secret to their success.

The third induction class since The BTN Group inaugurated the Hall of Fame in 2011 included Danny Hood, the late Lord Colin Marshall, Randy Smith, Jonathan Tisch and Joe Vittoria.

Smith Travel Research co-founder Smith spoke of how he and his wife formed STR at their kitchen table, and former Avis CEO and Hertz executive Vittoria related how he found himself an accidental member of the travel industry after seeking a

job that would send him to Italy to (successfully) woo his now-wife. Former WorldTravel Partners and BCD Travel Americas president Hood spoke of customers that supported him since he first started out in the business, and former Loews Hotels CEO and Travel Business Roundtable co-founder Tisch talked of the importance of the industry coming together to effect positive change—not only for its participants but also for the economy and society.

Along with former British Airways CEO Marshall, the four industry luminaries joined the 14 existing members of the Business Travel Hall of Fame.

Quotes and information on the inductees appear on the next few pages. The BTN Group congratulates the Business Travel Hall of Fame Class of 2013.

— Chris Davis



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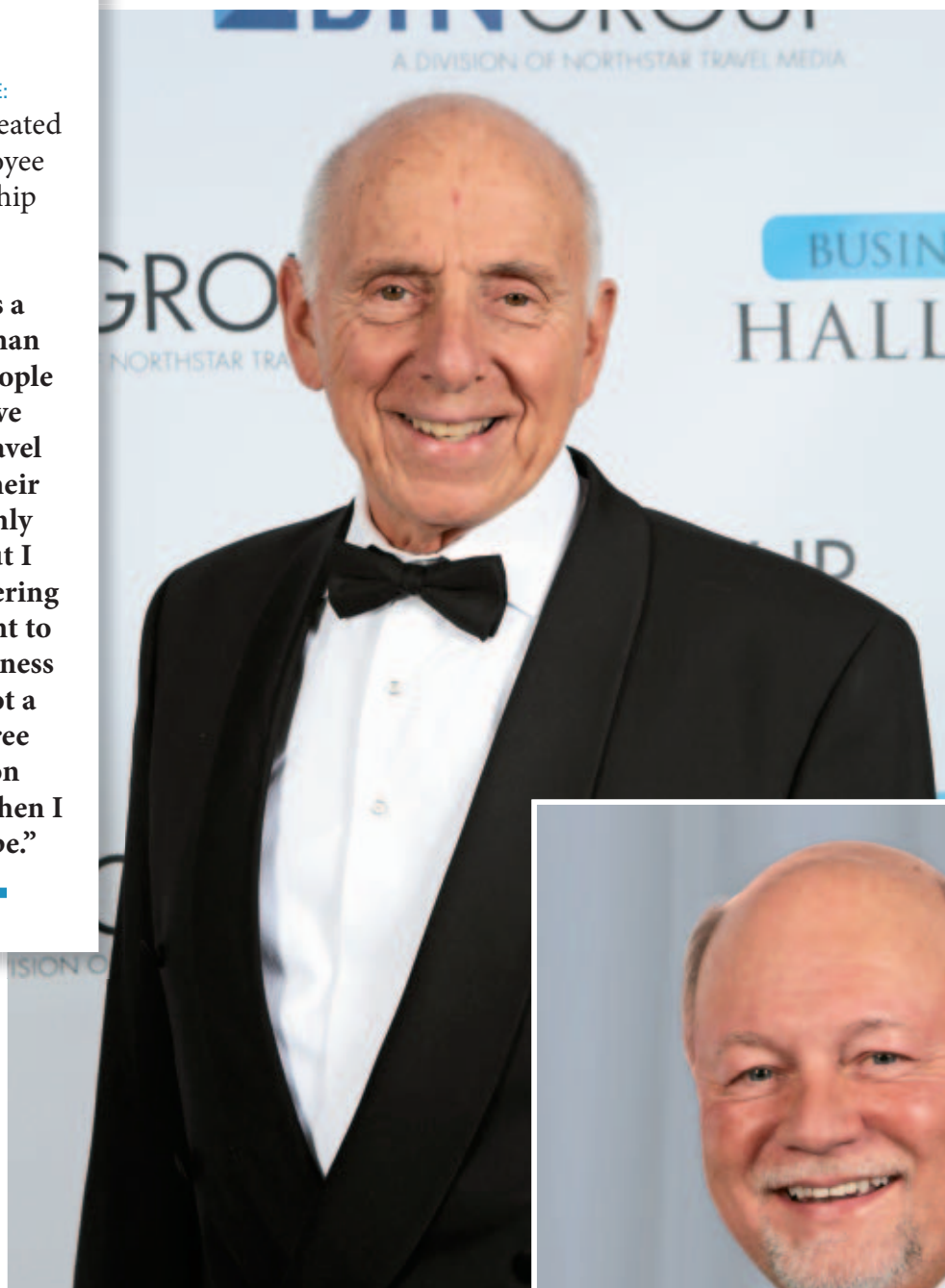
2013

**JOE
VITTORIA**

CLAIM TO FAME:

As Avis CEO, created the Avis Employee Stock Ownership Trust

“My career is a lot different than many of the people here who have been in the travel industry all their lives. I certainly have been, but I studied engineering at Yale and went to Columbia Business School and got a master’s degree in production management. Then I went to Europe.”



**DANNY
HOOD**

CLAIM TO FAME:

Former WorldTravel Partners president and BCD Travel Americas president, tech pioneer

“You really appreciate the customers who believe in you. People do believe, and they trust you, and you get to love the partnerships with your clients.”



BUSINESS TRAVEL

HALL of FAME

2013

Congratulations!



JOSEPH V. VITTORIA

On your induction into the
Business Travel Hall of Fame



Your many friends in the business travel industry recognize your passion and years of contributions as you set new courses for employees, owners and customers at Avis, Travel Services International, UAL Corp. and the World Travel and Tourism Council. You left your mark on employee stock ownership plans, travel distribution and global travel...and forged so many friendships along the way.

Wishing you continued success!

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HALL of FAME

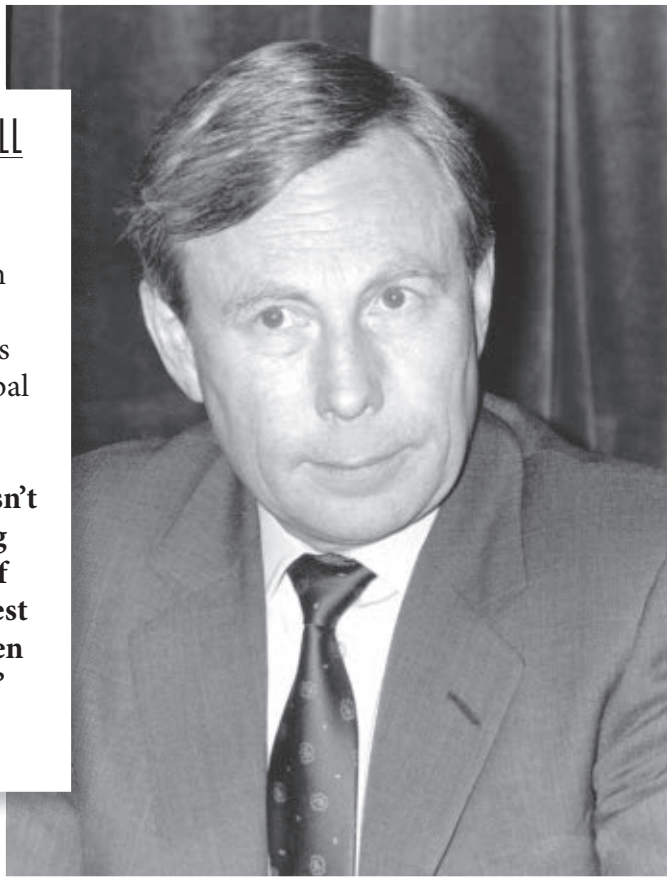
2013

LORD COLIN MARSHALL (1933–2012)

CLAIM TO FAME:

Revitalized British Airways as a privatized business and formidable global competitor

“The customer doesn’t expect everything will go right all of the time. The big test is what you do when things go wrong.”

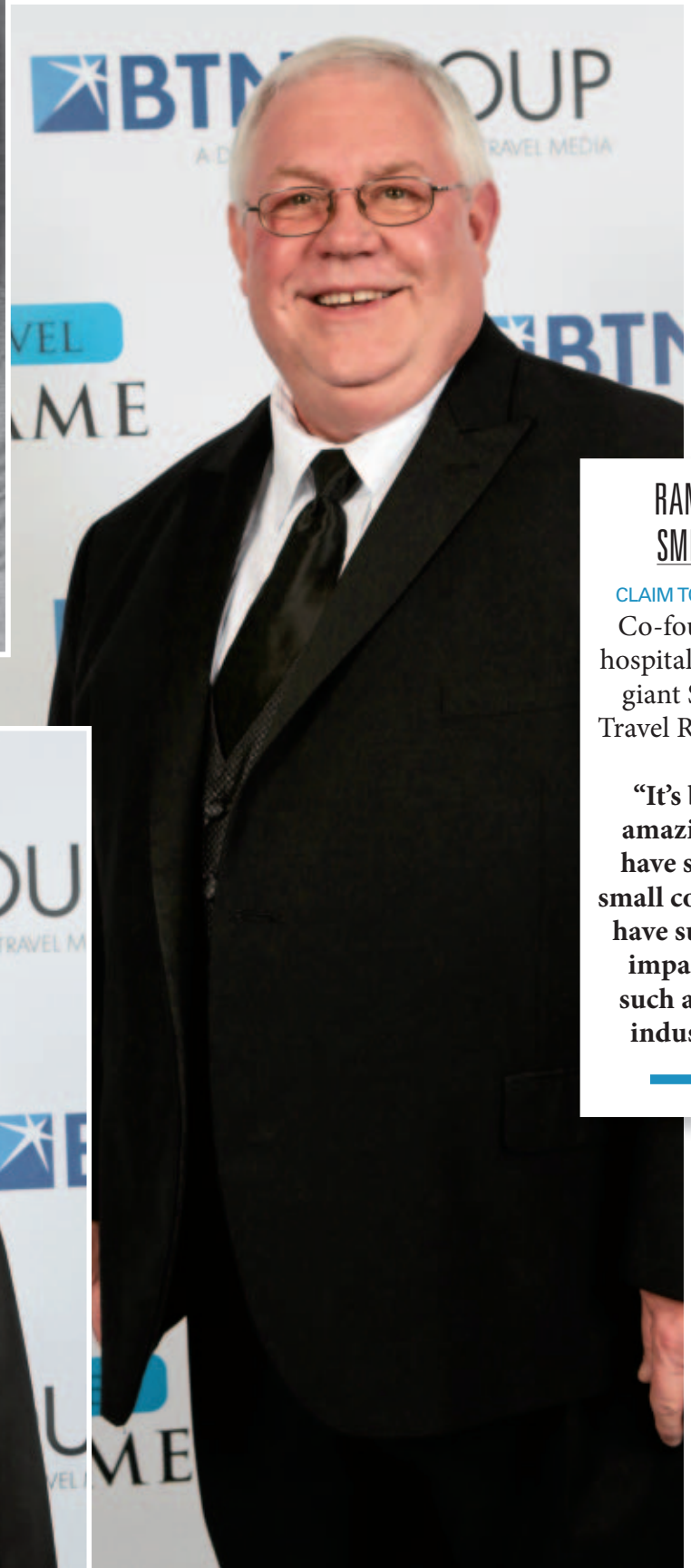


RANDY SMITH

CLAIM TO FAME:

Co-founded hospitality data giant Smith Travel Research

“It’s been amazing to have such a small company have such an impact on such a huge industry.”



JONATHAN TISCH

CLAIM TO FAME:

Former Loews Hotels CEO, helped found Travel Business Roundtable

“The progress we’re making [is] because we have put aside our individual concerns and are working together for the greater good, and the greater good is a strong travel and tourism industry, which is the best thing I can think of for a strong United States of America.”



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BUSINESS TRAVEL HALL *of* FAME 2013



DANNY HOOD

Danny Hood has been a leader and innovator in travel industry distribution and travel technology for nearly 33 years. He spent 14 years as President of WorldTravel BTI and President of the Americas for BCD Travel. Known for his visionary leadership, Danny inspired his team and clients to pioneer several industry firsts including the first direct connect technology (Southwest Direct), launch of one of the first web based online booking engines (ResX) and the first system-wide airline net-net fare model (Dell and American Airlines). He also co-founded WorldTravel Technologies, later rebranded TRX. Danny currently is an independent consultant assisting executive management at BCD Travel and mostly other colleagues who helped him along the way.



LORD COLIN MARSHALL

Lord Colin Marshall of Knightsbridge, born in 1933 and passed away in 2012, reshaped the business travel industry as a marketing expert and leader in the car rental business. He also improved the fortunes of British Airways, which he led for more than two decades as either its chairman or chief executive. At 16, he went to work as purser for a passenger ship company and by age 25, he sailed to America and began working for the Hertz car rental company. He rose through the executive ranks at Hertz until 1971, when Hertz's chief rival, Avis, recruited him to expand its business across Europe. He went on to become chief operating officer before Avis named him chief executive. Lord Marshall joined BA in 1983 as chief executive under Lord King, tasked with transforming the airline from an inefficient, government-owned company into a successful privatized business. In 1993, the company settled what the British press called the "dirty tricks" scandal, in which Richard Branson, the founder of Virgin Airlines, claimed that British Airways had used illegal tactics to undermine Virgin ticket sales. After paying Virgin and Branson \$945,000 in damages, Lord King stepped down, and Marshall succeeded him as chairman. Marshall retained the chief executive role until 1996, when Bob Ayling was appointed CEO.



RANDELL SMITH

Randy Smith is owner and co-founder of Smith Travel Research, the leading authority on current trends in occupancy, room rate and supply/demand data for the global lodging industry. Randy, recently inducted into the Hospitality Industry Hall of Honor, was the 2011 recipient of The Lodging Hospitality Silver Plate Award and the 2010 recipient of the ALIS Lifetime Achievement Award for his contribution to the lodging industry. In 2007, he was inducted into the Florida State University College of Business Hall of Fame. Randy is a charter member of the International Society of Hospitality Consultants and formerly on the board of directors. He is the recipient of the 1996 Industry Pioneer Award of the ISHC for outstanding contribution to the lodging industry. Prior to starting STR, Randy was director of research for Laventhol & Horwath and has over 30 years experience in lodging industry research.

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Congratulations!

The BTN Group is pleased to congratulate the Business Travel Hall of Fame Class of 2013, honored during a black-tie ceremony and reception at the St. Regis New York on December 2, 2013.



JONATHAN TISCH

Jonathan M. Tisch is co-chairman of the board and member of the Office of the President of Loews Corp., one of the largest diversified financial holding companies in the U.S., as well as chairman of its subsidiary, Loews Hotels. During his tenure as CEO of Loews Hotels, Jon engineered the company's expansion and emergence as a leading luxury hotel brand. He infused the properties with a widely praised corporate culture that places a high value on partnerships that empower employees, satisfy customers, contribute to communities, and improve the bottom line. Jon has worked tirelessly to educate elected officials and the public at large about the industry's significant economic, social and diplomatic contributions, helping to found and serving as chairman of the Travel Business Roundtable until 2008, and now serving as Chairman Emeritus of its successor organization, the United States Travel Association, the national non-profit association representing all segments of the travel industry. Jon served for nearly six years as chairman of NYC & Company, the city's official tourism marketing agency and convention and visitors bureau. Concurrent with his national efforts to help stimulate travel and tourism in the aftermath of September 11th, Jon served as chairman of New York Rising, a task force committed to reviving tourism and the economy in New York City.



JOSEPH VITTORIA

From 1987 to 1997, Joseph Vittoria was chairman and chief executive officer of Avis, Inc. While at Avis, he created the Avis Employee Stock Ownership Trust, the largest ESOP at that time and long considered a model for companies and governments evaluating employee-ownership programs. His success at Avis led to his selection as the salaried and management representative to the board of the UAL Corp. for its initial four-year term in 1994, when it created its landmark ESOP. He is now a member of the Blackjets and City Car Services boards. In 1997, Joe founded Travel Services International, a new public company that changed the traditional distribution system in the travel industry. In 2000, he sold it to a British travel company. Joe became an investor and chairman of Puradyn Filter Technologies, Inc. in 2000 and in 2006, took on the role of CEO, retaining that position today. Joe was born on Long Island in 1935 and holds a BS in civil engineering from Yale University and an MBA from Columbia Business School. He also holds an honorary doctor of laws degree from Molloy College and a Doctor of Business Administration from Roger Williams University.

GIVING BACK TO THE INDUSTRY

The Business Travel Hall of Fame Scholarship Fund was created by The BTN Group to help develop the next generation of business travel leaders. On behalf of United Airlines, with special contributions from Joseph & Luciana Vittoria, Aldo & Sandra Papone, Ray & Patti Chambers and The BTN Group, scholarships were awarded to an undergraduate and graduate student pursuing degrees in the fields of hospitality or travel business at the New York University Preston Robert Tisch Center for Hospitality, Tourism and Sports Management.

Amy Hellman
M.S. in Hospitality Industry Studies

Mary Sullivan
B.S. in Hotel and Tourism Management

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Businesses Tracking Travelers To Ensure Tax Compliance

BY AMON COHEN

XEROX HAS STARTED worldwide implementation of independent traveler-tracking system Voyage Manager—but not as a security tool, the purpose for which it was created. Instead, Xerox is using U.K.-based Voyage Manager for tax and immigration compliance by monitoring how many days employees spend in foreign countries. It is deploying Voyage Manager internally and reselling it to clients of its Xerox Relocation and Assignment Services division.

Employee tax planning is not top of mind for most travel managers, yet even the briefest international business trips technically can make travelers liable for Pay As You Earn-type taxes incurred in foreign countries if visits are for internal company purposes. Longer periods spent in a country—regardless of the reason—also can render employees liable. Companies also must track how many days employees spend in a country to ensure they meet visa requirements.

HRG director for taxation Chris Gibson offered the following explanation of Pay As You Earn taxation and its underlying connection to travel: Under PAYE principles, employees pay income tax in the country where they work, so, technically, if an executive works abroad for a week, they are tax-liable in the country they are visiting for that week. Since this principle almost would be impossible to implement in practice, many countries operate bilateral tax treaties through which they agree not to tax each other's citizens for visits up to a specified duration—typically 183 days in any given tax year.

However, such treaties work on the



principle that a host office does not pay for a visiting employee's travel expenses or other costs for which the host office might claim tax relief, and that the traveling employee's home office not internally charge the host office for that employee's services. Some countries therefore require companies to monitor international trips to ensure compliance with these complicated rules.

Although such rules have been in place for many years, experts in tax, travel and immigration told *BTN* that national governments are clamping down harder on noncompliance, thus pushing mobility risk issues up the agenda in many corporations. In October 2013, the technology company Infosys reached a \$34 million settlement with the U.S. Department of Justice for sending Indian citizens to the United States on visas deemed inappropriate by DOJ.

"As countries struggle for revenue,

they are tending to crack down more" on tax issues, said Kelly West, vice president and COO for Xerox Relocation and Assignment Services. A client brought its PAYE concerns to her attention 18 months ago, "and since then we've had more and more customers saying it's a problem," West said.

Julie Pearl, CEO of San Francisco-based law firm Pearl Law Group, concurred and cited an improved ability of immigration authorities to track arrivals and departures through machine-readable passports. "Almost every corporate immigration conference I have been invited to over the past two years, they want to talk about traveler tracking," said Pearl.

HRG's Gibson listed the United Kingdom, Ireland, Belgium and Australia as countries where tax authorities have become tougher in auditing requirements to track employees' overseas visits. "It's a global issue," said Gibson.

"Tax authorities are now much keener to ensure they are collecting the right amount of tax. It is very easy for them to challenge companies that don't put controls in place. The challenge is for companies to ensure they are providing sufficient data."

The big debate is about what constitutes sufficient data and which is the most reliable method for collecting details on traveler movements. Gibson has seen companies resort to processes as rudimentary as checking visitor books in their office lobbies. Others ask employees to fill in online calendars; the Big Four accounting firms all offer calendar-based systems, according to Pearl. "Two of the Big Four have systems I feel are pretty strong because they are built into their workflow, but that means you have to buy their services," she said. "A simple tax calendar is not good enough."

Another approach is to use data from travel bookings, as is common for security purposes. Spurred by customer demand, Xerox approached Voyage Manager, even though the travel tracking tool provider never significantly had promoted the compliance-monitoring aspects of its product.

Voyage Manager managing director John Scott told *BTN* the system sources employee location data from four main channels. The first is travel reservations data, which it can collect through global distribution system-based travel management company sources in the usual way. Alternatively, it can integrate mobile itinerary data from Concur's TripIt and Carlson Wagonlit Travel's WorldMate. Another option is for travelers to send simple texts to Voyage Manager with such information as their flight number or a message that their flight has been canceled. That information is parsed automatically into the system.

A second location source for Voyage Manager is mobile device "polling." Voyage Manager sends an automated request to mobile data networks, which send back data packets indicating the country in which a device is located. However, Scott said polling is not possible for phones obtained in the United States.

A third channel is global positioning system tracking of a smartphone or a dedicated tracking device for travelers in high-risk countries. And the fourth is a manual option that allows travelers to enter details themselves or override information entered automatically into the system.

Scott described tracking systems based solely on GDS booking data as "a good starting point" but not wholly adequate. He pointed to numerous potential gaps, including scenarios in which

NEWSLOG

Sabre, Conferma To Bring Travel Settlement Services To Latin America

Sabre and Conferma will expand to Latin America their joint Travel Settlement Services automated payment product for hotel billing, the companies announced. Brazil in the first quarter of 2014 will be the first country in the region to have the capability, Conferma co-founder and CEO Simon Barker last month told *BTN*. A Sabre spokesperson said other "key countries" of focus include Argentina, Chile, Colombia and Mexico. "Big U.S. companies find it difficult to manage payments down there," Barker said. With the solution, travel management companies can generate virtual cards for hotel billing, invoicing

and reconciliation. Sabre plans to extend that capability to "all travel sectors including air, car and rail." The companies previously launched the solution in the United Kingdom and the United States and through partnerships with seven international banks. Barker also said Conferma is looking to expand the partnership model with Amadeus in Europe and Abacus in Asia.

Star, Air India Try Again

Star Alliance members agreed "to recommence the integration process with Air India," which was suspended in August 2011 as the airline failed to

meet the "contractually agreed" upon "minimum joining conditions." At the time, according to Star Alliance, Air India was focused on its merger with Indian Airlines.

Virgin Adds Long-Haul Fee

Virgin Atlantic on April 1 will begin charging long-haul economy passengers a \$40 per-segment fee (£25 at the U.K. point of sale) for advance seat assignments. Launching "on a route-by-route basis," the new fee will not apply to Tokyo services and will be waived for "bookings made on a corporate deal code," according to the airline.

companies use multiple TMCs or travelers book outside authorized channels. There also is the potential for inaccuracy, especially when travelers divert from their booked itinerary or make journeys that are not recorded through a TMC—for example flying to one country and then driving from there to another.

Voyage Manager has followed up on Xerox's interest by developing a dedicated module for tax and visa compliance tracking. It provides manual overrides for travelers plus summary reports of how long travelers have spent in a country and the purpose of their trips. It also can be programmed to deliver automated warnings if travelers approach thresholds that would trigger tax liability or visa changes.

Experts in tax, travel and immigration told *BTN* that national governments are clamping down harder on noncompliance, thus pushing mobility risk issues up the agenda in many corporations.

In spite of Voyage Manager's additional features, HRG's Gibson is confident that TMC-only data plus a policy requiring travelers to use official booking channels is sufficient to demonstrate a company's effort to be tax-compliant. "Tax authorities don't expect you to be 100 percent perfect," he said.

Agreeing that "no system is going to give you 100 percent," Pearl said, "GPS is the way to go hypothetically but, because of privacy laws, companies are not comfortable requiring employees to do this, although within a few years, in the U.S. at least, it is rumored that certain states are going to start GPS tracking for tax purposes."


As for what meets tax authorities' expectations today, Pearl said that "it's an emerg-

ing field. You need to make a good-faith argument that you are working to comply with the rules. Sourcing booking records and requiring employees to use your TMC goes a long way, but if my company

had a lot of people driving on business trips or using different TMCs, I would be telling them to use something like TripIt."

Gibson said travel managers should initiate dialogue with

their organization's tax team to foster better internal understanding of the nexus between tax and travel. "Travel managers often receive requests from their tax team for data without understanding the purpose,"

he said. "Tax managers will be very interested in getting what help they can from travel managers, but don't wait for them to come to you because they may not even be aware of the help you can give them." 



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SA142	MOZAMBIQUE	ON TIME
SA188	TANZANIA	ON TIME
SA208	SENEGAL	ON TIME
SA054	ANGOLA	BOARDING
SA048	ZAMBIA	BOARDING
SA184	KENYA	ON TIME
SA060	NIGERIA	ON TIME
SA022	ZIMBABWE	ON TIME
SA1767	BOTSWANA	BOARDING
SA074	NAMIBIA	ON TIME



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American Express Forecasts Flat 2014 North America Meetings Spending

BY CHRIS DAVIS

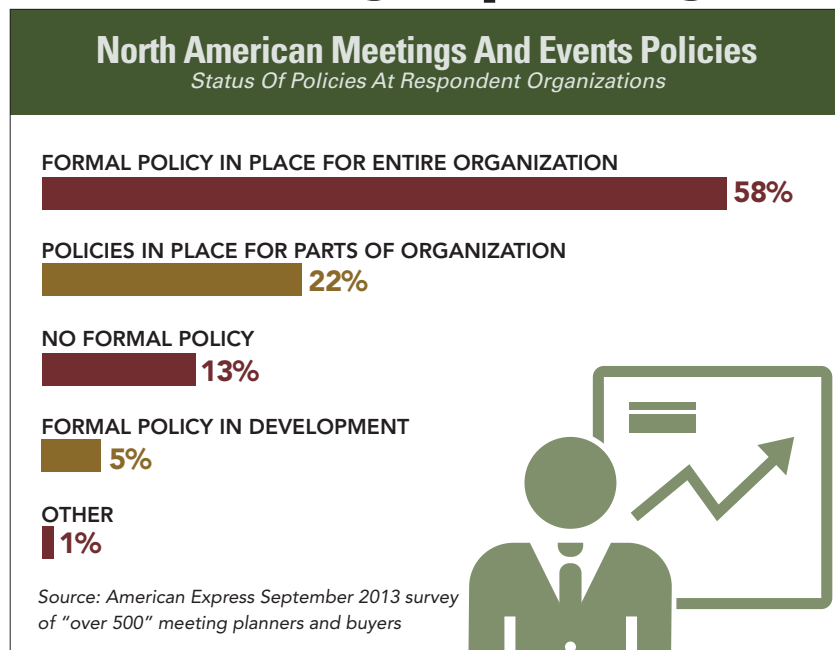
OVERALL 2014 MEETINGS spending by North American clients of American Express Meetings & Events will fall flat when compared to 2013 levels, while clients elsewhere on average anticipated small decreases, according to the company's 2014 meetings forecast, released last month.

Amex projected that meetings management clients in the Asia/Pacific region would experience a 3.6 percent decrease in year-over-year meeting spending, the largest decline forecast among global regions. For clients in Europe and Latin America, Amex projected declines of 1.8 percent and 1.4 percent, respectively.

Amex based its forecast on "a number of sources," including "proprietary American Express data sources," licensed third-party data, "interviews with industry leaders," information gleaned from its 2014 global business travel forecast and surveys conducted in September of meeting professionals and "leading hotel suppliers."

Flat or lower meetings spending projections come despite forecasts of higher hotel rates for meetings and group airfares, according to the report. Though Amex forecast flat hotel rates in Europe for meetings, the company projected increases of 4.1 percent for North America and 4.6 percent and 3.3 percent for Asia/Pacific and Latin America, respectively.

"Hotels that responded to our survey are not as optimistic about rate increases as meeting planners are," according to the Amex report. "One of our European experts has seen hoteliers in 2013



attempt to raise rates, only to find them return to the same level as 2012 at the end of negotiations."

Amex projected group airfares in 2014 to increase 1.6 percent year over year, then increase another 1.1 percent in 2015. International 2014 group airfares are projected to increase 3 percent, while intra-regional fares are expected to increase between 1 percent and 2.2 percent in every region except the Middle East, where they are projected to decline 1 percent.

Virtual Adoption Underwhelming

American Express 2014 forecast survey respondents reported notably lower adoption of hybrid or virtual meeting solutions than respondents projected in last year's survey. Although 56 percent of those polled in 2012 predicted

that hybrid or virtual meetings would represent at least 10 percent of their total meetings activity, Amex determined that only 26 percent of respondents actually reached that level in 2013. The company suggested that "relatively slow growth" is a consequence of meeting buyers too narrowly viewing those options through cost-control prisms.

"The two most compelling reasons, cost savings and reduced travel, appear to be driving an increase in use of virtual solutions," according to the report. "While these are important considerations, virtual meetings can deliver expanded reach, extend a live event, and more. These alternative formats may continue to experience only modest gains in utilization until meeting owners are focused on using them to achieve business outcomes versus savings."

ARC Formally Launches Air Benchmarking Tool

BY DAVID JONAS

ARC THIS MONTH announced that its FareSight corporate air travel data and benchmarking tool is generally available, following beta tests with "more than a dozen corporate travel managers" that began last summer. FareSight is designed to leverage ARC's data to help corporate travel professionals assess their organizations' air travel patterns, spending and ticket prices, and compare the data with industry figures.

ARC incorporated feedback obtained during the beta tests. "The advance purchase ranges were refined to break out under seven days into three distinct categories to allow for a more accurate analysis of how last-minute travelers impact air spend," according to ARC managing director of product management Doug Mangold. "The

ARC also added a new "market segmentation filter" to enable users to benchmark against all ARC ticketing data or only corporate data. A future version of FareSight will filter data by trip type.

class of service filter was expanded from three to five service categories to allow for a more accurate analysis of how service class may impact air spend."

ARC also added a new "market segmentation filter" to enable users to benchmark against all ARC ticketing data or only corporate data. A future version of FareSight will filter data by trip type.

According to a statement from René Colyer, Exelis Inc. corporate travel department manager and a board member at the Corporate Travel Department Association, the tool uncovers "travel policy improvement opportunities by comparing our advance purchase and exchange rates to everyone traveling in the same markets as we are."

FareSight is the first product from ARCLabs, a research and development initiative.

NEWSLOG

Amex Taps Company Veteran To Head Global Business Travel Unit

American Express this month selected company veteran Bill Glenn to serve as president and CEO of American Express Global Business Travel, effective immediately. Glenn since 2011 had been president of American Express Global Commercial Services, which encompasses commercial cards and business travel. It is unclear how Amex would structure the GCS unit should a new American Express Global Business Travel company emerge as planned from a joint venture agreement in the works with private investment firm **Certares**. An Amex spokesperson said that Glenn will be "continuing in this role upon closing of the joint venture transaction, which

is expected to be in the second quarter of this year." Glenn replaces Kim Goodman, who last month stepped down as president of the Amex business travel operation. The spokesperson also noted that Susan Sobott will lead Amex's Global Corporate Payments unit. Sobott has been president of the company's Open small business program.

IRS Lowers Mileage Rate

The **Internal Revenue Service** on Jan. 1 lowered its business mileage rate by one half-cent to 56 cents per mile. Many companies use the rate to calculate reimbursements for employees who use personal vehicles for business. IRS ad-

justs the rate annually based on analysis "of the fixed and variable costs of operating an automobile."

United Trims Sales Force

United Airlines confirmed that it is trimming its corporate and agency sales force. The airline did not disclose figures or details, but noted that it had "undertaken a review, as we regularly do, of the sales coverage provided to our corporate and TMC accounts around the world," according to a spokesperson. "We will be re-allocating headcount in certain markets and customer channels and reducing some headcount in others."



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On Growth Trajectory, Travel And Transport Prepping Management Transition

BY DAVID JONAS

TRAVEL AND TRANSPORT'S new president and CEO-designate, Kevin O'Malley, is preparing to take the reins of a solidly growing and profitable company surrounded by a veteran management team. But there certainly are challenges, including a talent management crunch and lots of noise around the industry's all-too-familiar buzzwords.

The Omaha, Neb.-based travel management company this month announced that president and CEO Bill Tech plans to retire at the end of 2014. Ahead of the change, the company's board of directors named Tech chairman—a position he will retain after his retirement in December—and promoted O'Malley to president and fellow executive vice president Tim Fleming to COO, all effective Jan. 1, 2014.

"I was very fortunate the board wanted me to stay involved," Tech told *The Beat*. He has been at Travel and Transport for 27 years, serving as CEO since 1998. "The three of us really have run the company," he said of O'Malley and Fleming. "They both competed for the job, and it was really a tough choice for the board. We are glad that the board of directors has kept it in-house. There will be a lot of continuity."

Tech said that "it couldn't be a better time to make the transition." He noted "five record years of growth," including surpassing in 2013 the \$100 million mark in new sales for the second time in company history, and three big accounts that signed in December and will amount to another \$46 million in sales.

The company during the past three years increased to 50 from 30 its account management team while growing to 16 people its Partner Solutions group, which handles supplier relationships and consulting. Previously under O'Malley's leadership, the Partner Solutions group now reports to Fleming. Overall, the TMC now has more than 1,000 employees.

Meanwhile, Travel and Transport intends to maintain its strategy of essentially leaving alone Ultramar Travel Management, which it acquired in October 2012. Peter Klebanow remains president and CEO of that operation, which has grown employee headcount from 276 to more than 300 since the acquisition, according to Tech.

"We committed to them that there would be very little change," said O'Malley, who joined Travel and Trans-



T&T's Kevin O'Malley

port in 1994. "They were growing 20 to 25 percent a year, and we didn't want to screw that up. There was no reason to change the brand or mess with sales, service and operations." He added that there have been almost no changes to any aspect of Ultramar's point-of-sale and mid-office tools, or customer-facing components.

There may be some behind-the-

scenes integration coming, though. "About 16 or 17 months in after the acquisition, Ultramar sees that there are some tools here that will help them as they sell in the marketplace," O'Malley explained. "Some of the things that they may have third-partied in the past and where we have proprietary technology, they will start to integrate those things. But we are not going to force things. There is nothing broken here. They had their best new sales year ever [in 2013], and so did we."

The business-as-usual approach for Ultramar is how the Travel and Transport team plans to handle this year of leadership transition. And that means navigating an industry that each year usually produces new challenges.

"What's really challenging is managing the noise and figuring out what is real and not real," O'Malley said. "We spend a ton of time asking questions. If it's Travel 2.0, open booking or whatever you want to call it, we have a lot of customers asking what it means. The an-

swer a lot of times is we don't know yet but we are trying to figure it out."

Tech suggested that as Travel and Transport's new leader, "Kevin is going to have his hands full. Our industry is not getting any easier." He referenced the universal concern around attracting new talent to the business as older members of the current workforce head for retirement. "It's an industry challenge, and certainly our challenge because we keep growing," Tech said.

To meet that challenge, the TMC is "spending a lot of time, money and effort in getting the next generation into Travel and Transport," O'Malley said. "We have reopened our travel school. We started intern programs." [Travel and Transport in conjunction with the Metropolitan Community College in Omaha runs the Travel Academy.]

"We've not been good enough in telling our own story," he added. "The message now when you sit with someone coming out of college is: We are not dying; we are thriving." ☺

Looking East, Christopherson Acquires Alabama TMC On Path To Half-Billion Sales Target

BY DAVID JONAS

CHRISTOPHERSON Business Travel recently announced the acquisition of Birmingham, Ala.-based All Seasons Travel in an eastward expansion of its geographic footprint. Christopherson CEO Mike Cameron said the deal is "a perfect match" and keeps the super regional travel management company on track to reach \$500 million in sales during 2015. Terms were not disclosed by the privately held companies.

"We are predominantly in the West but getting more clients in the East," Cameron said. "We are at that point where we really needed to grow in the East. This was a perfect opportunity."

In addition to several dedicated client onsites, Christopherson operates offices in Salt Lake City (its headquarters), Denver and San Francisco and has about 900 client organizations, Cameron said. With annual sales around \$45 million, All Seasons has offices in Birmingham and Montgomery, Ala., a staff of about 50 and 100 client organizations, he said.

"Their mix of business is very compatible," Cameron continued. "They are about 70 percent corporate and 30 percent leisure and sports travel. Their leisure is high-end luxury travel, and

we also have a division that does that."

Like Christopherson—which handles travel for the state of Utah, many schools in Utah including the University of Utah, and the University of Colorado—All Seasons serves collegiate and state programs; Cameron cited the University of Kentucky, the state of Alabama, the University of Alabama (including some of its sports teams and "all" of its sizable fan-based travel) and Auburn University.

Meanwhile, Cameron noted All Seasons' "strong meetings and incentive division," an area in which Christopherson hasn't been as active. "There's lots of compatibility and they bring some assets to the table that we didn't have."

Other factors aligned to create a good fit: All Seasons is connected to Travelport's Worldspan global distribution system, which is the primary of three GDSs used by Christopherson. At both agencies, Concur is the primary online booking tool supported for clients. And because of their locations, each agency counts Delta as a leading carrier.

Christopherson claimed the combined company "immediately captures a stronger market position that will allow for greater business efficiencies, enhanced travel technology and formidable buying power."

Cameron said that All Seasons is the "seventh or eighth" acquisition completed since he purchased Christopherson in 1990, "and it's the second-largest we have made behind Andavo" in 2008. All Seasons was founded in 1970 and had been principally owned by chairman Borden Burr.

Cameron said Christopherson "absolutely" will watch for additional acquisition opportunities. He explained that he and his management team in 2010—when the company's annual sales were about \$240 million—established a goal to double that in five years.

"We mapped out how through a combination of organic growth and through acquisition," Cameron said. In three years, Christopherson is up to about \$380 million in annual sales—including All Seasons' volume. "We are right on track."

He said a top priority is to continue investing in technology, which includes closer cooperation with Concur and further development of the AirPortal 360 proprietary travel management technology suite for clients. Christopherson last summer unveiled an iOS mobile version of AirPortal 360 and last month made available an Android version. ☺



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TOP 25

MOST INFLUENTIAL BUSINESS TRAVEL EXECUTIVES

This 30th edition of *Business Travel News*' annual effort to determine the executives who most influenced the business travel industry features a new wrinkle: There are more first-time designees on this list than in any previous edition since the first one published in 1984. Twenty-one executives listed in the following pages never before appeared on a *BTN* Top 25 list.

The influx of new blood represents a business travel industry that is witnessing the decentralization and democratization of influence, with innovation shaped by a growing number of players without decades-long industry pedigrees. Increasing relevance of mobile platforms and other Internet-age start-ups, as well as suppliers outside North America and Western Europe, have created new avenues for executives to influence the way business travel is purchased and managed.

That's not to say that the veterans' day has passed; quite the contrary, as some established players in 2013 continued to mold the industry through new products, relationships and acquisitions. Concur's Steve Singh, for example, this year makes his ninth appearance on this list—trailing only the record 10 appearances by Business Travel Hall of Famer Robert Crandall. Singh is joined by repeat honorees Dave Hilfman, Ronald Nelson and Doug Parker, each making his fourth appearance on the list.

Following several solicitations for nominations, The *BTN* Group during the fall of 2013 created this list and first revealed it Dec. 2 at its Travel Management 2014 conference in New York City.

The 25 Most Influential Executives of 2013 is not a ranking; *BTN* is not measuring the honorees' relative influence against one another.

The *BTN* Group thanks all those who participated in creating this year's list. 🌐

REGGIE AGGARWAL, <i>Cvent</i>
BILL BAER, <i>U.S. Department of Justice</i>
SIMON BARKER, <i>Conferma</i>
ED BASTIAN, <i>Delta Air Lines</i>
HANS-INGO BIEHL, <i>VDR</i>
TIM CLARK, <i>Emirates</i>
JIM DONALD, <i>Extended Stay America</i>
JAMES FILSINGER, <i>Yapta</i>
DEAN FORBES, <i>KDS</i>
PHIL HAMMER, <i>ProcureApp</i>
TIM HAY, <i>WSCA-NASPO</i>
CINDY HESTON, <i>WellPoint</i>
DAVE HILFMAN, <i>United Airlines</i>
PAUL HOFFMANN, <i>eCommission Solutions</i>
ROBERTO KOBEH GONZÁLEZ, <i>Int'l Civil Aviation Organization</i>
CAROLYN MCCALL, <i>easyJet</i>
RONALD NELSON, <i>Avis Budget Group</i>
DOUG PARKER, <i>US Airways</i>
STEVE REYNOLDS, <i>tripBam</i>
STEVE SINGH, <i>Concur</i>
JOHN SNYDER, <i>BCDTravel</i>
RICHARD SOLOMONS, <i>InterContinental Hotels Group</i>
GENE SPERLING, <i>U.S. National Economic Council</i>
MARGARET SWEENEY, <i>U.S. Court of Federal Claims</i>
TONY TYLER, <i>International Air Transport Association</i>



**REGGIE
AGGARWAL**
Founder and CEO
Cvent

Cvent's successful initial public offering in August 2013 not only generated more than \$117 million for the company, but also marked the end of a 14-year odyssey from a little tech company surrounded by well-funded competitors to an authority in the meetings tech sector.

That journey has been guided since Cvent's 1999 birth by Reggie Aggarwal, who now helms a company with more than 1,300 employees, a growing roster of corporate clients, relationships with several major travel and meetings management companies as well as travel technology firms, and a promise to invest in research and development to a degree the sector has never seen.

"We've increased R&D by massive amounts," Aggarwal said late last month. "Between 2011 and 2012, our investment in R&D increased 40 to 50 percent, and you'll see similar trends as we build out our product and platform."

Cvent reached its position not through acquisition—the company, standalone since inception, has bought only two other firms, a pair of mobile-centric companies in 2012. Instead it gradually has extended its reach, from attendee registration technology to broader management tools, a supplier marketplace for hotels and other venues, a strategic meetings management offering and now mobile meetings management tools.

With pockets full of cash and a history of expansion, it seems reasonable to ask if Cvent's plans include eventual forays into technology realms beyond meetings, but Aggarwal said the company planned only to further its reach within the sector.

"Our core tends to be everything around meetings and events," said Aggarwal. "There are no near plans to change that focus. It is a large green-field space, and there is a lot of opportunity."

— CHRIS DAVIS

JOHN SNYDER
Global president and COO
BCD Travel

John Snyder said 2013 was one of BCD Travel's most successful years. It also was one of its busiest. In the middle of the year, the BCD Holdings-owned travel management company acquired Sabre Holdings' Travelocity Business, which services such big-name clients as Lockheed Martin, Wellpoint and Yahoo. Seen as part of Sabre's run-up to an anticipated public offering, the deal was one that Snyder had been eyeing for a while. "Part of it was good timing," he said. "We were absolutely in the acquisition mode."

"We've already integrated into our global network [TBiz clients] Sapient, Lockheed and LinkedIn," Snyder said during a December interview. "They have gained greater access and depth into an owned network, and obviously we have been able to expand the business with them."

BCD also picked up some TBiz technology that it is now incorporating into its environment, including an online chat tool that connects travel arrangers to agents. "Some of their customers were using it for almost a third of their online touches," Snyder said.

BCD Travel during 2013 also extended its influence in other regions. In February it deepened a minority ownership interest in its Dubai partner, and in October it announced a joint-venture agreement with Brazilian partner Avipam for "a newly established Brazilian company" also to be called BCD

Travel, in which it holds a controlling interest. "Brazil is such a strong growth market and what we see as a key entry point for Latin America," Snyder said. "It's something we have been working on for several years now."

Internally, BCD Travel continued to build out its Advito consultancy. In March, Snyder tapped the travel management company's strategic marketing vice president, April Bridgeman, to lead that organization. Advito subsequently named industry veteran George Odom vice president of integrated travel and meetings, a newly created position that addresses one of the consultancy's areas of focus. Others include location-based services, big data and nontraditional T&E spend categories, as well as ongoing work in traditional areas.

"In a short period of time April has made a great impact on the Advito organization," Snyder said. "It's probably ahead of schedule on where I anticipated it to be in terms of the product and service lines, new leadership, etc. It's a stronger Advito organization than we ever had."

BCD Travel in 2013 also sniffed around subscription pricing models with a small number of clients, took home *The Beat* Readers' Choice Award in the TMC category and continued working on talent management. BCD Travel in 2011 formed an internal organization dedicated to the latter, which is run by the company's global



head of human resources and reports directly to Snyder.

"I am a firm believer that there is not enough fresh new talent coming into this industry," Snyder said. "If we as an industry leader don't do something about it today, and have other industry leaders step up, we'll be in a huge talent crunch five or 10 years from now. We have taken it very seriously at BCD, put investment dollars behind it and will continue to do so."

Part of the company since 1992, Snyder is particularly proud of BCD Travel's performance last year, one in which the industry at large was challenged by depressed travel volumes in some regions. "We've closed over \$1 billion in new business [in 2013]," he said. "By a lot of measures, 2013 was one of the best years ever. We never took our foot off the pedal in investments in the past two or three years. That is paying off."

— DAVID JONAS



CINDY HESTON
Director of Travel and Events
WellPoint

Although travel technology innovation traditionally moves more slowly on the corporate side than on the leisure side, WellPoint director of travel and events Cindy Heston has spurred such advancement by working with third-party suppliers to adapt their technology to better serve her company's needs.

Always keeping a close eye on trends in consumer-facing technology, Heston realizes that "airlines and hotels know our [internal] clients better than I know them," she said at *BTN's* Travel Management 2014 conference in December. "If I know them, I know their patterns to get ahead of them."

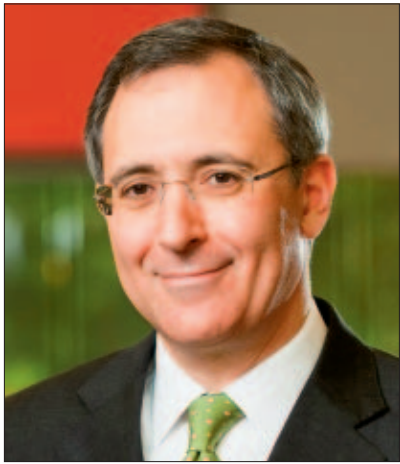
Knowing how frequent-flyer programs can alter booking behavior, for example, Heston sought to shift traveler booking behavior to consider the whole cost of a trip rather than merely the point-of-sale fare. Since elite frequent-flyer status brings such cost-saving perks as free checked baggage and lower change fees, she worked with her agency, Travelocity Business, and her booking tool, GetThere, to give travelers more freedom in booking with airlines with which they had status, even if it was not the lowest available fare.

With those same partners, Heston also transformed the hotel rate-auditing experience. By using a screen-scraping process when travelers book hotels, she began to gather data about properties that appeared in a search but were not selected. With that data, she can determine whether preferred properties were available at the preferred rate, giving her insight when hotels are fencing travelers out of preferred rates.

Besides proving that a buyer does not need a massive program to wield influence with travel suppliers, Heston's history of partnership also could serve as a model for travel management companies in the increasingly do-it-yourself travel realm.

"Competition will always be there," Heston said. "As buyers, we look at those innovators out there and partner with them to help them develop what we need."

— MICHAEL B. BAKER



RICHARD SOLOMONS
 CEO
 InterContinental
 Hotels Group

Internet access charges at upper-tier hotels remain commonplace for non-elite travelers, but the world's largest hotel company this year is adopting a new stance that other multibrand hotel companies might have a hard time ignoring.

Until this year, InterContinental Hotels Group's Internet pricing policy looked similar to many of its competitors, including Hilton, Hyatt, Marriott and Starwood. While the service was free at midprice and extended-stay brands guests at Crowne Plaza and InterContinental properties generally had to pay a fee. Last year, however, IHG announced that in 2014 the policy would change to make access free for all guests at all hotels worldwide, so long as they were members of IHG Rewards Club.

At most other large hotel companies, guests must be in the upper tier of loyalty programs to have that fee waived.

"Internet access is no longer a luxury; it's a necessity," IHG CEO Richard Solomons said at the company's Americas Investors and Leadership Conference in October. "Many of [our hotels] have offered free Internet for a long while, but by stretching this out to a truly global scale, we are making a real leapfrog move, way ahead of our competitors in an area which will quickly become non-negotiable for our guests."

IHG is not the first company to take this approach—Carlson Rezidor, Omni and Wyndham also offer free Internet access to rewards program members upon joining—but with more rooms than any other hotel company, it's certainly the largest. The Crowne Plaza brand this year also plans to take the extra step of making Internet access free to all guests regardless of whether they are Rewards Club members.

Hotel analysts said other brands likely would follow IHG and noted that the move also could usher in more tiered pricing for hotel Internet access.

— MICHAEL B. BAKER

ED BASTIAN

President
 Delta Air Lines

"You need Boardwalk to win," wrote Buckingham Research Group airline analyst Daniel McKenzie in a December 2012 research note on the news that Delta Air Lines paid Singapore Airlines \$360 million for a 49 percent stake in Virgin Atlantic and planned to form an antitrust-immune joint venture with Virgin. "The move gives Delta access to a critical game piece in the corporate travel arena—London Heathrow."

Since then, Delta received the requisite approvals from the U.S. Department of Transportation and has begun to bring a combined offering to corporate clients.

Delta president Ed Bastian was an instrumental force in executing the Virgin deal, which not only fills a significant gap in Delta's network for corporate travelers, but forms a fortified competitor between the United States and United Kingdom to the dominant American Airlines-British Airways joint venture.

"It took almost three years to come together and it was a labor of love," Bastian said this month. "It was one of those transactions that you knew that the opportunity was great, and you just needed to stay after it and be persistent. We hit a few walls along the way, and we went our course

a few times, but on both sides—the Virgin Group side as well as the Delta side—we stayed steadfast."

The transatlantic deal better positions Delta with some of the most lucrative clients in corporate travel, especially in the banking and financial services sector.

"To think we went from a position where there was no access at Heathrow at all in 2008, to now having together with Virgin the number-two position at the airport, it's really great for our position with accounts that need Heathrow," said Bastian.

Another 2012 deal that was impactful last year was the airline's bold purchase from Phillips 66 of the Philadelphia-area Trainer oil refinery. While Wall Street has harped on the potential profitability of the business, Delta attests—and at least one analyst confirmed—that the deal has increased fuel production capacity and lowered the cost of refining oil into jet fuel, known as the crack spread. Bastian, whom Delta cited as a key driver of the deal, estimated the increase in production has trimmed between 5 cents to 10 cents from the per-gallon cost of jet fuel.

"Trainer for us is a work in progress," he said, noting that this should be a profitable year for the refinery. "I would label 2013 as a year of good success, primarily because it was the first year



in the last five years where we've seen jet fuel cracks fall from the trajectory they had been on, where they'd been growing at a rate of 60 percent to 70 percent on a compounded level over the past several years. Jet cracks actually were reduced in 2013 versus where they were in 2012. That was good for Delta; that was good for the industry."

The refinery turned a \$3 million profit in the third quarter of 2013, following losses of \$22 million and \$51 million in the year's first two quarters, respectively.

Though Wolfe Research airline analyst Hunter Keay in July last year wrote that it's "hard to quantify" the exact benefit, he acknowledged, "There is no doubt that Trainer's jet fuel output has contributed somewhat to lower East Coast jet fuel prices" to the benefit of Delta as well as its competitors.

— JAY BOEHMER



RONALD NELSON
 Chairman and CEO
 Avis Budget Group

U.S. rental car companies for years largely have struggled and failed to extract significant rate increases from corporate clients. Yet, as falling used car prices in 2013 put pressure on their bottom lines and year-over-year demand for their services rose, the rate side of the equation was poised to budge upward.

More than any other figure in the industry, Avis Budget Group CEO Ronald Nelson emerged as a key champion for a renewed, and incrementally successful, drive to stand firm in corporate rate negotiations, back away from unprofitable corporate accounts and capture elusive rate increases.

"When commercial accounts come up for bid, we are going to ask ourselves, 'Why are we being invited to submit a proposal?'" Nelson said during an earnings call last spring. "In situations where we feel a proposal is unlikely to yield profitable business, we'll be taking a pass." Nelson added that the company will "have some spine and ask for a rate increase that delivers a profitable account." It was a notable shift, as rental firms long trumpeted client retention—often in the 99 percent range—as the benchmark of their success in the commercial arena.

Nelson in October indicated Avis Budget's more aggressive stance already was "having a positive effect." Of the more than 1,000 commercial contracts renewed to that point, Avis Budget secured flat or raised rates for

nearly 60 percent, "and the average rate on renewals has improved as the year has progressed," he said.

According to forecasts from Carlson Wagonlit Travel and BCD Travel's Advito unit, 2014 corporate car rental rate increases for the U.S. market should see low-single-digit year-over-year percentage increases.

"The small increases expected are in fact big news, as it marks the first time in years that U.S. suppliers have been able to increase rates, even slightly," according to CWT.

Nelson last year also furthered the convergence of traditional rental car business models and car-sharing services through Avis Budget's January 2013 deal to acquire Zipcar, which closed in March. While his rental car competitors in recent years also have been acquisitive in the car-sharing space, Zipcar was the largest and best-known player in that segment. Avis Budget, like its competitors, continues to blend aspects of the car-sharing model with their core rental experience.

— JAY BOEHMER



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PAUL HOFFMANN
 President and CEO
 eCommission Solutions

Travel technology guru Paul Hoffmann spent years perfecting a method for collecting hotel commissions that now, with buy-in from three of the four mega travel management companies, has emerged as a de facto industry standard.

Hotel commissions traditionally have been tricky to track and collect. Unlike airline tickets, hotel bills usually are not paid until checkout, often leaving an agent with no idea what the traveler did during the trip. With eCommission Solutions, Hoffman's process combines data from multiple sources—global distribution systems, payment tools and back-office accounting systems, for example—to present a clear picture of a trip and the commissions owed.

"Because we've automated the process, we can do it at far less of an expense than they can do themselves," he said. "Because it's all based on real data and consumed data, they're also realizing what an incredible asset it is to use for vendor negotiations."

The roster of organizations that have adopted eCommission Solutions include American Express' consumer group, Travel Leaders Group and portions of both BCD Travel and Carlson Wagonlit Travel, according to sources.

Benefits from agency use trickle down to corporate clients, Hoffmann said. Agencies using the tool can track commissions to the customer.

The process also has found an unlikely fan base in hoteliers, Hoffmann said. Even though it potentially could increase the amount hotels pay in commissions, it also lessens the burden of dedicating resources to respond to commission queries, he said.

"We're providing them with a high level of qualified data, showing the traveler first name, last name, IATA number—everything the hotel needs," Hoffmann said. "It allows the hotel to make a quick and qualified inquiry as to whether that money is due."

— MICHAEL B. BAKER

DOUG PARKER
 CEO
 US Airways/American Airlines

"I've been a long proponent of industry consolidation," US Airways CEO Doug Parker said on Feb. 14, 2013, the day US Airways and American Airlines announced their long-awaited merger.

Not only had Parker long been in favor, but also for years made it clear that if further airline consolidation were to occur in the United States, he would participate. In his view, the deal with American was "the last major piece needed to fully rationalize the industry." Many agree.

As standalone carriers, US Airways and American, in their own telling, would struggle to match the global size and scale of Delta and United, each of which had grown in recent years through consolidation. What was needed to match those mega airlines? To Parker, nothing short of the creation of the world's largest airline—to be called American Airlines, to be headquartered in Dallas and to be headed by him.

By the time the airlines on Valentine's Day announced their pending nuptials, Parker's courtship already was many months in the works, and—the extent to which he did not then know—many more months from consummation.

In late November 2011, when AA parent AMR Corp. filed for bankruptcy and placed Tom Horton at the helm, Parker picked up the phone and floated

the merger to his former AA coworker. Horton gave him the stiff-arm, as both men would later retell it. And it wasn't the only hurdle Parker would encounter in his long pursuit.

But Parker was dogged. If the front door to a merger was closed, there were other doors and even windows to climb through. AA management wasn't on board? Then Parker would get Wall Street pumped for a deal. He'd get unions on board. Even if Horton was focused on a bankruptcy reorganization, Parker's focus on a merger was absolute.

In early 2012, US Airways executives revealed they had retained outside advisors to evaluate and pursue the deal, extolled the virtues of a transaction to investors, purchased some domain names to make its goals clear (usairways-american.com as one example) and, boldly, approached AA employees for support.

In April that year, US Airways revealed that it had reached collective bargaining agreements with three unions representing American Airlines—an audacious move that was hard for AA management to ignore.

Within months, US Airways and American Airlines entered into a non-disclosure agreement to explore a transaction, even if AA kept US Airways at arm's length ostensibly by exploring deals with other potential suitors.

By February 2013, it appeared that Parker's mission was accomplished:



JAMES FILSINGER
 CEO
 Yapta

There are multiple indicators of Yapta's influence on the corporate travel industry in 2013. There are the major corporate travel agencies that agreed to offer clients Yapta's FareIQ airfare-tracking software, including Carlson Wagonlit Travel, Omega World Travel, Travizon and Ultramar Travel Management. There also are the millions of dollars in funding the tech company secured last year from entrenched travel industry players Amadeus and Concur. Then, there also are the millions the company claimed to have saved clients by alerting them to rebooking opportunities when fares drop. In any event, "2013 was really an inflection point for us," CEO James Filsinger said.

Yapta emerged several years ago as a consumer-focused price-assurance software tool that tracked booked airfares and alerted users to savings when the fare dropped in excess of airline

change fees. But even before Filsinger joined, the company began to explore opportunities in the managed travel segment. "When I came in we pivoted to the enterprise space," said Filsinger, who became CEO in summer 2012. "We got a lot of traction in that, and 2013 was really a foundational year."

Some buyers and agency executives were tentative about Yapta, citing concerns that its software did not seamlessly integrate with TMC systems, that the company took too large a cut from client savings, that it would complicate rebooking tickets or that FareIQ's premise was little more than gussied up mid-office software already available.

But Yapta also had its fair share of boosters and believers, and last year they emerged in growing numbers.

Bill & Melinda Gates Foundation global travel manager Pam Massey, for example, piloted the FareIQ with savings to show. Later, Ultramar testified

a definitive merger agreement had been reached. Nothing could stop him now.

Or could it?

As Parker began to ready his seat at the helm, pick his management team, structure the post-merger company and embark on integration planning, one last plot twist was thrown his way. The U.S. Department of Justice in August stunned the industry—and Parker—with a challenge to block the merger. That set up months of legal wrangling, government lobbying and public relations campaigns. Eventually, the airlines and DOJ agreed to settle their dispute, at the expense of slots and gates to be shed by the merged carrier. Both sides claimed victory, but most industry-watchers contend Parker prevailed.

The airlines officially closed their merger on Dec. 9, 2013. Now CEO of American Airlines, Parker's influence will be felt for years.

— JAY BOEHMER

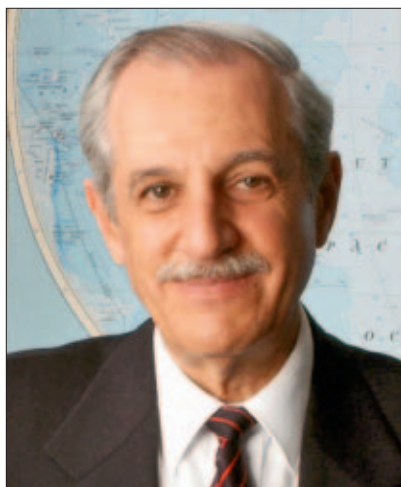


that even if FareIQ was not without challenges, it was well worth it. "For us, it's a no-brainer," COO Michel Botbol in July 2013 told *The Beat*.

Investors also emerged. By the latest funding announcement late last year, Yapta had amassed total financing in excess of \$20 million.

If 2013 was "foundational," as Filsinger said, then 2014 is about using Yapta's investments and momentum to further build its stature in corporate travel.

— JAY BOEHMER



ROBERTO KOBEH GONZÁLEZ

Council President
 International Civil
 Aviation Organization

In 2013, much of the bickering around the regulation of international commercial aviation emissions gave way to plans for a global framework brokered by the International Civil Aviation Organization. At their

assembly in October, ICAO member states endorsed those plans, which call for global implementation by 2020. Praised by airline organizations, it would moot regional and local schemes.

“National or regional solutions would most likely foster a patchwork of approaches that may otherwise lead to commercial disputes and unnecessary administrative duplication,” an ICAO official told *BTN*. Indeed, the European Commission’s plans—now on hold—to unilaterally regulate aviation emissions for flights into and out of its airspace “brought us to the brink of a trade war” during 2012, in the words of International Air Transport Association director general Tony Tyler. Instead, “the outcome of the ICAO Assembly on climate change was a major step forward for both aviation and for the planet,” Tyler said in December. “Everyone shared a great sense of accomplishment.”

ICAO was created in 1944 as a United Nations agency to promote global civil aviation. One of two governing bodies within the agency, the Council has many functions including convening

assemblies and adopting international standards and recommended practices. In 2012, it established a “high-level policy group to help move the discussion forward” regarding aviation emissions, according to an ICAO official. Until his departure at the end of 2013, Roberto Kobeh González of Mexico led the Council.

Kobeh González graduated from and taught aeronautical electronics at the National Polytechnic Institute of Mexico. He became director general of Mexico’s Air Navigation Services and then served as Mexico’s representative on the ICAO Council. He was elected Council president in 2006 and then re-elected in 2007 and 2010 for three-year terms.

At the close of ICAO’s 38th Assembly, held in Montreal, Kobeh González described the emissions agreement as a “historic milestone for air transport and for the role of multilateralism in addressing global climate challenges. Once again, our states have shown that significant boundaries can be surpassed when we agree to recognize and accommodate our varying circumstances

while progressing together towards common goals. We have ultimately determined our greener way forward.”

ICAO claimed that air transport is “the only major industry sector to have a multilateral global agreement in place to help govern future greenhouse gas emissions.”

Industry groups and others—including those that had objected to the European Commission’s earlier intentions to regulate emissions—welcomed the ICAO outcome. But much work lies ahead. ICAO states agreed to develop by 2016 a proposal for a global program that can be ready by 2020.

The 38th ICAO Assembly in October 2013 also led to agreements for global cooperation on safety and air navigation. ICAO said they are designed to help the industry “unite over the coming decades to safely expand air traffic capacity and efficiently accommodate the projected doubling of air traffic by 2030.”

Kobeh Gonzalez’s term ended Jan. 1. The ICAO Council since has been led by Nigeria’s Olumuyiwa Benard Aliu.

— DAVID JONAS



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CAROLYN McCALL
 Chief Executive
 easyJet

When Ryanair boss Michael O’Leary starts placing newspaper ads promising customer service improvements and added frills like a free small second carry-on bag, someone must be shaking the tree pretty hard to make that leopard change his spots. And what delicious irony, given O’Leary’s unashamedly unreconstructed views on gender issues, that the person administering the shaking is Carolyn McCall, a woman with no experience in aviation when she left Guardian Media Group in 2010 to become chief executive of easyJet.

While Ryanair in 2013 struggled with profit warnings, easyJet doubled its share price and reported record earnings. Much of that success can be attributed to McCall’s decisions to invest in making her airline business travel-friendly. Improved engagement has included better global distribution system access and corporate recognition that in some cases comes in the form of small discounts.

The influence has been plain. Other low-cost carriers, even Ryanair, in 2013 responded by pitching more overtly for the business market, while, approaching from the other direction, Lufthansa switched its non-hub, short-haul routes to low-cost subsidiary Germanwings. The term “hybrid carrier,” used to describe the crowded middle ground between no-frills and traditional legacy service, has gained currency.

“We fly more of the top 100 market pairs in Europe than any other airline, so we were crying out to be used by business travelers,” McCall told *BTN*. “We had a bit of an epiphany that we didn’t have to change our model, but did need to understand the corporate sector, so we took on people who knew what they were doing and could go into GDSs and talk to travel management companies.” New recruits included corporate travel veteran Toby Joseph, who joined as sales director in summer 2013.

But hasn’t the new strategy increased costs for an airline which had flourished since the 1990s by stripping out all these extra financial burdens? “It has increased our costs but the return is greater,” said McCall. “Business travelers are higher-yield, and they will pay extra for speedy boarding or allocated tickets.”

There still is “a long way to go” to fully realize her corporate-friendly strategy, she said, noting she had to wait more than a year for GDSs to begin accommodating the sale of such easyJet ancillary services as bags and seat selection. Still, the airline estimates business travel initiatives and allocated seating since 2010 have added £77 million in incremental revenue.

— AMON COHEN



TIM HAY
 Development Coordinator
 WSCA-NASPO

“The airline industry has always had a negative view towards consortiums,” explained the Western States Contracting Alliance-National Association of State Procurement Officials Cooperative Purchasing Organization’s Tim Hay. “When people hear ‘consortium,’ they get scared or say ‘no way.’”

Nevertheless, Hay, formerly the state of Oregon’s lead procurement analyst, in 2013 established with Southwest Airlines the first-ever multistate airfare program. A total of four states, including Maine, Oregon, Washington and most recently New York, have signed up for the program, while a total of 28 signed letters of intent, which are not binding, according to Hay.

But it wasn’t easy. A consortium, Hay said, allows states to “work together to pool their resources and spend to achieve the best value.” The airfare program builds on the organization’s car and hotel consortium deals, established in 2008 and 2009, respectively, as part of an effort to create a managed multistate travel program.

Hay said airlines prefer to negotiate independently with each state and feel they won’t be able to do so through a consortium. But he said consortium deals offer flexibility for states to negotiate deeper discounts if they can offer an airline more volume.

Speaking at industry events, including Global Business Travel Association and Society of Government Meeting Professionals conferences, was like knocking on airlines’ doors to gain interest and support for the program, Hay said. “When we were ready to release the RFP, I emailed all of the domestic airlines to say it’s out.”

It worked. Three airlines—Delta, Southwest and US Airways—responded to the RFP. In the end, Southwest was awarded a two-year contract with renewal options. Hay said developing the consortium deal taught his organization to be more flexible in its negotiations. For example, Hay said states typically don’t guarantee a certain amount of business with a supplier, but with this agreement the states had to agree to work on increasing revenue share with the awarded supplier to maintain the discount level.

“State governments can be really rigid,” Hay said. “When we did the airline program we really had to change the way we’d normally conducted procurement and learn to relax and allow more flexibility to be able to work with airlines—and vice versa. They had to make a few concessions as well.”

— JoANN DeLUNA



BILL BAER
 Assistant Attorney
 General, Antitrust
 Division
 U.S. Department of
 Justice

In the end, it really only forestalled the inevitable. When DOJ in August filed suit to block the merger between American Airlines and US Airways, it temporarily delayed a deal to create the world’s largest carrier, and seemed to have a chance at derailing it all altogether. But by the time

a settlement was announced in November, no one was surprised. The transaction closed and a new American Airlines is emerging to complete what many see as the last key piece of U.S. air industry consolidation in the modern era. No, the settlement was not the great victory DOJ proclaimed, but that’s not to say its move didn’t reverberate.

DOJ’s case was unusual from the jump. The department previously did not attempt to block mergers between Delta and Northwest Airlines, United and Continental Airlines, and Southwest and AirTran Airways. But in DOJ’s view, this one seemed to be the proverbial last straw. During a press briefing on the day DOJ filed suit, Bill Baer, assistant attorney general for the department’s Antitrust Division, suggested a cumulative anticompetitive effect from the recent wave of mergers. But he stressed that “we take each merger on its own merits,” and after “six months”

of investigating AA-US Airways, “we think it’s pretty messed up.” To reach that conclusion, DOJ closely examined impacts on connecting markets and anticipated behavior related to baggage and other ancillary fees, things on which it did not rely when scrutinizing previous mergers.

Sure, this saga had plenty of posturing. When asked in August about the possibility of airline concessions in exchange for dropping the suit, Baer—an antitrust lawyer who previously served as director for the Federal Trade Commission’s Bureau of Competition—sounded insistent on “a full-stop injunction.” It seemed the feds were prepping for a trial. But a few months and a partial government shutdown later, Baer during a November conference call said the settlement—based on carrier concessions—“in important ways ... is better than a full-stop injunction.”

Even so, there were some clear ramifications. Firstly, it was a major distraction. “Frustration and fatigue were beginning to affect not only those directly involved with the merger, but the entire industry—shareholders, employees, executives, analysts, you name it,” wrote Holly Hegeman in an issue of *PlaneBusiness Banter*.

In practical terms, the settlement required American Airlines and US Airways to relinquish slots and facilities at Reagan National and New York LaGuardia, and gates at Boston, Chicago O’Hare, LAX, Miami and Dallas Love Field. DOJ made clear that all divestitures go to “low-cost carriers.” Southwest, hardly an underdog these days, already grabbed 12 slot pairs at LaGuardia to expand its footprint there.

A prepared statement from U.S. Attorney General Eric Holder noted that the settlement with AA and US Airways “has the potential to shift the landscape of the airline industry.” Baer described the divestitures as “the largest-ever in an airline merger” and said it would “disrupt the cozy relationships among the incumbent legacy carriers.”

DOJ did not make Baer available for an interview.

— DAVID JONAS



STEVE SINGH
Chairman and CEO
 Concur

To some, it has become a dominating force that in some ways is displacing the travel agency as the keystone of managed travel programs and pushing a model that jeopardizes control over travel. To others, it is the picture of innovation and a positive influence on an industry that desperately needs new ideas and technologies. Either way—or perhaps both—Concur has become a leader in managed travel technology and an essential partner for many TMCs.

Led by Steve Singh, COO Raj Singh and executive vice president Mike Hilton, Concur's ascendance has been many years in the making. But 2013 was particularly busy. "Concur is where everyone seems to want to be right now," said Mike Cameron, CEO of Christopherson Business Travel, which supports the Concur booking

tool as its primary system.

Concur's active 2013 was evident in many areas, not least of which in its acquisitions and investments. It used its Perfect Trip Fund to invest more deeply in such emerging tech players as airfare tracking system Yapta and hotel metasearch site Room 77. In March it acquired traveler tracking and communications platform conTgo, which at the time claimed about 1 million registered mobile users. In July, it announced simultaneous acquisitions of agency mid-office and data solutions companies GDSX and TRX. Subsequently, several agencies began diving into open booking solutions hand in hand with Concur.

At the same time, the company grew the number of suppliers and other partners participating in its "T&E Cloud" and signed up 400 corporate clients to use its TripLink services, which facilitate open booking, a model for which Concur has become the flag bearer.

"These 400 customers really are paving the way for what I think will happen across our industry: managed travel programs will evolve to include open booking," Singh this month told *BTN*. "The idea that open booking is in any way, shape or form an assault on or an affront to managed travel is just not true; in fact it is just the opposite. The biggest learning is that it has an incredible capacity to extend the managed travel program."

At the same time, Concur's acquisitions caused some to fret about its growing industry clout. TRX's True expense has been sunset and Con-

cur plans to eventually integrate TRX Correx and GDSX Compleat, reducing marketplace options for expense management systems and agency mid-office products, respectively.

"Scary move," wrote one reader of *The Beat* after Concur announced the acquisitions. "This will either excite the masses, or make them run the other way," wrote another. "Concur is building an empire."

Singh said such concerns are not warranted. "How many travel agencies are there in the United States? North of 2,000," he said. "So there is no lack of competition. From an expense point of view, the folks running SAP and Oracle would argue that they are not insignificant. The issue isn't competition, it's really: is there ongoing innovation? And is there greater value being delivered to the customer? With scale, you can drive greater innovation and deliver it at the same cost."

Regardless, Concur is attracting lots of new business. For its fiscal year ending Sept. 30, it reported a 24 percent increase in revenue to \$543 million, a 40 percent jump in bookings through its systems, 4,000 new customers overall (most of which signed up for both travel and expense services) and 1,200 new employees for a total of just under 4,000 globally. And it's not stopping there. Citing internal development, acquisitions and its Perfect Trip Fund, Singh claimed that Concur is "investing more in travel and expense management than any other company in the world."

— DAVID JONAS



DAVE HILFMAN
Senior Vice President
 of Global Sales
 United Airlines

Few travel buyers relish the airline requests-for-proposals process. It's time-consuming, costly, tedious and rife with legal jargon. United Airlines, whose sales efforts are helmed by longtime industry vet Dave Hilfman, last year pioneered a less complicated option.

"We're always asked how we can provide more responsive, simpler contracts," Hilfman said. "We've taken that to heart and have done a lot to simplify our contracts."

Under Hilfman, United's sales team last year championed an optional alternative to the full-blown RFP: the United Master Corporate Travel Agreement. The option gives clients the ability to maintain terms, conditions and boilerplate legalese from one agreement to the next, and focus at regular intervals on commercial terms. While some buyers have embraced the alternative, there are a few procurement skeptics.

In an August 2013 *Travel Procurement* report, Advito vice president Bob Brindley highlighted the appeal of what has become known as "evergreen" contracting: "You get out of the RFP cycle," he said, "you get out of this huge problem of having to get things approved by legal," while preserving the ability to "adjust commercial terms on a certain schedule—maybe an annual or a quarterly review. It gets you out of the need to continually take the program out to RFP every time."

Building support for the contracting option with its joint-venture partners, including Air Canada, Lufthansa and All Nippon, United last year officially launched the effort and has developed such deals with a number of corporate accounts, officials said.

Considering last year represented the first cycle in which United promoted the Master Corporate Travel Agreement, negotiations still have necessitated legal reviews, but in the next round, both sides should see the full benefit.

— JAY BOEHMER



HANS-INGO BIEHL
Executive Director
 VDR

In the very first week of 2013, *BTN* published a story about a rare triumph for travel managers who resent losing control of their data to airlines.

Following a nearly two-year investigation, Germany's federal cartel authority, the Bundeskartellamt, an-

nounced that Lufthansa no longer would require corporate clients to submit card data covering all airline payments to its own payment subsidiary, AirPlus International.

The authority launched the investigation in response to formal complaints from various Lufthansa corporate clients as well as the German government's own travel office. Their actions were coordinated by German travel managers' association VDR, led by executive director Hans-Ingo Biehl, who has held the post since 2008 and also spent two decades working for various carriers and travel management companies.

According to Biehl, the ruling proved cathartic in 2013 for travel managers and Lufthansa alike. "Relations with Lufthansa have improved," he said. "We have a new basis for open dialogue to understand the challenges on both sides. It is more of a roundtable approach now. We have made it clear Lufthansa cannot do everything it wants in the market."

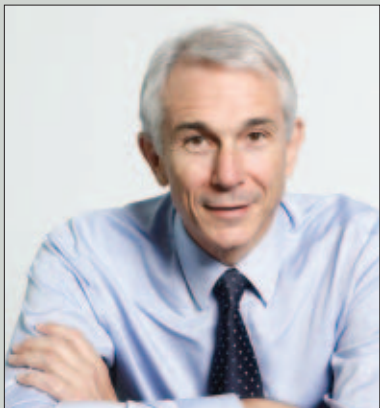
More generally, the ruling strength-

ened the resolve of VDR members to fight to preserve travel data privacy, and arguably placed the association at the vanguard of this issue worldwide. The subject remains controversial, especially in Europe, and nowhere is this the case more so than in Germany.

"German companies are looking very closely at data protection at the moment," said Biehl. "VDR is pressing for travel data to be moved to European data centers. In the U.S., you have the impression the government can have access to all data. In Europe, there are stricter data privacy rules."

Data privacy is one of the key topics for GBTA Europe's advocacy group, which Biehl has chaired since inception in 2011. The group during the past 12 months also has dealt with the European Commission's CRS Code of Conduct and IATA's New Distribution Capability. One of Biehl's goals for 2014 is to ensure buyers are genuinely consulted during NDC development.

— AMON COHEN



TONY TYLER
CEO and Director General
 IATA

when IATA set its standard-making sights on disrupting the distribution status quo the reaction was far more divided.

At its core, NDC is a schema, still in development, that airlines and technology companies eventually could use to build applications for the distribution of airline content via XML, instead of the pre-Internet language currently at the heart of third-party distribution.

While that might seem innocuous, critics have latched onto language in the IATA resolution authorizing NDC as proof of intentions to require unprecedented levels of details from passengers shopping for fares, bias pricing and halt the current public fare-filing system.

If nothing else, NDC has served as a catalyst for the industry to reexamine how it distributes fares and exposed long-simmering rifts between distributors and airlines. It has prompted scores of industry participants to sound off to the U.S. Department of Transportation and forced agencies to contemplate their position in airfare distribution.

The initiative in the past year also has brought about a few tangibles. Citing a pilot involving China's Hainan Airlines, Chinese GDS TravelSky and an unnamed travel agency, Tyler last month noted that the NDC standard "recently achieved the first live pilot transaction with a ticket sold to

a real passenger."

Other pilots underway include participation from American Airlines, Air New Zealand and Swiss International Air Lines, among others. There's yet another pilot planned for the corporate market with buy-in from Air Canada and online booking tool provider nuTravel.

It is difficult to attribute NDC to a single person: The schema can be traced to Farelogix and airline standards body Open Axis, among other sources; the seeds of NDC were planted under Tyler's predecessor, Giovanni Bisignani; and various IATA working groups and project leaders have overseen aspects of the project. But, as the head of IATA, Tyler is as fitting a champion as any for the initiative.

"Change brings uncertainty, and we understand that some are concerned about the implications for the existing business model. This is something that the market will have to sort out," according to Tyler's prepared remarks for a media event last month. "What IATA can do is facilitate a dialogue. The bottom line is that whether or not NDC is adopted, airline distribution is changing to bring more value for customers. We are convinced a common open industry standard will support this transition."

— JAY BOEHMER



GENE SPERLING
Director
 U.S. National
 Economic Council

This list documents the influence of individuals alone, not corporations, government entities, trends, concepts or events. Selecting a single person to represent something from the latter group is a recipe for debate, and so it is when assigning responsibility for the U.S. federal government sequester, that broad-based, indiscriminate package of spending cuts that took effect in March 2013.

According to several published sources, the framework for sequestration as a mutual poison pill that would goad Democrats and Republicans to the negotiating table for a budget deal lies with the U.S. National Economic Council's Gene Sperling. A sequestration agreement, featuring spending cuts alone, was agreed upon in 2011.

That sequestration agreement may not have fully represented Sperling's thoughts, and the ultimate responsibility for failure to negotiate a budget deal—thereby triggering sequestration—lies with Congress and the Obama administration. But that the first idea for the framework belonged to Sperling allows him to represent sequestration here.

What's not in debate is the impact sequestration had on business travel in 2013. Suppliers pointed to the cuts as a negative impact on corporate and government demand. US Airways and Delta Air Lines, for example, cited the sequester as the culprit for declines in some short-term booking demand, while hotels especially around Washington, D.C., noted some rate and occupancy softness, particularly in the spring and summer.

By year-end, however, most suppliers witnessed a rebound from any sequester-fueled setbacks. A budget deal signed Dec. 26 by President Barack Obama eliminated some 2014 and 2015 sequester spending cuts in favor of higher aviation security fees.

— CHRIS DAVIS

The International Air Transport Association's New Distribution Capability has elicited adoration from airlines, aversion from distributors and both praise and suspicion from travel agencies.

To proponents, it's a technology standard that will modernize third-party distribution and bring to agencies parity with airline websites. To opponents, it's a Trojan horse set to unleash new business models and obfuscate pricing transparency.

"IATA's raison d'être is to set global standards to enable harmonization and greater efficiency across the entire industry," IATA CEO and director general Tony Tyler said during an IATA conference in October. Indeed, IATA over the years has wielded its influence to create standards that airlines—and the industry—have followed. IATA, for example, spearheaded the e-ticketing initiative that virtually eliminated the use of paper tickets.

That initiative won plaudits from most corners of the industry, but



JIM DONALD
CEO
 Extended Stay
 America

Through cautious investment and brand unification, Extended Stay America CEO Jim Donald reversed his company's fortune from its lean post-bankruptcy years to a solid

debut as a public company in late 2013.

Donald was a hotel industry outsider when he took the leadership role at ESA in early 2012. Much of his career had been spent in the grocery industry with an additional stint as CEO of Starbucks. Turnarounds, however, were his specialty, including taking supermarket chain Pathmark in and out of Chapter 11 bankruptcy.

When Donald joined ESA, it was fairly fresh out of its own bankruptcy, having been bought by a trio of investors that included the Blackstone Group. Donald noted a post-bankruptcy mentality at companies that often meant little risk-taking and investment.

Under Donald's watch, ESA has invested hundreds of million of dollars in property investments and improvements and a restructuring of its sales team. By March 2014, more than half of ESA's nearly 700 hotels will have undergone a "platinum" renovation that includes both exterior and in-room makeovers, Donald said.

The company also unified its portfolio, erasing many such previous distinctions as "Extended Stay Deluxe" and "Homestead Studio Suites" in favor of a uniform Extended Stay America brand.

Since the 2010 acquisition through March 2013, the overall average daily rate at company properties increased by 22.8 percent, and revenue per available room increased by 21.4 percent, according to a July 2013 filing with the U.S. Securities and Exchange Commission. November's initial public offering raised \$565 million, well above the \$100 million estimate listed in the company's July SEC filing.

As for the post-bankruptcy mentality? "That's gone, in more ways than one," Donald said. "We're spending capital to renovate properties, but we're also putting in amenities like growing our free Wi-Fi and adding a grab-and-go breakfast. We're putting all those other things in place that were shoved to the side."

— MICHAEL B. BAKER

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MARGARET SWEENEY

Judge

U.S. Court of Federal Claims

In a surprise coup for Concur, the U.S. General Services Administration in mid-2012 named the company the sole provider of booking and expense management technology for civilian federal agencies as part of the next-generation end-to-end E-Gov Travel Service initiative. The 15-year contract with Concur is valued around \$1.3 billion. An incumbent provider for ETS1, CWT/SatoTravel (the government-focused unit of Carlson Wagonlit Travel) quickly lodged a protest with the U.S. Government Accountability Office, alleging that GSA's evaluation had "discrepancies" and that its selection of a single provider violated federal contracting standards.

GAO in September 2012 dismissed CWT's protest. CWT filed a second protest, this time with the U.S. Court of Federal Claims. By then, Concur already had started ETS2 work full-throttle and appeared to be walking away with probably the biggest travel management contract on earth all to itself.

But then a judge at the federal claims court in March 2013 stepped in and ordered GSA to reconsider CWT's ETS2 bid. That judge was Margaret Sweeney, appointed to the court in 2005 by then-President George W. Bush.

GSA a few months later named CWT as a second contractor for ETS2. At that time, GSA said that "Concur and CWT will compete for task orders to provide travel planning, authorization, reservations, ticketing fulfillment, expense reimbursement and travel management reporting" to the 90 federal agencies eligible to use ETS2 services. GSA claimed that adding CWT would "increase transparency, efficiency and cost savings." That reversed its earlier insistence that CWT's proposal would be more costly and less efficient, and did not fulfill program requirements.

At that time, CWT/SatoTravel president for military and government markets Matt Beatty told *The Beat* that "our technical capabilities were rated as acceptable during the re-evaluation, which was critical. We did make some adjustment to our pricing to ensure that we were extremely aggressive."

Sweeney's ruling "was a significant step," Beatty said in December.

CWT by press time hadn't claimed any federal agency wins as part of ETS2. "There have not been any ETS2 task orders issued since CWT received a master contract," according to a CWT official. "We have received interest from many agencies in regards to our solution, and understand that many agencies have chosen to extend existing task orders under ETS1 through the next option periods to give themselves more time to assess their options now that there are two contractors."

Concur certainly had a big head start securing federal agency business. But across the entire user base for ETS2, it'll likely have to share at least some of the work. And that potentially affects not only it and CWT, but also the travel agencies authorized to fulfill ETS2 activity. They include Omega World Travel, Duluth Travel, Travel Incorporated and AdTrav, among a small handful of others.

— DAVID JONAS



SIMON BARKER

CEO and Co-founder
 Conferma

Virtual payment cards are all the rage. Their use has exponentially increased in the past two years and is expected to increase in the coming years. While Conferma CEO Simon Barker pioneered the virtual payment solution as far back as 2008, getting industry constituents to buy into the idea has been a challenging journey, yet one worth taking.

"There were times when people were just not interested in talking to us, even though we thought what we had was special," Barker said of Conferma's odyssey to actualize virtual card technology. "There were times when we believed 'this is our year' or 'next year,' and then it wouldn't happen. But you only need small gains to think, sooner or later, it will snowball."

Conferma and the idea for virtual cards didn't initially begin in the payment sector. The company was originally the software division of travel management company NIS Europe, which focused on driving self-booking adoption, said Barker, who served as CEO before selling the company nearly five years ago.

However, the Conferma team—then about five people—approached the market and realized that an opportunity resided in managing payment within self-booking. "It became apparent that the existing order of the way the industry pays for things could be improved," Barker said. "It was more about reconciliation, control and security."



DEAN FORBES

CEO

KDS

When Dean Forbes in January 2013 unveiled his company's newest booking tool, Neo, at its annual client conference in Paris, the KDS CEO visibly was disappointed by the lack of immediate response from the 900 audience members. He faced similar silence 10 months later after demoing Neo at the PhoCusWright Travel Innovation Summit in Florida—though that time silence quickly gave way to rapturous applause. What Forbes hadn't appreciated, at least the first

time, was that attendees still were trying to compute what they had just seen.

Neo allows travelers to book a trip by answering just three questions: where their journey will start, where they are going and what time they need to be there. Within a couple of seconds, the tool returns a full door-to-door itinerary with a timeline indicating the basic details, price and duration of each element of the journey. With Google Street View blended into the display, Neo looks nothing like what has come before it. The itinerary also is displayed as a provisional expense report which can become the actual expense report.

Neo has proven instantly influential as the fullest realization yet of the door-to-door trip planning concept. Forbes believes other booking tool providers will have to respond, either by attempting to create their own door-to-door product or selling against that principle. Until Neo came along, corporate booking tools had not evolved much since the first versions launched in the mid-1990s, consequently losing the initiative to consumer websites.

Neo's innovation also might kill off a debate that has dominated travel management for the past two or three years. At the KDS user conference, PricewaterhouseCoopers global business services and travel leader Mark Avery told *BTN* that Neo "challenges the whole Travel Management 2.0 issue of how you keep people within the process, rather than give them the excuse to go outside. With this product, why would you want to go outside?"

Forbes has been running with that idea too. In October, he provided one of the corporate travel industry's most memorable quotes of the year by characterizing open booking as "failure dressed up as innovation." Consistent with this observation, Forbes announced KDS would scale down investment in its own open booking management products, Maverick and Flex T&E, because he is confident that Neo can make such tools redundant.

— AMON COHEN

But Conferma needed to persuade the banking world of its concept. Ultimately, the company in 2008 found a suitable partner in Barclays Bank. The bank agreed to open up their banking technology processing system so Conferma could build on top of it, so Conferma could collaboratively establish a card virtualization engine and produce its own virtual cards. Persuading Barclays wasn't easy. "People like us come to them all the time with ideas, but they're only interested in volume and transactions," Barker said. "There was a leap of faith required there."

While the partnership with Barclays was an important and necessary first step, Conferma realized that one bank can't satisfy the industry. Conferma's first UK client was multinational TMC ATPI.

In an effort to standardize its process, Conferma also opened its platform to "any bank and scheme" by providing the technology to virtualize cards to partners. As other banks develop their own virtual card products, Conferma stays relevant by standardizing the process through one application programming interface for the corporation, TMC, self-booking tools or GDSs, regardless of which bank is used, Barker said.

American Express and AirPlus in 2009 joined Conferma's network, with HSBC, U.S. Bank and WEX Bank joining in 2011, 2012 and 2013, respectively. Also in 2011, Conferma signed a distribution agreement with MasterCard and in 2012 integrated with Sabre and Amadeus. Conferma last year integrated with the Abacus GDS and KDS self-booking tool, and signed a distribution agreement with Visa Europe.

What ultimately sparked this adoption snowball? Barker said it was a combination of factors, including the banking and travel community working more closely together, as well as major players like American Express and MasterCard investing to develop their own virtual card technologies.

"Add to that this idea of fragmentation, where control and data are getting more fragmented," Barker said. "People have to look at things differently to pull it together."

— JoANN DeLUNA



SIR TIM CLARK
President
 Emirates

Emirates president Sir Tim Clark starts the year with dual recognition. Not only does he appear for the first time on this list but, almost as prestigiously, he was knighted in the United Kingdom “for services to British prosperity and the aviation industry.”

There are probably quite a few travel managers worldwide who would add corporate travel budgets to that citation. While low-cost carriers provide competition to European and

North American legacy airlines consolidating through mergers and joint ventures, so too are Middle Eastern carriers applying the same counterweight for corporate deals on long-haul routes. “With excessive capacity, and more new aircraft on the way, the Gulf carriers are discounting heavily to attract passengers traveling between Europe and Asia and Africa,” according to BCD Travel consultancy Advito’s 2014 industry forecast. “European carriers have tried to respond with lower fares. But such are the discounts offered by the Gulf carriers, that business travelers are being directed to them by their organizations, even when a direct service is available with another airline.”

Emirates’ regional rivals Etihad and Qatar Airways have contributed to increasing long-haul competition faced by Western carriers. Fast-growing Turkish Airlines has become a fourth Near/Middle Eastern competitor snapping away at Western aviation heels.

However, Dubai-based Emirates is the biggest of them all, presided over by Clark, who joined the carrier as a route planner when it was established in 1985. Emirates owns 198 long-range wide-body passenger jets, more than any other carrier. In 2013, it carried 43 million passengers on 164,000 flights—the great majority of them outside its home region. With aviation counting for 30 percent of Dubai’s gross domestic product, the emirate and its carrier almost could be described as the world’s first airline-state. Other airlines allege that Emirates receives unfair financial advantages behind the scenes, but Emirates insists that it receives no state aid.

After using connecting flights to penetrate many markets, Emirates is beginning to compete on more direct routes. In October 2013 it launched Milan-New York service, and once again the price benefit for customers was immediate. According to the Centre for Asia Pacific Aviation, the average roundtrip business-class fare on that route between Sept. 1, 2013 and Jan. 2, 2014 fell to \$3,157 from \$6,300. Delta Air Lines in the Italian courts has been contesting the legitimacy of Emirates to operate on the route, but so far without success, and Emirates has said it is examining more so-called “fifth-freedom” options across the Atlantic.

There is no sign of a let-up in the airline’s expansion. In November 2013, Emirates announced plans to buy 150 Boeing 777Xs plus another 48 Airbus 380s to add to the 44 currently in its fleet and 46 already on order. Small wonder Advito tipped Gulf carrier growth to drive down fares again in 2014.

— AMON COHEN



PHIL HAMMER
Founder and CEO
 ProcureApp

In summing up his company’s role, ProcureApp founder Phil Hammer said, “We turned the Internet into a managed travel program.” That may sound a bit extreme to those watching the walls of tightly managed, mature programs. But for others, new technologies from the likes of startup ProcureApp and others has made such a statement plausible, if not a reality.

Hammer cut his teeth in corporate travel during seven years at Orbitz for Business, following a stint in corporate travel sales at ATA Airlines. At Orbitz, he learned that “if you have a great experience geared toward the consumer, it’s a natural fit in the corporate marketplace.” He also began witnessing “displacement of what traditionally has been defined as a corporate travel agent.”

In 2011, privately funded ProcureApp launched to help companies better manage indirect spending, including travel. Its suite of products included Maverick, which redirects travelers who attempt to book through unauthorized websites, and Flex, which ensures that when travelers book on supplier websites appropriate corporate discounts are applied and relevant data is collected. (Thus far, Hammer said Flex can be used on direct hotel and car rental sites in the United States, and a pilot with an unnamed “global airline” is planned for this quarter.)

The technology attracted travel and expense system provider KDS, which partnered with ProcureApp and in 2012 launched its own Maverick product for flagging and capturing bookings through non-approved websites. “The early partnership with KDS helped us to refine the product, get some important first users and continue to get that feedback loop,” Hammer said.

Though KDS is de-emphasizing Maverick as it focuses on its Neo online booking system, Hammer said the relationship still works well and provides good exposure in Europe. He also noted that ProcureApp no longer actively markets its own Maverick product in the United States—“some folks thought it was a bit intrusive, and you have to listen to the market”—and instead has pivoted toward Flex.

ProcureApp also caught the eye of another innovator, Short’s Travel Management. ProcureApp developed a customized solution to work with Short’s FindIt app, which enables travelers essentially to search anywhere and bring the booking into the confines of a managed travel program. In addition to the likes of KDS and Short’s, Hammer claimed ProcureApp’s products are used by more than 300 paying clients.

ProcureApp has other initiatives in the works and is considering creation of its own “virtual” TMC. “All the pieces are there,” Hammer said, noting an ability to handle discounts, reporting, commission collection and data transfer to third-party travel security and expense management firms—though a contact center to handle trip interruptions would be required. “TMC transformation is good,” Hammer said. “We need to get to the buyers to think of some new models.”

— DAVID JONAS



STEVE REYNOLDS
President and Founder
 tripBam

An outspoken critic of the sluggish pace of corporate travel technology innovation, Steve Reynolds in 2013 pushed his way into the crowded hotel booking tech arena with a tool that quickly intrigued corporate buyers and agencies while making hoteliers a bit nervous.

Reynolds’ tool, tripBam, takes advantage of the constant fluctuation of hotel rates. Users

set up a cluster of hotels around their desired destination or existing reservation, and tripBam regularly monitors rates at those hotels, automatically booking one when rates fall into a desired range. Shopping six hotels in a market results in savings 80 percent of the time, at an average of \$50 per night, according to Reynolds.

Unlike many of his competitors, Reynolds aggressively is targeting managed corporate travel programs and has built a roster of corporate clients—including WellPoint, which employs fellow 2013 top influencer Cindy Heston (see page 23)—and agencies.

Dallas-based Travel Solutions by Campbell and Hickory Global Partners were among its early partners, and Reynolds claimed a few mega travel management companies are in a pilot stage with tripBam, though he would not disclose their identities. Also, he said, “we just started a pilot with our first agency in the United Kingdom.”

Although hoteliers generally have been less enthusiastic—some speculated that tripBam and tools like it might spur hotels to tighten cancellation and rebooking policies, though Reynolds said the industry is far too fragmented to do so—Reynolds said this year he is focusing on “making sure hotel suppliers are happy with the solution.”

“We have a new version that allows you to drive to a preferred supplier in a dramatic way,” he said. “You can refine it to shift share for anyone not booked at a preferred hotel.”

Reynolds also is adding a reporting and analytics package, with which users can see how often negotiated rates work to their advantage, and a consumer mobile site. He claimed to have other partnerships in the works, including with a “major credit card company” and a “large online booking provider.”

Additionally, he plans to expand more into Europe and Latin America this year. “We’ve proven there’s rate fluctuation in the United States, but there’s more across Europe,” he said. “It’s not as controlled from a brand perspective.”

— MICHAEL B. BAKER

Managed Travel 2.0 Is Really Unmanaged Travel 2.0 ... But Either Way, It's 2.Late



BY ANDREW MENKES
FOUNDER AND CEO
PARTNERSHIP TRAVEL
CONSULTING

Unmanaged Travel 1.0

When the travel industry first adopted computers for booking business and leisure travel in the 1970s, it was the airlines that provided the access via their carrier reservations system (CRS). As such, airlines were able to bias displays toward themselves. At that time, airline fares were regulated and all carriers had to charge the same fares in a given city pair. Hotel and car rental bookings were very basic and did not store corporate rates. There was no mid-office technology or any technology to support travel policy enforcement. There were lots of valid reasons for a corporate traveler to book hotel and car outside of the CRS, based on its inherent limitations. For all of these reasons, I call this era Unmanaged Travel 1.0.

Managed Travel 1.0

In the early '80s the airlines no longer could bias displays, and in the process divested themselves of the CRS and as a result the global distribution system was born. The key players came from the airlines: Sabre from American Airlines, Apollo from United Airlines, PARS from TWA, Deltamatic from Delta Air Lines, SystemOne from Eastern Airlines and Panamatic from Pan American. As competition grew among the players, the prevailing systems were

Sabre, Apollo and PARS (later absorbed by Travelport). The enhanced capabilities of the GDSs over their predecessors were integrated technologies, robust content, elimination of airline-specific biasing and a mid-office capability to capture policy violations and report on them via corporate hierarchy. These enhancements provided a solid business case for air, hotel and car bookings to be booked via the approved travel management company.

Managed Travel 2.0: My Definition

The events surrounding 9/11 had a severe and long-lasting impact on our industry. One outcome that has enhanced managed travel was the discovery that hundreds of thousands of corporate travelers could not be located on 9/11 because they did not book their passenger name record—or part of the PNR, specifically the hotel piece—via the TMC, so there was no way to know where they were staying.

How many employees are allowed to buy their own laptop online and then ask IT to configure it? These items can cost less than a business trip, yet the purchasing protocols are mandated.

As a result, travel managers enlisted senior management support to require (as part of travel policy enforcement) that all bookings be made by the approved online booking tool or TMC. The value of this discipline has a multitude of corporate benefits, including:

- The ability to locate employees anywhere in the world
- The ability to contact employees and have them cancel a segment if they are flying to a (newly known) high-risk area
- Data consolidation for enhanced supplier negotiations
- Assurances that the negotiated corporate rate is applied when booking
- Visibility of noncompliant book-

- ings (like those at non-preferred hotels or at the wrong rate)
- Enhanced TMC revenue streams, which could improve revenue sharing or reduce fees
- Internal budgeting assistance as all bookings are on one place
- Improved efficiency in using one system instead of multiple systems and the phone
- Ease of making changes en route and after hours, since the TMC has visibility to the entire PNR

Unmanaged Travel 2.0: Formerly Known As Managed Travel 2.0

There has been a lot of hype around a new concept in which employees should be able to book outside of the TMC, so long as the information gets captured in the expense system or itinerary management tool. What's the big deal? It's cool because it lets employees do what they want. After all, this is the younger generation.

I challenge any company to let me know if they allow employees to buy their own office furniture based on their likes or dislikes. How many employees are allowed to buy their own laptop online and then ask IT to configure it? These items can cost less than a business trip, yet the purchasing protocols are mandated.

The reality is that what is being called Managed Travel 2.0 is really Unmanaged Travel 2.0 in that we are taking a step backward and bypassing all of the protocols and technologies that were developed at a cost of hundreds of millions of dollars and saying, "It's OK to skip all of this and go out and surf the web to find the bookings that meet your needs." You can then (voluntarily) send that info into our expense system and all is good. Sorry, folks. This concept will increase travel costs, increase productivity costs and lose valuable data, from both a risk-management and a supplier optimization standpoint.

What we need is Managed Travel 3.0, a world where booking via the approved channel and booking preferred suppliers at a company's negotiated rate is mandatory in order to be reimbursed. Then and only then will our industry have the discipline that exists in so many others to control the purchasing behavior of the employee who is spending the company's money, not their own. 🚀

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